

VIETNAM NATIONAL OIL AND GAS GROUP  
**PETROVIETNAM CA MAU FERTILIZER JOINT STOCK COMPANY**



**REGULATION**  
**FINANCIAL MANAGEMENT**  
**PETROVIETNAM CA MAU FERTILIZER JSC**  
*(Issued under Decision No. 2713/QD-PVCFC dated 14/12/2021  
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## **Chapter I**

### **GENERAL PROVISIONS**

#### **Article 1. Scope of adjustment**

This Regulation prescribes the financial management of PetroVietnam Ca Mau Fertilizer Joint Stock Company.

#### **Article 2. Interpretation**

The terms used in this Regulation shall be construed as follows:

1. PetroVietnam Ca Mau Fertilizer Joint Stock Company (hereinafter referred to as the Company) is a company operating under the Enterprise Law, with legal entity status, independent economic accounting;

2. Other enterprises: Enterprises organized and established under the Enterprise Law;

3. Charter of the company: charter of PetroVietnam Ca Mau Fertilizer Joint Stock Company;

4. General Meeting of Shareholders: is the body with the highest decision-making power of the Company, including all shareholders with voting rights (ordinary shareholders, voting preference shareholders and other shareholders as prescribed by the Company's Charter);

5. Representatives: A person appointed/recommended by the Company for election/appointment or authorized in writing to exercise the rights and obligations of the Company as the owner, member or shareholder of the enterprise in accordance with the provisions of law and the Charter at other enterprises. The Company's representative includes but is not limited to persons assigned by enterprises to hold the following positions: Chairman of the Board of Directors/Board of Members/Chairman of the company; Member of the Board of Directors/Member of the Board of Members; Director; Deputy Director; Head of the Supervisory Board; Supervisor; Chief accountant at enterprises;

6. Subsidiaries: enterprises that meet the conditions of being a subsidiary of the Company as prescribed in Article 195 of the Enterprise Law 2020;

7. Affiliated companies: Companies in which the Company has shares/contributed capital but does not possess a controlling interest. Such companies are bound by rights and obligations to the Company in proportion to the contributed capital or as stipulated in the affiliation agreement made with the Company.

#### **Article 3. Basis for developing Financial regulations**

1. Accounting Law No. 88/2015/QH13 dated 20/11/2015.

2. Securities Law No. 54/2019/QH14 dated 26/11/2019.

3. Enterprise Law No. 59/2020/QH14 dated 17/06/2020.

4. Decree 36/2021/ND-CP dated 29/03/2021 on the promulgation of the Regulation on financial management of the Parent company, Vietnam Oil and Gas Group.

5. Charter of PetroVietnam Ca Mau Fertilizer Joint Stock Company No. 855/NQ-PVCFC dated 27/04/2021.

6. Relevant Decrees and Circulars and guiding documents.

## **Chapter II**

### **MANAGEMENT AND UTILIZATION OF CAPITAL**

#### **Article 4. Charter capital**

1. The Company's charter capital is the total par value of shares stated in the Company's Enterprise Registration Certificate.

2. In the course of production and business activities, the Company has the right to change the charter capital in accordance with the provisions of Law and the Company's Charter.

3. The company must monitor, manage and account for its charter capital in accordance with the Law and the Company's charter.

#### **Article 5. Capital mobilization**

1. The Company may mobilize capital from any domestic and international entities and individuals to support its production, business and investment activities in the form and procedures of capital mobilization in accordance with the provisions of law.

2. Principles of capital mobilization:

a) The Company's capital mobilization must align with its medium and long-term development and investment strategies, as well as annual production, business plan and investment plans.

b) The capital mobilization plan must ensure the Company's solvency;

c) The individual approving the capital mobilization plan is accountable for monitoring its execution, ensuring the capital is utilized as intended and yields effective results;

d) Capital mobilized from domestic and international entities and individuals must ensure capital efficiency, with full repayment of the principal and interest to creditors as per the agreement;

e) Capital mobilized from international entities and individuals shall comply with the Government's regulation on management of foreign loans;

f) The mobilization of capital in the form of issuance of corporate bonds shall comply with the provisions of law.

3. Decision-making authority for capital mobilization in the form of issuance of additional shares, bonds and warrants are as prescribed in the Company's Charter and under the authorization and decentralization of the General Meeting of Shareholders and the Board of Directors.

4. Decision-making authority for capital mobilization in the form of loans from domestic and international economic organizations and individuals:

a) The Board of Directors shall decide on the capital mobilization plan for each project with a mobilization level of less than 35% of the total value of the Company's assets as reported in the most recent audited financial statements;

b) Loan agreements between the Company and related parties must be conducted in accordance with the provisions of Article 167 of the Enterprise Law 2020 and the Company's Charter;

c) The mobilization of capital for production and business purposes must ensure that the total liabilities, including guarantees for subsidiaries, do not exceed three times the equity of the Company as reported in the most recent audited financial statements;

d) The Board of Directors may, on a case-by-case basis, delegate decision-making authority for capital mobilization to the General Director, within the scope of authority of the Board of Directors;

e) In case capital mobilization exceeds the thresholds outlined in Points a and b, Clause 4 of this Article, the Board of Directors is required to report to the General Meeting of Shareholders for review and approval.

#### **Article 6. Responsibility for the management and utilization of capital and funds**

1. The Board of Directors and the General Director are tasked with the prudent management and flexible utilization of capital for the Company's business activities, purposeful, effective, and in accordance with the provisions of applicable law and the Company's internal regulations, with the goals of generating profits, safeguarding the interests of stakeholders, including creditors, customers, and employees, as per contractual agreements.

2. The Board of Directors and the General Director are tasked with the allocation, management and utilization of funds in accordance with the provisions of this Regulation. The allocation, management and utilization of funds must adhere to regulations, comply with financial and accounting standards, and be conducted safely, with the correct intent, and efficiently.

#### **Article 7. Capital preservation**

1. The Company is required to ensure capital preservation by the following measures:

a) Strictly comply with the regime of management and utilization of capital, assets, profit distribution, other financial management regimes and accounting regimes in accordance with the law;

b) Purchase property insurance in accordance with the law;

c) Promptly handle impaired assets, bad debts and allocate provisions for risks as prescribed, including:

- Provision for devaluation of inventory;
- Provision for bad debts;
- Provision for devaluation of long-term investments;
- Provision for warranty of products, goods, construction and installation works;
- Other provisions for risks as prescribed by law.

d) Other equity preservation measures at the Company in accordance with law.

2. The allocation and utilization of provisions for devaluation of inventory, provisions for bad debts, provisions for loss of financial investments, warranty of products, goods, construction and installation works, and assessment of exchange rate differences shall comply with the guidance of the Ministry of Finance.

3. The General Director is accountable to the Board of Directors for implementing measures for equity preservation. The General Director must conduct quarterly and annual assessments of capital preservation, analyze any capital losses or potential capital losses, and report these findings to the Board of Directors.

4. Carried forward losses must comply with the provisions of the Corporate Income Tax Law.

#### **Article 8. Intercorporate investment**

1. The Company has the right to utilize its managed capital and assets for intercorporate investment, provided such actions are in line with legal requirements, and align with the Company's strategies, plannings, and development plans. These investments must adhere to the principles of efficiency, capital preservation and development, without compromising the Company's operational goals. Additionally, any land-related outside investments must be conducted in accordance with the provisions of land law.

2. Capital investment in other enterprises, including:

a) Cash, value of land use rights or land rents, value of other assets of the Company which are invested or contributed into other enterprises;

b) Value of the Company's shares in subsidiaries/affiliated companies that have undergone equitization or have been converted into single-member limited liability companies;

c) Profits and other distributable amounts contributed by the Company to other enterprises for re-investment in these enterprises;

d) Other forms of investment as prescribed by law.

3. Cases in which intercorporate investment is prohibited:

a) Acquiring shares in banks, insurance companies, securities firms, venture capital funds, investment funds or securities investment companies.

b) Capital contributions or investments in the real estate sector.

c) Investments in or capital contributions in enterprises where the management or representatives of such enterprise are closely related to the Company's key personnel, including family members of the Chairman, Board members, Supervisor, General Director, Deputy General Director, and Chief accountant. The Company is prohibited from contributing capital with shareholders to establish new joint stock or limited liability companies or engage in business cooperation contracts.

d) Entrusted investment in other enterprises in any manner.

e) Subsidiaries of the parent company and dependent accounting units are prohibited from contributing capital with the parent company to establish new enterprises, contributing capital to purchase shares during the equitization of other subsidiaries within the same group or within the Parent company – Subsidiaries ecosystem.

#### 4. Forms of intercorporate investment

a) Capital contribution, purchase of shares to establish joint stock companies, limited liability companies, capital contribution under business cooperation contracts without the formation of new legal entities.

b) Purchase of shares or capital contribution in operating joint stock companies and limited liability companies.

c) Acquisition of another company.

d) Purchase of government bonds, corporate bonds to earn interest income.

e) Other forms of investment as prescribed by law.

#### 5. Decision-making authority on intercorporate investment projects

a) The General Meeting of Shareholders is responsible for decisions on significant investments, such as the purchase of corporate and government bonds, business cooperation capital contributions (BCC); establishment of subsidiaries, acquisition of enterprises, purchase of shares, redemption of contributed capital in enterprises having the total investment equal to or greater than 35% of the asset value as reported in the Company's most recent audited financial statements, and contracts, transactions that fall under the authority of the General Meeting of Shareholders as per Article 167 of the Enterprise Law 2020;

b) The Board of Directors has the authority to decide on capital contributions for projects that do not fall under the authority of the General Meeting of Shareholders;

c) The Board of Directors may, on a case-by-case basis, delegate decision-making authority for intercorporate investment to the General Director, within the scope of authority of the Board of Directors;

d) For other forms of investment, the General Director must present proposals to the Board of Directors for decision/present to the General Meeting of Shareholders for review and approval, in line with their respective decision-making authority.

### **Article 9. Transfer and sale of the Company's contributed capital in other enterprises**

#### 1. Principles of investment capital transfer:



The transfer of investments in other enterprises must comply with the provisions of the Enterprise Law, the Securities Law and applicable provisions of law and ensure the following principles:

- a) Compliance with the provisions of the Enterprise Law, Securities Law and other relevant laws;
- b) Accurate reflection of the enterprise's actual value, including the value of land use rights in accordance with the land law;
- c) Upholding market principles, public disclosure, and transparency.

## 2. Capital transfer method:

The transfer of capital of the Company must comply with the promulgated charter, enterprise regulations, securities laws and other relevant laws, ensuring market principles, public disclosure, transparency, and the maximization of investment capital recovery. The Company prescribes that representatives in member companies, where the Company's capital contribution is 50% or more of the charter capital, must comply with Clause 22, Article 2 of Decree no. 140/2020/ND-CP.

a) The Company may transfer part or all of the Company's contributed capital in other enterprises;

b) The transfer of the Company's investment capital in single-member limited liability companies shall comply with the provisions of the Enterprise Law;

c) The transfer of investment capital in joint stock companies listed or registered on the stock market shall comply with the provisions of the Securities Law;

d) The transfer of the Company's investment capital in joint stock companies not listed or registered on the stock market shall be subject to a public bidding. In case of unsuccessful bidding, a competitive offer shall be conducted. In case of unsuccessful competitive offer, the transfer shall be conducted by the method of agreement;

e) The transfer of the Company's government and corporate bonds shall comply with the regulations applicable at the time of issuance or the issuance plan of the issuing entities. If corporate bonds are transferred before maturity, the transfer price must ensure capital preservation principles at the time of transfer. The transfer of registered, listed bonds and trading on the stock market shall comply with the provisions of the Securities Law.

3. The determination of the reserve price for the Company's capital before the public bidding or agreement is conducted by a competent price appraisal organization, as per appraisal law, ensuring the actual value of the Company's contributed capital in the enterprise is fully determined. This includes the value from land use rights legally assigned or transferred, and any intellectual property rights (if any) of the enterprise in accordance with the land law at the time of the capital transfer.

4. When the transfer price of an investment follows market price principles (price has been appraised by a competent price appraisal organization in accordance with the provisions of price appraisal law) but the expected transfer value is lower than its book value, and the company has allocated provisions, the following actions shall be taken:

a) If the provision equals or exceeds the difference between the expected transfer price and the book value, the Board of Directors may proceed with the transfer for capital recovery;

b) If the provision is less than the difference between the book value and the expected transfer price, the Board of Directors must report to the General Meeting of Shareholders for consideration and decision.

5. The proceeds from the transfer of intercorporate investments after accounting for the original investment value, transfer costs, provisions, and tax obligations shall be recognized as income (if positive) or as financial expenses (if negative).

6. The decision-making authority for transfer of contributed capital in other enterprises shall comply with the decision-making authority for intercorporate investment as specified in Clause 5, Article 8 of this Regulation.

#### **Article 10. Liability management**

1. Maintain comprehensive records of all liabilities, including interest payables;

2. Settle liabilities on time as per agreements. Conduct regular reviews and assessments of the company's solvency to proactively identify any potential insolvency issues to facilitate prompt corrective actions, prevent the accumulation of outstanding liabilities;

3. Regularly audit, reconcile debt records, conducting thorough assessments and categorizations to swiftly identify any outstanding amounts. Upon detection of outstanding liabilities, the Company shall identify the root causes and assign accountability to relevant entities, individuals to facilitate prompt resolution in accordance with the law;

4. For liabilities denominated in foreign currencies, the Company shall assess and adjust for changes in exchange rates following the provisions of the Ministry of Finance;

5. Liability management shall comply with the liability management policy set out by the Company's Board of Directors.

### **Chapter III**

#### **MANAGEMENT AND UTILIZATION OF ASSETS**

##### **Article 11. Company assets**

1. The Company's assets include current assets, short-term investments, fixed assets, long-term investments and other types of assets as reported on the balance sheet.

2. The Company has the right to pledge, mortgage, lease, sell and liquidate assets under its ownership, and may change the structure of assets for the purpose of engaging in lawful production and business activities.

## **Article 12. Fixed assets**

1. The Company's fixed assets include tangible fixed assets, intangible fixed assets and financial lease fixed assets. The determination of standards, historical costs and useful life of fixed assets shall comply with applicable regulations of the Ministry of Finance.

2. All assets must be accompanied by a complete set of documents, which includes the minutes of delivery and receipt of fixed assets, contracts, invoices and related documents. Fixed assets are classified based on the classification criteria set by the Ministry of Finance. The management of each fixed asset should reflect its historical cost, accumulated depreciation, and residual value as recorded in the accounting books.

3. Fixed assets that have been fully depreciated but remain in use for business operations should continue to be managed as active fixed assets.

4. Assets subject to registration of ownership must be registered for ownership in accordance with the law.

### **5. Responsibility for the management and utilization of assets**

Assets must be specifically allocated to designated units and individuals within the Company, who are then responsible for their management and utilization. When utilizing the Company's assets, these units and individuals must:

a) Safeguard and use the entrusted assets properly;

b) Obtain the General Director's approval for any relocation or change in the person directly managing and using the assets within a unit. For relocations or transformations between units or outside the Company, the General Director's decision is required;

c) Refrain from altering the shape, value, location, or functionality of the assets without the consent of the unit management. All maintenance, renovation, and repairs must adhere to the Company's regulations;

d) All relocation of assets between each Branch, unit of the Company or outside the Company must have a detailed record of the assets condition and handover, which must be witnessed and confirmed by the personnel of finance and accounting department at the same level;

e) To ensure the safety of asset usage, the Company is obligated to procure insurance for the assets and/or allocate provisions for risks as necessary, following regulatory guidelines.

6. The company depreciates fixed assets in accordance with the guidelines provided by the Ministry of Finance. The General Director is tasked with determining the specific depreciation rates for each asset.

7. The Chief accountant of the Company is tasked with tracking and recording any increase, decrease, basic construction investment, depreciation of fixed assets in accordance with the accounting standards and applicable regulations.

### **Article 13. Investment, construction and procurement of assets at the Company**

1. The investment, construction, procurement of assets and upgrading of fixed assets of the Company must comply with the procedures for investment, construction and procurement of assets.

2. The Company is authorized to proactively select options for investment, construction, procurement of fixed assets, machinery, equipment, technological innovation or changes in the fixed asset structure to align with business objectives, improve asset utilization efficiency, and expand operational scale.

3. The decision-making authority for investment, construction, procurement and upgrading of fixed assets shall comply with the provisions of the Company's Charter and the Company's regulation on investment decentralization and bidding management.

4. Individuals with decision-making authority for investment, construction, procurement, and upgrading of fixed assets shall be held accountable if such actions result in inappropriate, technically obsolete, or unusable assets.

5. The procedures for conducting investment projects must comply with the relevant laws on investment and construction management, as well as the Company's regulations. The General Director is responsible for organizing the implementation and ensuring the progress and quality of the projects, reporting to the Board of Directors and owners

6. The order and procedures for implementing investment projects shall comply with the provisions of the law on investment and construction management and the Company's regulations. The General Director shall organize the implementation and take responsibility before the Board of Directors and employer for the progress, quality of projects for which investment has been decided.

### **Article 14. Lease, mortgage, pledge of assets**

1. The Company has the right to lease, mortgage and pledge its assets on the principle of efficiency, capital preservation and development in accordance with the provisions of law. Individuals authorized to make investment decisions are empowered to decide on the use of assets for leasing, pledging, or mortgaging.

2. The use of assets for leasing, mortgaging, or pledging must strictly comply with the provisions of the Civil Code and other provisions of law.

3. Assets that are pledged or mortgaged must be documented, with comprehensive records to substantiate the transactions reported in the financial statements.

### **Article 15. Liquidation, transfer and sale of fixed assets**

1. The company actively transfers and liquidates damaged, technically obsolete assets, assets no longer needed, or assets that cannot be used, and long-term investments that are no longer sustained. This is done based on the principles of publicity, transparency, and capital preservation in accordance with applicable laws.

2. The liquidation and sale of assets shall be carried out through an auction organization or by the Company itself in accordance with the Property Auction Law.

For the transfer and sale of fixed assets with a residual value recorded in accounting books of less than VND 100 million, the General Director may choose to sell them by auction or agreement, but not below the market price. If the fixed assets are not traded on the market, the Company may employ an organization with appraisal functions to determine the selling prices as a basis for selling assets by the above method.

3. Authority to decide on the liquidation and sale of assets:

a) Individuals authorized to make investment decisions, as per the Company's regulation on investment decentralization, are also authorized to decide on the liquidation and sale of fixed assets and work-in-progress fixed asset investment projects according to the corresponding decentralization level;

b) Contracts for the liquidation and sale of fixed assets and work-in-progress fixed asset investment projects between the Company and related parties shall be implemented as follows:

b1) Authority of the General Meeting of Shareholders:

- Approval of contracts for the sale of assets with a value greater than 10% of the total value of the Company's assets as reported in the most recent financial statement between the Company and shareholders owning 51% or more of the total voting shares, or related parties of such shareholders (Point b, Clause 3, Article 167 of the Enterprise Law 2020).

- Approval of contracts for the sale of assets with a value at 35% or greater than the total value of the Company's assets as reported in the most recent financial statements.

b2) Authority of the Board of Directors: To approve contracts for the sale of assets not under the authority of the General Meeting of Shareholders.

4. If newly invested or procured fixed assets have been completed and put into use within the first 03 years but do not achieve economic efficiency according to the investment project approved by the competent authority, and the Company does not wish to continue exploiting and using the assets to which the transfer and sale of assets is not guaranteed to fully recover the invested capital, the responsibilities of relevant parties must be clarified in accordance with the law.

5. The transfer of the Company's assets attached to land shall comply with the Land Law.

**Article 16. Management of capital in cash**

1. Management of capital in cash

a) The Company is permitted to open accounts at banks operating in Vietnam and abroad in accordance with the law.

b) For cash capital in foreign currency, it must be managed and used in compliance with the current provisions of the law on foreign exchange management.

c) It is strictly forbidden to use the Company's funds to lend to individuals or organizations for purposes unrelated to the Company's business activities.

d) Periodically (at the end of the month, quarter, and year), or irregularly as required by management, the cashier and inventory members must conduct a cash inventory, create an inventory record, and obtain certification signatures from the General Director, Chief Accountant, Cash Accountant, and Treasurer. Any inventory discrepancy and deficiency must be investigated to determine the causes. If discrepancies are due to an individual's fault, that individual must compensate for the damage and may face legal consequences depending on the severity. The specific compensation level shall be determined by the General Director but must not be lower than the damage caused by the individual.

e) Branches and units within the Company must conduct periodic or irregular cash inventories as requested by the General Director and the Directors of the affiliated units. After the inventory, minutes of inventory must be created, with signatures of the Branch Director, Treasurer, and Fund Accountant. These minutes of periodic or irregular inventory must be submitted to the Company.

f) The minutes of inventory must be archived in the cash accounting books.

## 2. Management of bank deposits

a) All procedures for payments via banks must be conducted in accordance with the regulations of credit institutions, banks, and the State.

b) The Company, its branches and units must regularly and periodically reconcile and confirm the deposit balances at banks and credit institutions to identify and correct any errors or discrepancies promptly (if any).

## 3. Idle fund investment

The General Director shall determine the appropriate term deposits at financial and credit institutions for temporarily idle funds to improve capital utilization efficiency. This must be done while ensuring the principles of safety and the ability to meet payment obligations to customers, creditors, and other related parties when due, in compliance with the Company's regulation on the management and utilization of capital in cash as issued by the Board of Directors.

## **Article 17. Management and utilization of tools and instruments**

1. The Company manages and uses tools and instruments in the same manner as fixed assets and allocates their value to operating expenses.

2. All tools and instruments that have had their value allocated but remain in use must continue to be monitored and managed in the same manner as normal assets.

## **Article 18. Management of inventory**

1. Inventories are goods purchased for sale but remain in stock, raw materials, fuels, in stock or in-transit tools and instruments, work-in-progress, completed goods not yet in warehouses, finished goods, inventories, finished goods and and consigned goods.

2. The Company must maintain a detailed inventory tracking book for each type of goods, raw materials, tools, etc., including tools and instruments that have been fully depreciated but are still in use.

3. The Company has the right and responsibility to inspect and handle poor quality, obsolete, stagnant, and slow-moving inventory to recover capital.

4. The authority and procedures for handling inventory must comply with the Company's Regulation on inventory management.

5. At the end of the accounting period, if the historical cost of inventory recorded in the accounting books exceeds the net realizable value, the Company must allocate a provision for devaluation of inventory in accordance with the provisions of law and the guidelines of the Ministry of Finance.

#### **Article 19. Management of receivables**

1. Rights and responsibilities of the Board of Directors:

a) Promulgate regulations on receivables management, decide debt settlement plans based on the General Director's proposals.

b) Report to the General Meeting of Shareholders on the settlement of bad debts as outlined in the Company's regulation on liability management.

2. Rights and responsibilities of the General Director:

a) Determine the level of compensation for damages and disciplinary actions for group of individuals or individuals when bad debts, irrecoverable debts arise.

b) Submit plans to the Board of Directors for approval to sell accounts receivable, including overdue receivables, bad debts, and irrecoverable receivables, for capital recovery. Debt trading should only be conducted with economic organizations that have debt trading functions and not directly with debtors.

c) Draft and submit regulation on receivables management to the Board of Directors, including the assignment and determination of responsibilities for monitor, recovery, and payment of accounts receivable.

d) Be directly accountable to the Board of Directors for accounts receivable.

3. The Chief accountant shall be responsible for accounting for receivables according to accounting standards and allocate provisions for doubtful debts as required; inventory, reconcile receivables with debtors; classify debts, identify bad debts and irrecoverable receivables, determine the causes and responsibilities of individuals and group of individuals, and report to the General Director for appropriate handling. The determination of bad debts and irrecoverable receivables must comply with the guidelines of the Ministry of Finance.

4. Accounts receivable that are overdue for payment must be immediately reported by the debt accountant to the Chief accountant for submission to the General Director. If accounts receivable are determined to be bad debts, the Company must allocate provisions in accordance with applicable financial accounting regime.

5. Branches, units within the Company directly incurring debts must have their management level and accountant department manage and monitor accounts receivable according to this Regulation and take responsibility for debts arising at their units.

## **Article 20. Inventory of assets and handling of impairment, revaluation of assets**

1. Asset inventory: The Company must establish an inventory council, including its affiliated units, to organize asset inventory, confirm asset quantity (fixed assets and long-term investments, current assets and short-term investments), reconcile liabilities, accounts receivable when closing accounting books for preparation of periodic financial statements (quarterly, semi-annually, yearly). Inventories must also be conducted when implementing decisions on division, separation, merger, consolidation, ownership transformation, after natural disasters, enemy sabotage, or any events causing changes in the Company's assets, or as required by State policy. For excess assets, deficits, irrecoverable receivables, and overdue debts, it is necessary to clearly identify the causes and responsibilities of related parties and determine the level of material compensation as prescribed.

2. Handling of impairment: Impairment due to loss, shortage, damage, poor quality, outdated design, technical obsolescence, or stagnant inventory during periodic and irregular inventory must be assessed for impairment value, cause, and responsibility, and handled as follows:

a) If the cause is subjective and attributable to group of individuals or individuals, the defaulting party must compensate in accordance with the law. The person authorized to decide on the compensation level is held liable for their decision;

b) If the insured property is damaged, it shall be handled according to the insurance policy;

c) The impairment value, after being offset by compensation from individuals, group of individuals, and insurance organizations, if deficient, shall be accounted into production and operating expenses for the period. If compensation is not determined within the accounting period of impairment losses, it shall be recorded in other income for the period in which the compensation is determined;

d) In cases of special impairment due to objective and force majeure causes, such as natural disasters, fires, pest infestation, etc., where the company has mobilized legal capital sources but still cannot remedy the situation, the General Director shall develop a impairment handling plan and submit to the Board of Directors for consideration and decision.

3. Excess assets identified during inventory shall be handled in accordance with applicable laws.

4. The Company shall conduct asset revaluation in the following cases:

a) As per decisions of competent State agencies;

b) Transformation of the Company's business type;

c) Intercorporate investment via assets;

d) Other cases as prescribed by law.

The revaluation of assets, increases or decreases in value due to asset revaluation must comply with the provisions of law.



## **Chapter IV**

### **REVENUE, EXPENSES**

#### **Article 21. Revenue and income of the Company**

1. The Company's revenue and other incomes comprise all amounts collected and to be collected from the trading of products, goods, financial activities, and other operations. All revenues and incomes arising from production and business activities must have sufficient documentation as prescribed by law and be fully reflected in the Company's accounting books in accordance with the applicable accounting regime.

2. Other criteria for determining turnover and income shall be based on accounting standards and State regulations.

3. The Chief accountant of the Company is responsible for accounting for revenue and other income in accordance with applicable regulations. The management accounting organization shall monitor revenue and other income in detail according to the type of service and contract, and promptly provide information for the management and governance of the Company.

4. The General Director is responsible for developing specific procedures detailing the contents, documents, and personal responsibilities of Departments/Divisions, affiliated units, ensuring that the Company's revenue is calculated in an accurate, sufficient, and prompt manner.

#### **Article 22. Operating expenses and cost management**

##### **1. Operating expenses**

a) The Company's operating expenses include reasonable and valid costs related to production and business activities incurred during the fiscal year. These expenses encompass raw material costs, fixed asset depreciation, outsourcing costs, salary expenses, remunerations, safety bonuses, and other related expenses. The detailed classification of expenses shall comply with State guidelines and the Company's management requirements.

b) The determination and accounting of production and business expenses for calculating profits (losses) and taxable income in a fiscal year shall be based on the accounting regime, accounting standards, and the applicable provisions of the Corporate Income Tax Law.

c) Accounts with guaranteed origin or not related to production and business activities are not included in operating expenses in accordance with applicable laws.

2. The Company must strictly manage and organize full, timely, accurate, and detailed accounting for each item of expenses, product costs, and types of business activities. This is to reduce costs and product costs through the following main management measures:

a) The General Director of Construction shall submit to the Board of Directors for approval economic-technical norms, labor norms, statutes/regulations that align with business lines, organizational and governance models, and equipment levels of the Company;

b) The norms must be communicated to the implementers and employees in the Company for implementation, inspection, and supervision. In case of failure to implement the norms, causing costs to be increased, the causes and responsibilities must be clearly analyzed and handled in accordance with the law. If due to subjective reasons, compensation for damage must be made. The Board of Directors shall decide on the level of compensation in accordance with the law and take responsibility for its decision;

c) The General Director shall proactively develop a cost reduction plan in accordance with the actual situation and operation of the enterprise;

d) Periodically (quarterly/year), the General Director must organize the analysis and evaluation of production costs and product costs to identify weak and poor management processes, factors that increase costs and product costs, and implement timely solutions. The cost analysis and assessment report must be sent to the Board of Directors of the Company.

3. The General Director may authorize and delegate individuals in the unit to make payments of expenses under his/her authority and take responsibility before the law for the authorization. The authorized individual shall take responsibility for the expenditures before the law and the General Director.

a) For expenditures in contravention of regulations, individuals proposing and making payments of such expenditures must reimburse the Company. The General Director shall decide on the reimbursement process.

## **Chapter V**

### **PROFITS AND PROFIT DISTRIBUTION**

#### **Article 23. Profits and profit distribution**

1. The Company confirms quarterly and annual profits in accordance with State regulations. The Company's realized profit includes profits arising directly from its production and business activities, as well as profits derived from capital investment and other revenues as prescribed.

2. The Company manages all realized profits after fully fulfilling its obligations to the State budget in accordance with applicable regulations.

3. The Company's realized profit, after offsetting losses in previous year in accordance with the Corporate Income Tax Law and corporate income tax obligations, shall be used and distributed under the decision of the General Meeting of Shareholders and the Board of Directors, in accordance with the Company's Charter and other regulations. Profits are distributed as follows:

- Development investment fund;
- Reward fund;
- Welfare fund;
- Executive Board bonus;

- Other funds in accordance with the provisions of law;
- Dividend payment: To be decided by the Annual General Meeting of Shareholders.

4. Temporary allocation of the reward and welfare funds and bonuses for the Executive Board: During the year, the General Director of the Company shall temporarily allocate the reward fund, welfare fund, and the bonus fund of the Board of Directors, at a rate not exceeding 80% of the total permitted fund allocation as prescribed. At the end of the year, based on the audited profit after tax for the whole year and the profit distribution plan approved by the General Meeting of Shareholders, the Company determines the level of allocation for the whole year and the provisional fund settlement.

#### **Article 24. Purpose of use of funds**

1. Development investment fund: Allocated from profit after corporate income tax, used to supplement production capital, invest in the Company's projects, or for other purposes as decided by the General Meeting of Shareholders in accordance with the provisions of law.

##### 2. Reward fund

###### a) Purpose of the reward fund:

- As year-end or regular rewards for employees of the Company;
- As extraordinary rewards for individuals, group of individuals in the Company who come up with technological innovations and bring business efficiency;
- As rewards for individuals and units outside the Company who have contributed significantly to the business activities and management of the Company.

b) The bonus level shall be decided by the General Director. Particularly, the year-end or regular bonus must be consulted with the Union prior to decision.

c) The criteria, reward levels and decision-making authority for reward shall comply with the Company's regulations.

##### 3. Welfare fund

###### a) Purpose of the welfare fund:

- Invest in the construction or repair of the Company's welfare facilities;
- Cover expenses for public welfare activities of the Company's employees and social welfare;
- Provide unexpected hardship allowances for employees, including those who retire, lose strength, fall into difficult circumstances, helpless, or engage in social charity work;
- Cover other welfare expenses.

b) The use of the welfare fund shall be decided by the General Director after consultation with the Company's Trade Union and in accordance with the Company's regulations.

4. Remaining undistributed profit: To be decided by the General Meeting of Shareholders to maintain a reasonable dividend rate across the years.

5. Science and technology development fund: In compliance with separate regulations on the organization and management of the Science and Technology Development Fund and relevant provisions of law.

6. Executive Board bonus fund: Derived from profit after tax, with the allocation level decided by the General Meeting of Shareholders. It is used to reward the Board of Directors, Supervisor, the Board of Directors, Chief Accountant, and other relevant parties. The eligible parties and reward levels shall be decided by the Board of Directors based on the proposal of the General Director.

## **Chapter VI**

### **FINANCIAL PLANS, ACCOUNTING REGIMES, STATISTICS AND AUDITING**

#### **Article 25. Financial plan**

1. Based on the strategic orientation of the Company's long-term production and business development plan approved by the General Meeting of Shareholders, the General Director is responsible for formulating annual production, business, and financial plans and proposing to the Board of Directors and the General Meeting of Shareholders for approval.

2. On the basis of the annual production and business plan approved by the Board of Directors and the General Meeting of Shareholders, the General Director shall formulate a detailed production and business plan. This plan must include provisions for expenses, allowing the General Director to conduct necessary works at the end of the fiscal year if the annual plan for the next year has not been approved by the competent management level.

3. Every quarter, 6 months, 9 months, and every year, the General Director must prepare a report on the assessment of production and business performance and financial indicators, comparing them with the formulated plan for presentation at meetings of the Board of Directors.

#### **Article 26. Accounting regime**

1. The Company shall apply the enterprise accounting regime promulgated by the Ministry of Finance, maintain accounting books in Vietnamese, and report economic activities denominated in Vietnam Dong or in foreign currencies as specified in Clause 2, Article 27 of this Regulation.

2. The Company's accounting books (including data in accounting software) must be accurate, systematically updated, and sufficient to prove and explain the Company's transactions. Payment documents and accounting books shall be maintained as required by law.

3. The provision of information, documents, and accounting books to external parties shall only be carried out with the consent of the General Director or as required by law.

4. The Chief accountant of the Company is responsible for organizing the implementation of the Company's accounting work according to the State's accounting regimes and standards, and is accountable to the Board of Directors and the General Director for all accounting matters of the Company.

#### **Article 27. Financial statements**

1. The Company's financial year begins on January 1 and ends on December 31. The first fiscal year starts from the date the Company obtains the Business Registration Certificate and ends on December 31 in the year then ended.

2. The currency used in the Company's accounting is Vietnam Dong (VND). All transactions arising in foreign currencies or assets other than Vietnam Dong must be translated into Vietnam Dong for recognition and accounting in accordance with applicable regulations, but must still be monitored simultaneously in the original currency in the Company's accounting books. If the unit uses another foreign currency as the accounting unit, it shall be implemented only at the beginning of the new accounting year, and the unit must notify the direct management agency in accordance with the law.

3. The Company is permitted to collect and make payment in foreign currencies in accordance with provisions of law and State regulations.

4. At the end of the accounting period (quarterly, semi-annually, annually), the Company must prepare the financial statements of the parent company and the consolidated financial statements in accordance with the provisions of law and the Company's Charter.

5. The parent company's financial statements and consolidated financial statements must be audited in accordance with current law. The audit must be carried out by an independent auditing firm named in the list of auditing firms approved by the General Meeting of Shareholders.

6. The deadline for preparing quarterly consolidated financial statements is 20 days before the next quarter. The deadline for preparing the annual financial statements is 5 days before the date of information disclosure as prescribed by law. The annual financial statements must be audited by an independent auditing firm.

7. The Company shall disclose its financial position in accordance with the law on public companies.

8. The Company's General Director and Chief accountant shall be responsible for the accuracy and truthfulness of financial statements and other financial information.

#### **Article 28. Internal inspection and supervision**

1. In addition to the inspection and supervision of the Supervisory Board, the Board of Directors and the General Director are responsible for organizing internal supervision and inspection through the management apparatus, including the accounting apparatus, and through management tools such as reporting systems, and periodic or

irregular inspections of departments and divisions within the Company for the purpose of administration and management of the Company.

2. The Company is subject to examination, inspection, and supervision by the competent financial authority for the Company's financial aspect in accordance with the law.

#### **Article 29. Audit**

1. The Board of Directors shall establish an internal audit department, promulgate internal audit regulations, and organize the implementation of independent and internal audits in accordance with the law.

2. The Supervisory Board shall propose and recommend to the General Meeting of Shareholders the approval of the list of auditing firms to audit the Company's financial statements.

3. Based on the list of auditing firms approved by the General Meeting of Shareholders, the Board of Directors shall assign the General Director to select the audit firm in accordance with the Company's regulations and submit the selection results to the Board of Directors for approval.

4. The cost of hiring an auditor shall be included in the Company's production and business expenses.

5. The Company shall conduct internal audits in accordance with the Company's internal audit regulations.

### **Chapter VII**

#### **FINANCIAL RELATIONSHIP BETWEEN THE COMPANY AND AFFILIATED UNITS, SUBSIDIARIES AND OTHER ENTERPRISES WITH CAPITAL INVESTED BY THE COMPANY**

##### **Article 30. Financial relationship between the Company and its affiliates**

1. Affiliated units shall not have any private capital and assets; all assets of the affiliated units are owned by the Company. The Company is responsible for the financial obligations incurred for the commitments of the dependent accounting unit. Persons in charge of affiliated units shall be responsible to the General Director for the implementation of financial targets and plans assigned by the Company, and for managing and using assets within the scope of their units in accordance with the provisions of this Regulation and State law.

2. Depending on the requirements of organization and economic and financial management, the General Director may submit to the Board of Directors for the decentralization and authorization of affiliated units to perform certain tasks in financial management and accounting. The decentralization and authorization shall be expressed in writing to each affiliated unit.

3. Affiliated units shall exercise their rights and obligations according to the Company's decentralization and authorization. Persons in charge of affiliated units shall

be responsible to the General Director of the Company and the law for their decisions, ensuring that their unit operations are at least profitable according to the annual plan assigned by the Company:

a) Effectively manage and use all assets and other resources assigned by the Company in accordance with the provisions of Chapter II and Chapter III of this Regulation.

b) Strictly comply with the statistical and accounting reporting regime as prescribed for production and business administration, financial management, and compilation of financial statements across the Company. Ensure the truthfulness and reasonableness of reports submitted to the Company.

c) Be subject to the professional direction in the field of finance and accounting of the Chief Accountant of the Company, and to the inspection and supervision of the State management agency and the Company.

### **Article 31. Financial relationship between the Company and subsidiaries and affiliated companies**

1. The Board of Directors of the Company shall exercise the rights and obligations as the paid-in capital owner in subsidiaries in accordance with the law.

2. In addition to the provisions on the rights and obligations as the paid-in capital owner, the Company has the same relationship with its subsidiaries as with other economic legal entities.

3. Subsidiaries shall manage and use capital and assets, revenues and expenses, and funds in accordance with applicable provisions of law.

4. The Board of Directors of the Company shall inspect and supervise the representatives of the subsidiaries and affiliated companies in the utilization, preservation, and development of capital, the performance of obligations to the State, and the objectives assigned to the Company; supervise and evaluate the effectiveness of the company's operations in accordance with the provisions of law and the Company's regulations.

5. Representatives at subsidiaries and affiliated companies are obliged to implement the general business plan of the Company, take responsibility for business operations, coordinate with the Company in implementing economic contracts entered into force by the Company and assigned to the Company for implementation, the assignment of work by the Company to subsidiaries shall be carried out in the form of entering into contracts or other lawful forms.

6. Representatives at subsidiaries and affiliated companies are subject to the supervision and inspection of the Company; they must report accurate, sufficient information and prepare financial statements for the Company on a quarterly and annual basis.

**Chapter VIII**  
**MANAGEMENT OF INVESTMENT CAPITAL IN OTHER**  
**ENTERPRISES**

**Article 32. Management of investment capital in other enterprises**

1. The company shall exercise the rights and responsibilities of the paid-in capital owner in subsidiaries and other enterprises in accordance with the law. The management of capital in other enterprises is carried out through the exercise of the Company's rights and obligations as the capital owner, shareholder, or capital contributor, and the appointment of a representative of the Company's capital in other enterprises.

2. The General Director is responsible for effectively monitoring and managing intercorporate investments. The General Director and the representative of the Company's contributed capital shall report on a quarterly and annual basis to the Board of Directors of the Company on the position and efficiency of production and business activities in enterprises with contributed capital of the Company.

3. The General Director is responsible for formulating and submitting to the Board of Directors for approval the Regulation on management of investment capital in other enterprises of the Company.

**Article 33. Management of investment capital in other enterprises through representatives**

If the Company appoints a representative of the Company's capital portion in other enterprises and other representatives at enterprises with contributed capital to manage the capital portion, involve in the management, administration, and supervision at such enterprises, the capital representative and other representatives shall perform the management according to the rights and obligations prescribed by the representative in the Regulation on the Company's representatives at enterprises and relevant regulations.

**Chapter IX**  
**POWERS, RESPONSIBILITIES OF THE BOARD OF DIRECTORS,**  
**GENERAL DIRECTOR AND CHIEF ACCOUNTANT**  
**IN FINANCIAL MANAGEMENT**

**Article 34. Powers of the Board of Directors**

1. The Board of Directors performs the management function of the Company and shall, within the scope of its authority, organize the implementation, inspection and supervision of the Company's financial activities.

2. The Board of Directors is responsible for the preservation and development of the allocated equity. They are accountable to the General Meeting of Shareholders for the performance of the Company's business activities, ensuring the implementation of the objectives assigned by the General Meeting of Shareholders. They must also create



plans and propose to the General Meeting of Shareholders for consideration, approval of any increase in the Company's charter capital.

3. The Board of Directors shall submit to the General Meeting of Shareholders decisions on investments or the sale of assets, the number of shares to be sold, and the approval of contracts for intercorporate investment under the authority of the General Meeting of Shareholders. They must also approve financial statements, allocate provisions, and make annual payment of dividends.

4. In addition to the authority specified in the above Articles of this Regulation and the provisions of the Company's Charter, the Board of Directors shall decide on the following matters:

a) The rate of allocation of provisions as prescribed for single-member limited liability companies owned by the company;

b) The promulgation of Regulation on financial management and statutes/regulations/norms under Point a, Clause 2, Article 22 of this Regulation;

c) Determination of targets for the Company's long-term and annual financial plans within 30 days from the date of approval by competent management level;

d) Appointment of representative of the capital portion in other enterprises.

5. Approval of the Company's annual financial statements, the plan to use profit after tax, handle losses for submission to the General Meeting of Shareholders; disclosure of annual financial statements as prescribed.

6. Inspection and supervision of the General Director and representatives of subsidiaries/affiliated companies in the utilization, preservation and development of capital, performance of obligations to the State, objectives assigned by the Company to subsidiaries/affiliated companies in accordance with the law.

7. Implement the regulations on supervision and evaluation of the performance of member units in accordance with the Company's regulations and applicable laws.

8. Has sole discretion over other matters in accordance with the law and the Company's regulations.

### **Article 35. Obligations and responsibilities of members of the Board of Directors and Chairman of the Board of Directors**

1. Obligations of the Chairman and members of the Board of Directors:

a) Exercise the assigned powers and obligations with integrity for the benefit of shareholders and the Company;

b) Must not abuse positions and powers to take advantage of the Company's capital and assets for themselves, their families and others;

c) Annually report fully, accurately, and honestly on the results of management and supervision of the Company's activities as prescribed; promptly report on contents related to the Company's production and business situation at the request of competent management level.

d) Other obligations as prescribed by law.

2. Perform other responsibilities as prescribed by law.

### **Article 36. Powers of the General Director**

1. Act as the legal representative of the Company, overseeing production and business activities, and implementing investment projects approved by the Board of Directors and the General Meeting of Shareholders. The General Director is accountable to the Board of Directors and the law for the administration of the Company's operations.

2. Have the authority to proactively and flexibly utilize all of the Company's capital and funds for business activities, except for funds mobilized for specific purposes. The General Director is responsible for and must fulfill obligations related to mobilized capital.

3. Propose to the Board of Directors changes in the Company's charter capital for submission to the competent management level.

4. Make decisions on investment projects, intercorporate investment projects, loan plans, and plans for the liquidation and sale of assets according to the decentralization of the Board of Directors. Submit projects and plans outside the General Director's scope of authority to the Board of Directors for approval.

5. Develop and submit long-term and annual financial plans to the Board of Directors for approval, in accordance with the business plan. This includes economic-technical norms, labor norms, financial cost norms, and other expenses suitable to the Company's business conditions as a basis for overseeing the Company's business activities.

6. Determine the rate of allocation of funds, distribute dividends, and report to the Board of Directors for approval by the General Meeting of Shareholders.

7. Utilize the reserve fund in preparation of necessary works at the end of the fiscal year when the next year's plan has not yet been approved by the competent management level.

### **Article 37. Obligations and responsibilities of the General Director**

1. Exercise the assigned powers and obligations with integrity for the benefit of the owner and the Company.

2. Must not abuse positions and powers to take advantage of the Company's capital and assets for themselves, their families and others.

3. When the Company fails to pay its liabilities, asset obligations, the General Director must report to the Board of Directors, notify creditors, find solutions to overcome the Company's financial difficulties, and not increase salaries or pay bonuses to employees and the Company's managers. If these measures are not taken, causing damage to creditors, the General Director must be personally responsible for such damages.

4. In case the General Director is in breach of the Company's Charter, making decisions beyond their authority, improperly exercising its authority, or abusing their position and powers, causing damage to the Company and its shareholders, compensation must be made in accordance with the provisions of law and the

Company's Charter. The Board of Directors shall decide the level of compensation.

5. Be responsible to the Board of Directors and the law in overseeing the Company's operations.

6. Be responsible to the Board of Directors for the preservation and development of the Company's capital.

7. Take responsibility for and fulfill obligations for mobilized capital and other capital sources of the Company; take material responsibility for any damages caused by the General Director to the Company.

8. Prepare and submit annual financial statements to the Board of Directors; take responsibility for the accuracy and truthfulness of financial statement data and other financial information.

9. Annually, the General Director must send a report on the performance of the Company's operation to the Board of Directors.

10. Perform other responsibilities in accordance with the law and the Company's regulations.

#### **Article 38. Powers of the Chief Accountant**

1. Exercise independence in professional and accounting expertise. Reserve written professional opinions when differing from those of decision-makers.

2. Provide written opinions to the legal representative on the recruitment, transfer, salary increase, commendation, and discipline of accountants, warehouse keepers, and treasurers.

3. Request relevant departments in the Company to provide sufficient and timely documents related to accounting and financial supervision aspect.

4. Organize the administration of the accounting apparatus, prepare financial statements in compliance with the accounting regime and accounting standards.

5. Report in writing to the legal representative upon identifying violations of finance and accounting laws within the Company. If required to comply with a decision despite objections, the General Director shall report to the immediate superior of the decision-maker and be exempt from responsibility for the consequences of executing such a decision.

#### **Article 39. Responsibilities of the Chief Accountant**

1. The chief accountant shall operate under the leadership of the legal representative.

2. Assist the legal representative in supervising the Company's financial activities.

3. Comply with the provisions of the law on accounting and finance.

4. Organize and administer the accounting apparatus in accordance with the law.

5. Prepare financial statements in compliance with accounting regimes and accounting standards.

## **Chapter X**

### **ORGANIZATION OF IMPLEMENTATION AND IMPLEMENTATION PROVISIONS**

#### **Article 40. Implementation organization**

1. The Company's General Director, Chief accountant, and Representatives at subsidiaries shall be responsible for organizing the implementation of financial management and business accounting in accordance with the provisions of this Regulation.

2. The Company's representatives at other enterprises for the Company's capital portion shall be responsible for formulating and promulgating the Regulation on financial management of the Company upon approval by the Board of Directors. The contents of the financial regulation of subsidiaries must be suitable to the characteristics of each unit and must not contradict the provisions of this Regulation.

#### **Article 41. Implementation provisions**

1. This financial regulation consists of 10 chapters and 41 articles and takes effect in accordance with the promulgated Decision. If it is necessary to supplement or amend this Regulation to suit actual situation and the provisions of law, the General Director shall submit it to the Board of Directors for consideration and decision.

2. In addition to the provisions of this Regulation on financial management, the Company must comply with the provisions of applicable laws on financial management and accounting.

3. Other bylaws to the contrary of this regulation shall comply with this regulation./.