

EXPLANATION OF THE PROPOSED MODIFICATION OF SABECO’S CHARTER

ABBREVIATIONS¹

“Corporation” or “SABECO”	: Saigon Beer – Alcohol – Beverage Corporation;
“JSC”	: Joint Stock Company;
“GMS”	: General Meeting of Shareholders of the Corporation;
“Sample Charter”	: Sample charter applied for public company as regulated in Appendix 1 of Circular 95;
“Charter”	: Charter of the Corporation approved by GMS on 21 July 2018, which take into effect since the date GMS and Legal Representative signed to execute;
“Proposed Charter”	: Proposed charter which was proposed to adjust, amend, supplement some Articles of Charter;
“BOD”	: Board of Directors of the Corporation;
“Law on Enterprises”	: Law on Enterprises No. 68/2014/QH13 dated 26 November 2014 passed by National Assembly;
“Legal Rep”	: Legal Representative;
“Decree 126”	: Decree No. 126/2017/NĐ-CP dated 16 November 2017 issued by Government on conversion from state-owned enterprises and single-member limited liability companies with 100% of charter capital invested by state-owned enterprises into joint-stock companies;
“Decree 71”	: Decree No. 71/2017/NĐ-CP dated 06 June 2017 issued by Government guidelines on corporate governance of public companies; and
“Circular 95”	: Circular No. 95/2017/TT-BTC dated 22 September 2017 issued by Ministry of Finance guiding a number of articles of the Government’s Decree 71.

¹ These abbreviations are only used for “Legal ground for proposed” of the Explanation below

NO.	PREVAILING CHARTER	PROPOSED CHARTER	LEGAL GROUND FOR PROPOSAL
CHAPTER II NAME, FORM, HEAD OFFICE, LEGAL REPRESENTATIVE, BRANCHES, REPRESENTATIVE OFFICES AND OPERATION DURATION OF SABECO			
1.	Article 1. Definitions	Article 1. Definitions Supplementing Clause 1(a)	Article 149.1 Law on Enterprises regarding the definition of BOD (Board of Directors)
2.	Article 2. Name, form, head office, legal representative, branches, representative offices and operation duration of SABECO	Article 2. Name, form, head office, legal representative, branches, representative offices and operation duration of SABECO Removing Clause 5 Article 2 of Charter Article 3. Legal representatives of SABECO Supplementing this Article 3	Tailoring to refer the rights and obligations of Legal Reps and in accordance with the Sample Charter.
CHAPTER IV CHARTER CAPITAL, SHARES			
4.	Article 6. Share certificate	Article 7. Share certificate - <i>Deleting Clause 1</i> - <i>Amending on Clause 2</i> - <i>Supplementing Clause 3</i>	Supplementing the definition of ‘ <i>share certificate</i> ’ in accordance with Article 120.1 Law on Enterprises.
5.	Article 7. Certificate of other securities	Article 8. Certificate of other securities <i>Amending Article 8</i>	there is only one of two SABECO’s Legal Reps signs the Certificates of bonds or other securities of SABECO, it will make the management of the Corporation more flexible and easy.
6.	Article 8. Share transfer	Article 9. Share transfer - <i>Amending Clause 2</i>	Proposing to remove Clause 3 Article 8 of Charter in relation to strategic

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		- <i>Deleting Clause 3</i>	shareholders. The concept of strategic shareholders and the sale of the Corporation's shares to strategic shareholders as well as the transfer restrictions of these shareholders are stipulated in Decree 126. SABECO was equitized since 2008; it means the five-year limited time for strategic shareholders has expired. At the same time, SABECO is no longer a state-owned enterprise, so this regulation is no longer appropriate.
CHAPTER V ORGANIZATIONAL AND MANAGEMENT STRUCTURE			
7.	Article 12. Management Structure	Article 13. Management Structure <i>Supplementing Clause 3</i>	Supplementing in accordance with the management structure as stipulated in Article 134.1(b) of Law on Enterprises and the Sample Charter.
CHAPTER VI SHAREHOLDERS AND GENERAL MEETING OF SHAREHOLDERS			
8.	Article 15. General Meeting of Shareholders	Article 16. General Meeting of Shareholders - <i>Amending Clause 2;</i> - <i>Amending Clause 3(d).</i>	Supplementing in accordance to Article 14.3(d) of the Sample Charter regarding the format of request of GSM summons.
9.	Article 16. Rights and duties of the General Meeting of Shareholders	Article 17. Rights and duties of the General Meeting of Shareholders - <i>Amending Clause 2(b), 2(m);</i> - <i>Deleting 2(n) of Charter</i>	- Proposing to remove Article 16.2(n) of the Charter. Pursuant to Article 12.2 of Decree 71, Chairman of BOD shall not

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			<p>concurrently hold the position of General Director of the same public company.</p> <ul style="list-style-type: none"> - Adjusting Article 16.2(o) of the Sample Charter as column beside in accordance with Article 15.2.(n) of the Sample Charter and Article 162.3 of the Law on Enterprises.
	<p>Article 19. Convention of General Meeting of Shareholders, agenda and notices</p>	<p>Article 20. Convention of General Meeting of Shareholders, agenda and notices <i>Amending 4</i></p>	<p>Supplementing in accordance with Article 18 of the Sample Charter regarding the form of proposing issues to be included in the agenda of GSM of the minor shareholder group.</p>
	<p>Article 21. Procedures for conducting and voting at General Meeting of Shareholders</p>	<p>Article 22. Procedures for conducting and voting at General Meeting of Shareholders <i>Amending Clause 2</i></p>	<p>Supplementing in accordance with Article 20 of the Sample Charter regarding the number of member of vote counting committee decided by the chairman of the meeting</p>
<p>CHAPTER VII BOARD OF DIRECTORS</p>			
<p>10.</p>	<p>Article 26. Nomination of members of the Board of Directors</p>	<p>Article 27. Nomination of members of the Board of Directors <i>Amending Clause 1</i></p> <p>Article 28: Composition and term of the members of the Board of Directors - <i>Supplementing Clause 1</i></p>	<p>Supplementing in accordance with Article 25 and 26 of the Sample Charter regarding the standards of candidates and the composition of BOD</p>

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		<ul style="list-style-type: none"> - <i>Amending Clause 3: adding point f, g</i> 	
11.	<p>Article 27. Powers and duties of the Board of Directors</p>	<p>Article 29. Powers and duties of the Board of Directors</p> <ul style="list-style-type: none"> - <i>Amending Clause 3(c), 3(e), 3(p); adding Clause 3(s);</i> - <i>Amending Clause 4(i);</i> - <i>Amending Clause 8;</i> - <i>Deleting Clause 10 of Charter and stipulating in Article 29.3(s) of the Proposed Charter on the same.</i> 	<ul style="list-style-type: none"> - Regarding the proposal of elimination of BOD’s authority in appointment, removal, secondment, commendation, discipline or signing of contract, termination of contract, salary level of Division Heads/Deputy Heads of SABECO, Directors, Deputy Directors, Chief Accountants of branches of SABECO, at the request of the General Director, subject to the management purpose. <p>In fact, such positions are the ones directly supporting General Director in the day-by-day business and management activities of SABECO and its affiliates. Thus, it may be time-consuming for waiting the approval in principle of BOD so that BOD is permitted to appointing, dismissing, transferring, rewarding, disciplining or signing contracts, terminating contracts, deciding salary levels for these managerial positions, which may affect daily management activities. For instance, if there is any of such position suddenly leaving the Corporation or</p>

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			<p>having incident, the late replacement of such person due to waiting the for the Board meeting to get approval may lead to the delay of work of such apartment which may affects the general management of the management apparatus. Concurrently, in accordance with Article 157.3(dd) of Law on Enterprises, General Director is entitled to appoint, dismiss, exempt the management positions in the Corporation, unless those within the authority of BOD. Therefore, this modification is complied with the laws.</p> <ul style="list-style-type: none"> - Supplementing in accordance with Article 27.2(n) of the Sample Charter. - Supplementing in accordance with Article 7.1 of Decree 71. - Supplementing in accordance with Article 27.3(i) of the Sample Charter.
12.	Article 28. Chairman of the Board of Directors	Article 30. Chairman of the Board of Directors <ul style="list-style-type: none"> - <i>Amending Clause 2(m);</i> - <i>Deleting Clause 2(j).</i> 	Adjusting in order to consist with the authority of BOD as proposed in Item 10 above.
13.	Article 29. Meetings of the Board of Directors	Article 31. Meetings of the Board of Directors <ul style="list-style-type: none"> - <i>Adding point c to Clause 3;</i> - <i>Amending Clause 14</i> 	<ul style="list-style-type: none"> - Supplementing in accordance with Article 30.3(c) of the Sample Charter about the right for convening the

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			<p>meeting of the BOD of the independent member of the BOD.</p> <ul style="list-style-type: none"> - Currently, foreign investors hold the major shares in SABECO; thus, the minutes of meetings of the BOD should have English version along with the Vietnamese version. <p>Pursuant to Article 154.1(i) of Law on Enterprises, the minutes of meetings of BOD only contain the signature of chairman and secretary of the meeting. It will be more favorable in terms of formality in comparison with the current regulation.</p>
14.	Subcommittee under Board of Directors	<p>Article 29. Meeting of the Board of Directors <i>Deleting Clause 15 and stipulating in Article 32 on the same</i></p> <p>Article 32. Sub-divisions under Board of Directors <i>Supplementing Article 32</i></p>	Supplementing in accordance with Article 17 of Decree 71 and Article 71 of the Sample Charter.
<p>CHAPTER VIII GENERAL DIRECTOR, OTHER MANAGERS AND PERSON IN CHARGE OF MANAGEMENT OF SABECO</p>			
15.	Article 32. Appointment, removal from office, duties and powers of the General Director	<p>Article 35. Appointment, removal from office, duties and powers of the General Director</p> <ul style="list-style-type: none"> - <i>Amending Clause 2;</i> 	Supplementing point e as proposed by SABECO regarding the competence of appointment the management position of

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		<ul style="list-style-type: none"> - Amending Clause 3(e); - Adding Clause 3(f), 3(o). 	SABECO
16.	Article 33. Person in charge of management, Secretary of the Corporation	Article 36. Person in charge of management, Secretary of the Corporation <i>Amending Clause 1, 2, 3</i>	Supplementing in accordance to Article 18 of Decree 71 regarding standards and term of person in charge of management
CHAPTER X ENTRUSTED TASKS OF MEMBERS OF THE BOARD OF DIRECTORS, THE GENERAL DIRECTOR AND OTHER MANAGERS/EXECUTIVES			
17.	Article 35. Cautiousness	Article 38. Cautiousness <i>Amending Clause 38: replacing “Members of the Board of Directors, the General Director” by “The Managers and management”</i>	- Adjusting in order to consist with relevant Article in the Proposed Charter.
18.	Article 36. Responsibility to be honest and avoid conflict of interests	Article 39. Responsibility to be honest and avoid conflict of interests <i>- Amending Clause 1, 2: replacing “Members of the Board of Directors, the General Director” by “The Managers and management”</i>	- Adjusting in order to consist with relevant Article in the Proposed Charter.
19.	Article 41. Dividends	Article 44. Dividends <i>Supplementing Clause 7(d) regarding Science and technology fund</i>	
CHAPTER XIV BANK ACCOUNTS, FISCAL YEAR AND ACCOUNTING SYSTEM			
20.	Article 44. Accounting system	Article 47. Accounting system <i>Amending Clause 3</i>	Supplementing the extension in case SABECO may use foreign currency in the future and Article 47.3 of the Sample Charter.
CHAPTER XV			

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ANNUAL REPORT, RESPONSIBILITY TO ANNOUNCE INFORMATION, NOTICES TO THE PUBLIC			
21.	Article 45. Annual, biannual, quarterly financial statements	Article 48. Annual, biannual, quarterly financial statements <i>Amending Clause 3,4,5</i>	Supplementing in accordance with Article 48 of the Sample Charter regarding the review of financial statement.
CHAPTER XVII SEAL			
22.	Article 49. Seal	Article 52. Seal <i>Amending Clause 2</i>	Supplement in accordance with Article 51.2 of the Sample Charter regarding the BOD's responsibility to use and manage the SABECO's seal
CHAPTER XIX SETTLEMENT OF INTERNAL DISPUTES			
23.	Article 53. Settlement of internal disputes	Article 56. Settlement of internal disputes <i>Amending Clause 3</i>	Supplement in accordance with Article 55.3 of the Sample Charter: supplementing the dispute settlement in arbitration.