

INVESTORS SHOULD CAREFULLY READ THIS PROSPECTUS AND THE AUCTION REGULATION IN ITS ENTIRETY BEFORE MAKING A DECISION TO PURCHASE

PROSPECTUS

INITIAL PUBLIC OFFERING

GIA LAI COFFEE LIMITED COMPANY

THE AUCTIONEER	
	HO CHI MINH STOCK EXCHANGE Address: No. 16 Vo Van Kiet, District 1, Ho Chi Minh City Tel: (84-8) 38 217 713 Fax: (84-8) 38 217 452
THE ISSUER	
	GIA LAI COFFEE LIMITED COMPANY Address: No. 97 Pham Van Dong/Yet Kieu, Thong Nhat Ward, Pleiku City, Gia Lai Province, Viet Nam Tel: 0269 3824760 Fax: 0269 3822847
THE FINANCIAL ADVISOR	
	AGRIBANK SECURITIES JOINT STOCK CORPORATION – DA NANG BRANCH Address : Agribank Building, 228 Street 2/9, Hai Chau, Da Nang Tel: 0236.3671666 Fax: 0236.3621893

May of 2018

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I. THE INITIAL PUBLIC OFFERING**1. THE ISSUER**

Name of Company	: GIA LAI COFFEE LIMITED COMPANY
Address:	: No. 97 Pham Van Dong/Yet Kieu, Thong Nhat Ward, Pleiku City, Gia Lai Province, Viet Nam
Tel	: 0269 3824760
Fax	: 0269 3822847
Charter capital of Joint stock Company	: 146,763,000,000 VND
Par value	: 10,000 VND/share
Number of shares offered	: 14,676,300 Shares

In which:

- The Government of Vietnam	: 0 share, accounting 0% charter capital
- Shares offered to the company employees	: 708,300 shares, accounting 4,83% charter capital
- Shares offered to strategic investor(s)	: 7,484,913 shares, accounting 51% charter capital
- Shares offered in the initial public offering	: 6,483,087 shares, accounting 44,17% charter capital

2. Shares offered for auction

Number of shares offered for auction	: 6,483,087 shares, accounting 44,17% charter capital
Class of shares	: Common stock
Allocation method	: Sell initial shares of 100% State-owned enterprises to the public through the auction method through intermediary organizations
Starting price	: 11.000 VND/share
Minimum bidding volume	: 100 shares
Maximum bidding volume	: 6,483,087 shares

3. Information on organizations registering to purchase shares

Location for getting information, subscription Form, deposit, auction form: According to the Auction Regulation of **GIA LAI COFFEE LIMITED COMPANY** issued by HO CHI MINH STOCK EXCHANGE.

II. LEGAL BASIS

- The Law on Enterprises, No. 68/2014/QH13 passed on November 26, 2014, by the XIIIth National Assembly of the Socialist Republic of Vietnam

- Decree No. 126/2017/nd-cp dated November 16, 2017 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 No. 99/2012/ND-CP dated 15/11/2012 on the assignment and decentralization of the exercise of the rights and the performance of the responsibilities and obligations of the state owner toward state enterprises and state capital invested in enterprises;
- Circular No. 127/2014/TT-BTC dated 05/9/2014 on instructions on financial settlement and business valuation in transformation of wholly state-owned enterprises into joint-stock companies;
- Official Letter No. 5067/UBND-KTTH dated 24/12/2014 of the People's Committee of Gia Lai province on speeding up the arrangement and equitization of state owned enterprises in the province;
- Official Letter No. 93/SKHDT-DKKD dated 10/02/2015 of the Department of Planning and Investment – the standing body of Steering Committee for Equitization of State-owned Enterprises on guiding the process of transferring 100% State capital into Joint-Stock companies;
- Official Letter No. 2206/TTg-DMDN dated 03/12/2015 of the Prime Minister on the adjustment of the enterprise equitization plan under the People's Committee of Gia Lai province;
- Decision No. 806/QĐ-UBND dated 30/12/2014 of the People's Committee of Gia Lai province on the establishment of Steering Committee for equitization of state-owned enterprises in Gia Lai province;
- Decision No. 01/QĐ-BCĐCPH dated 08/01/2015 of the Steering Committee for Equitization of State Owned Enterprises on the establishment of a team to assist the Steering Committee for Equitization of State Enterprises in Gia Lai province;
- Pursuant to the Decision No. 707/QĐ-UBND dated 21/9/2017 of the People's Committee of Gia Lai Province on approving the Scheme on reorganization and renovation of Gia Lai Coffee Limited Company
- Pursuant to the Decision No 796/QĐ-UBND dated 10/11/2017 of the People's Committee of Gia Lai province on the approval of the land use plan after equitisation of Gia Lai Coffee Limited Company at districts: Chu Prong, Chu Se and Ia Grai;
- Pursuant to Decision No. 965/QĐ-UBND dated 29/12/2017 of the People's Committee of Gia Lai Province on approval of the value of Gia Lai Coffee Limited Company for equitization;
- Based on the labor use plan of Gia Lai Coffee Limited Company approved by the People's Committee of Gia Lai Province dated 05/02/2018;

- Pursuant to Decision No. 142/QĐ-UBND dated 09/04/2018 of the Provincial People's Committee on approving the equitization plan of Gia Lai Coffee Limited Company;
- Contract on consultancy for equitization plan and organization of offering shares No. 11/2015/Agriseco/TVDN dated 25/08/2015 between Gia Lai Coffee Limited Company and Agribank Securities Joint Stock Corporation – Da Nang Branch

III. OFFICERS IN RESPONSIBLE FOR PROSPECTUS CONTENT

1. Representative of Steering Committee for Equitization

Mr. Ho Phuoc Thanh Title: Director of Department of Planning and Investment, Deputy Chief of Steering Committee for Equitization.

This Prospectus is prepared by Equitized enterprise and Financial Advisor and approved by Steering Committee for Equitization.

2. Equitized enterprise: GIA LAI COFFEE LIMITED COMPANY

Represented by: Mr. Vo Ngoc Hieu Title: Chairman cum Director

We ensure that the information and data contained in this Prospectus is consistent with the facts that we are aware of, or have investigated and reasonably collected so that investors can evaluate about the assets, financial situation and business prospects of Gia Lai Coffee Limited Company before registering to participate in share auction.

3. Financial Advisor: AGRIBANK SECURITIES JOINT STOCK CORPORATION – DA NANG BRANCH

Mr. Hoang Anh Title: Director of Branch

This Prospectus has been prepared by Agribank Securities Joint Stock Corporation – Da Nang Branch based on the consultancy contract with Gia Lai Coffee Limited Company. We ensure that the analysis, evaluation and selection of the words on this Prospectus is made in a reasonable and prudent manner based on the information and data provided by Gia Lai Coffee Limited Company.

IV. CONCEPTS AND ABBREVIATIONS USED IN THIS PROSPECTUS

Abbreviated words or phrases in this prospectus:

Company	:	Gia Lai Coffee Company Limited
Equitized enterprise	:	Gia Lai Coffee Company Limited
AGRISECO Da Nang	:	Agribank Securities Joint Stock Corporation – Da Nang Branch
The Financial Advisor	:	Agribank Securities Joint Stock Corporation – Da Nang Branch

V. INFORMATION OF EQUITIZED ENTERPRISE

1. Introduction of Company

- Name of Company in Vietnamese: Công ty TNHH MTV Cà Phê Gia Lai
- Name of Company in English: Gia Lai Coffee Limited Company
- Abbreviations: GIACOMEX
- Address: No. 97 Pham Van Dong/Yet Kieu, Thong Nhat Ward, Pleiku City, Gia Lai Province, Viet Nam
- Tel: 0269 3824760 Fax: 0269 3822847
- Email: phongketoancaphegialai@gmail.com
- Business Registration Certificate No. 5900189678 Issued by Department of Planning and Investment of Gia Lai Province dated 28/08/1996, the first change dated 27/10/2010, the third change dated 02/12/2015

2. History of establishment and Development

Gia Lai Coffee Limited Company, formerly known as Coffee Company of People's Committee of Gia Lai - Kon Tum province, established by the Decision No. 40/QĐ-UB-TC dated 24/10/1985;

On December 22nd, 1992, the company is renamed to Gia Lai Coffee Limited Company according to the Decision No. 75/QĐ-UB-TLL of People's Committee of Gia Lai Province;

On August 13th, 2010, Decision No. 548/QĐ-UBND of People's Committee of Gia Lai Province on approving the plan for converting Gia Lai Coffee Company into Gia Lai Coffee Limited Company and Charter of Gia Lai Coffee Limited Company .

From founding to present, receiving support and guidance of the Provincial Party Committee, the People's Committee of Gia Lai Province, departments and agencies, the company has made stable and effective production, profit of the next year is always higher than previous years and more and growing, creating stable income jobs for employee, especially ethnic minority employee in localities.

Through the process of establishment and development, the company always maintain the annual production rate of business, fulfill the obligation of contributing to the state budget and policies for Employee, ensure jobs and living conditions for officials and employees as well as people in the area of Chu Se and Ia Grai and Chu Prong communes;

The company's products are mainly coffee production; the main consumption market is in the Central Highlands provinces of Gia Lai and Dak Lak. In the past years, the quality of products has been maintained and constantly improved to meet the needs of consumers, Gia Lai coffee brand has improved reputation in the market.

The potential of the company has many advantages in land, irrigation. The drying yard and processing plant with equipment ensure clean as demand of the market. There is national power grid system serving production and daily life for staffs and people in the area.

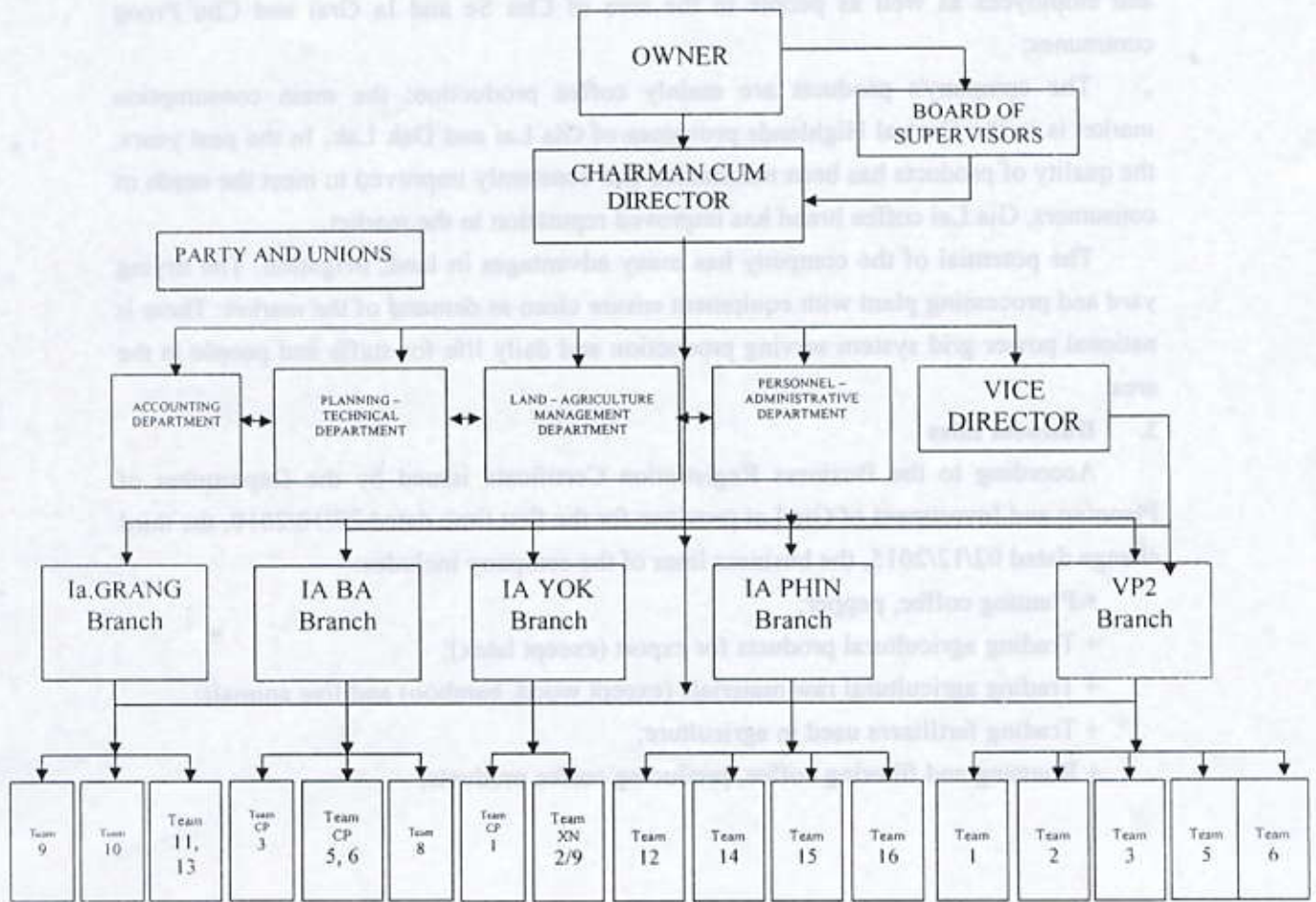
3. Business lines

According to the Business Registration Certificate issued by the Department of Planning and Investment of Gia Lai province for the first time dated 27/10/2010, the third change dated 02/12/2015, the business lines of the company includes:

- + Planting coffee, pepper;
- + Trading agricultural products for export (except latex);
- + Trading agricultural raw materials (except wood, bamboo) and live animals;
- + Trading fertilizers used in agriculture;
- + Roasting and filtering coffee, producing coffee products;

4. Organization structure

Organization chart



Note: ———▶ : Direct relation
 - - - - -▶ : Functional relation

Source: Gia Lai Coffee Limited Company

4.1. Company office

The company is organized and operated under the model of one-member limited liability Company owned by the State. Management structure of the company is built based on the functions and tasks of the parts to ensure the organization structure, reasonable and suitable with the business activities of the company.

The management apparatus of the Company is composed of: 01 chairman cum director, 01 Vice director, 01 supervisor, 01 chief accountant and 04 professional Departments: accounting department, Planning – Technical Department, Land – Agriculture Management Department, Personnel – Administration Department. has 5 branches: Ia Grang branch, Ia Bau branch, Ia Yo branch, Ia Phin branch and office 2 branch.

4.1.1 Chairman cum director

The chairman cum director of the company shall be on behalf of the company owner to exercise the rights and obligations of the owner; to exercise the rights and obligations of the Company; to be responsible to the Company owner and the law for the exercise of their rights and duties.

The specific rights, obligations, tasks and working regulations of the Chairman cum Director of the Company towards the Company Owner shall be implemented in accordance with the provisions of the Charter of the Company and the relevant laws.

The chairman and director of the company shall be appointed by the company owner for a term of five years, it may be re-appointed or replaced.

4.1.2 Assistance team of Chairman cum director

Assistance team of Chairman cum director includes:

a) Deputy Director: Assisting the director is Vice director. The Vice Director is responsible to one or more field of operation of the Company as assigned by the Chairman and Director of the Company, is responsible to the Chairman and Director of the Company and to the law for the assigned tasks and authorized field (specifically, operating the office 2 branch in Chu Se)

b) Professional departments of the company: professional department which have the function on advising the chairman and director of the company and the vice director in the management and administration of production and business. The assignment is assigned and is responsible to the chairman and director of the company and the law on the assigned tasks.

The company has 4 professional departments as following:

- Planning – Technical Department:

It is a professional and general department to advise the Board of Directors on the business plan, long-term, medium-term and annual business plans, business and

production targets, joint ventures and project investment of the company, ... and the performance of the duties of the department in accordance with the company's operating regulations.

- Personnel – Administrative Department:

A professional Department with the function of advising the Board of Directors on the organization of personnel and implementing policies and regimes for laborers in accordance with the current law, the Charter and the Statute on Company activities.

- Accounting Department:

+ Performing profession in financial and accounting work in accordance with the State's regulations on accounting standards and accounting principles...

+ Advising the Board of Directors about the accounting regime and changes in the accounting regime in each period of business. Advising on financial and accounting work

+ Collecting and processing information related to economic and financial operations arising in the company.

+ Performing other functions as assigned by the Board of Directors

- Land – Agriculture Management Department:

A professional Department which has the function of advising the Board of Directors on the management and use of land in the fields of agriculture and crops: To manage and exploit canals, irrigation systems, ponds and dams in service of irrigation for the plantation area of the company according to law provisions, production plans and business strategies of the company according to the operating regulations of the company.

- Branches of Company:

Dependent economic units with the function of both providing consultancy for the Board of Directors and directing the management of business activities of the company at the branch under the authorization of the Chairman cum director and regulations of the company

4.2 List of parent companies, Subsidiaries, Joint Ventures, associate companies and long term investment companies of the Company

Parent companies:	Not have
Subsidiaries:	Not have
Associate companies:	Not have
Owned company:	Not have
long term investment company:	Not have

5. Main products and services of company

Based on the registered business lines, Gia Lai Coffee Limited Liability Company is currently providing the following main products and services: Coffee production

6. Employee situation when converting to joint-stock company

The structure and level of Employee of the company after equitization

Up to the time of equitization, the total number of employees in the list of employees: 1052 people

The total number of employees when converting to Joint Stock Company is 753

Employee structure of the company after equitization

Contents	Quantity	Rate (%)
Total	753	100
As qualification	753	100
- Graduate	1	0,13
- Undergraduate	19	2,52
- College, Intermediate, primary	7	0,94
- Other	726	96,41
As labor contract	753	100
- Without labor contract		
- Undefined term labor contract		
- Labor contract with term 1-3 years		
- Seasonal contract		
As gender	753	100
- Male	333	44,22
- Female	420	55,78

Source: Gia Lai Coffee Limited Company

The human resources of the Company have the following strengths:

- The labor force of the company is relatively satisfying the requirements of skill, experience, and suitability with assigned work.

- The management staff of enterprises and managers are trained relatively well, have good skills and knowledge about the field of operation of the company.

- Most of the employees are committed, dedicated to the company and have good sense of discipline and good work.

7. Value of the enterprise as of 30/06/2017

According to Decision No. 965/QD-UBND dated 29/12/2017 of the provincial People's Committee on approving the value of Gia Lai Coffee Limited Company for equitisation, the value of the enterprise at the time of valuation of the equitized enterprise at 30/06/2017 is **223,969,432,481 VND** (Two hundred and twenty three billion, nine

hundred and sixty nine million, four hundred and thirty two thousand four hundred and eighty one VND).

In which: The value of state capital in the enterprise is **146,763,005,718 VND** (One hundred and forty-six billion, seven hundred and sixty three million, five hundred and seventeen VND).

The data according to the minutes of enterprise valuation as of 30/06/2017 is follows:

Results of enterprise valuation

Unit: VND

No.	Target	Book value	Consultancy Value	Valuation result
(1)	(2)	(3)	(4)	(5)
A	IN-USE ASSETS (I+II+III+IV)	94,116,108,995	212,155,286,644	223,969,432,481
I	Fixed assets and long-term investment	44,917,165,270	159,267,545,018	170,523,797,120
1	Fixed assets	33,290,049,439	147,640,429,187	158,896,681,289
a	Tangible	33,290,049,439	147,640,429,187	158,896,681,289
1.1	Building & architectonic model	26,275,393,457	50,075,046,622	53,812,783.629
1.2	Equipment & machine	2,634,034,153	4,137,328,270	4,137,328.270
1.3	Transportation & transmit instrument	462,752,143	879,250,000	879,250.000
1.4	Instruments & tools for management	128,333,334	137,483,334	137,483,334
1.5	Long term trees	3,789,536,352	92,411,320,961	99,929,836.056
b	Intangible fixed assets			
2	Long-term investment			
3	Construction in progress	10,953,774,460	10,953,774,460	10,953,774.460
4	Long term collateral & deposit			
5	Long-term prepaid expenses	673,341,371	673,341,371	673,341.371
II	Current assets and short-term investment	47,791,666,994	48,141,233,642	48,699,127,377

No.	Target	Book value	Consultancy Value	Valuation result
(1)	(2)	(3)	(4)	(5)
1	Cash	3,945,956,400	3,947,090,548	3,947,090,548
1.1	Cash at hand	2,366,285,576	2,366,285,576	2,366,285,576
1.2	Deposit in bank	1,579,670,824	1,580,804,972	1,580,804,972
2	Long-term investment			
3	Receivables	16,189,109,846	16,189,109,846	16,747,003,581
3.1	Receivables from customers	1,224,293,764	1,224,293,764	
3.2	Advance for suppliers	2,085,174,007	2,085,174,007	1,678,641,600
3.3	Internal Receivables			
3.4	Other receivables	31,485,448,317	31,485,448,317	15,068,361,981
3.5	Provision for bad receivables	(18,605,806,242)	(18,605,806,242)	
4	Raw materials, inventory	25,571,267,866	25,571,267,866	25,571,267,866
5	Other current assets	2,085,332,882	2,433,765,382	2,433,765,382
6	Non-business expenditures			
III	Goodwill (If any)		3,284,231,984	3,284,231,984
IV	Land use right value	1,407,276,731	1,462,276,000	1,462,276,000
B	Non-utilized assets	3,962,606,945	3,962,606,945	22,010,519,452
I	Fixed assets and long-term investment	3,962,606,945	3,962,606,945	3,962,606,945
1	Fixed assets	1,882,941,716	1,882,941,716	1,882,941,716
1.1	Building & architectonic model	1,253,343,137	1,253,343,137	1,253,343,137
1.2	Equipment & machine	525,304,226	525,304,226	525,304,226
1.3	Transportation & transmit instrument			
1.4	Instruments & tools for management			
1.5	Long term trees	104,294,353	104,294,353	104,294,353

No.	Target	Book value	Consultancy Value	Valuation result
(1)	(2)	(3)	(4)	(5)
2	Construction in progress	2,079,665,229	2,079,665,229	2,079,665,229
II	Current assets and short-term investment			18,047,912,507
1	Bad debts			18,047,912,507
2	Inventory is stagnant, poor quality			
C	Liquidating fixed assets	1,277,807,306	1,277,807,306	1,277,807,306
I	Fixed assets and long-term assets	1,277,807,306	1,277,807,306	1,277,807,306
I	Fixed assets	1,276,562,506	1,276,562,506	1,276,562,506
I.1	<i>Garden</i>	<i>1,276,562,506</i>	<i>1,276,562,506</i>	<i>1,276,562,506</i>
	Construction in progress	1,244,800	1,244,800	1,244,800
II	Current assets and short term investment			
D	Assets originating from employees' benefits fund	76,604,407	76,604,407	
	Total assets (A+B+C+D)	99,433,127,653	217,472,305,302	247,257,759,239
	In which: Actual assets under the company possession prior to the equitization (A)	94,116,108,995	212,155,286,644	223,969,432,481
E1	Actual Liabilities	79,964,024,676	79,964,024,676	76,158,212,416
	In which: Liabilities for newly obtained land use right payable to the government			
E2	Non-profit grant by the Government of Vietnam	1,048,214,347	1,048,214,347	1,048,214,347

No.	Target	Book value	Consultancy Value	Valuation result
(1)	(2)	(3)	(4)	(5)
	VALUATION RESULT OF THE GOVERNMENT OF VIETNAM'S EQUITY ENTERPRISE [A-(E1+E2+E3)]	13,103,869,972	131,143,047,621	146,763,005,718

(Source: Profile of Enterprise Evaluation at 30/06/2017)

8. Main assets of the enterprise

8.1 Land use right:

❖ Land management and use at 30/06/2017:

According to the legal documents that was allocated by the People's Committee of Gia Lai Province before equitization, the land used by the Company was: 1,683.7526 ha in the form: land lease with the method of annual land rent payment

After measuring for equitization, the actual area is 1,741.9143 hectares (due to the increase of the area of the rice field outside the garden, the surface of the dam); was approved by the People's Committee of Gia Lai Province after equitization of Gia Lai Coffee Limited Company in Chu Prong, Chu Se District and Ia Grai District under the Decision No. 796/QD-UBND dated October 10th, 2017 with a total area of 1.741.9143 ha, of which:

- Delivering to the locality is 719,2650 ha, including 3 district:

+ Chu Se District: 190,8335 ha,

+ Ia Grai District: 279,5037 ha

+ Chu Prong District: 248,9278 ha

- The area which company manages after equitization is 1.022,6493 ha, including:

+ Agricultural land: 976,3656 ha (coffee land 879,0550 ha; Lot land 95,4904 ha; other land 1,8202 ha)

+ Non-agricultural land: 46,2837 ha.

❖ Land use plan after equitization of the Company :

Pursuant to Decision No. 796/QD-UBND dated 10/11/2017 of the People's Committee of Gia Lai Province on the approval of the land use plan after equitization of Gia Lai Coffee Limited Company, land use after equitization of Gia Lai Coffee Limited Company is as follows

No	Type of land	Land area proposed to retain to use (ha)
1	Agricultural land, traffic land, forest	976,3656
-	Agricultural land	880,8752
	+ Area of coffee garden:	879,0550
	+ Area for employees to use	1,8202
-	traffic land, forest	95,4904
2	Non-agricultural land	46,2837
	Total	1,022,6493

In which:

a) Head office of Company: Area 0,1284 ha

Location of rental land for construction of head office is according to the Map page No. 106 at Thong Nhat Ward, Pleiku City, Gia Lai Province

The East borders with the planned road, the West borders with the residential area, the South borders with the Pharmaceutical Joint Stock Company, the North borders with Yet Kieu street.

Profile No.: QĐ 173/QĐ-UBND dated 14/8/2008, Land Lease Contract No. 44/HĐTD dated 08/9/2008, GCN AN 567.053 dated 10/2/2009

b) Investment real estate: Area 0,0154 ha

Location: Lot 58A, map No. 25, Bien Ho commune, Pleiku city, Gia Lai province.

Land use purpose: Residential land.

Location: Street Front, Ton Duc Thang Street (From Phan Dang Luu to Ton Duc Thang and Ngo Quyen intersections).

The East borders with Mr. Chuong's land, the West borders with Mr Tho's land, the South borders with Mr Kleng's land, The North borders with Ton Duc Thang stree.

c) Office 2 Branch 2, Chu Se district, area: 362,1268 ha

Location: Ia Pal Commune, Chu Se District, Gia Lai Province

d) Ia Yok branch, Ia Grai district, area: 2,4541 ha

Location: Ia Yok Commune, Ia Grai District, Gia Lai Province

e) Ia Yok branch, XN 2/9, Ia Grai district, area: 73,9235 ha

Location: Ia Yok Commune, Ia Grai District, Gia Lai Province

f) Ia Yok-Chu Pah 1 Branch, Ia Grai district, area: 90,1508 ha

Location: Ia Yok Commune, Ia Grai District, Gia Lai Province

g) IaBa branch, Ia Grai district, area:215.8679 ha

Location: Ia Ba commune, Ia Grai district, Gia Lai province

h) Ia Grang branch, Ia Grai district, area 277, 9824 ha

Location: Ia Grang Commune, Ia Grai District, Gia Lai Province

8.2 Fixed asset situation at 30/06/2017

As at 30/06/2017, the total remaining fixed assets used for production and business activities of the Company are 50,968,119,288 VND. As follows:

Unit: VND

Assets	Cost	Depreciated	Residual value
1. Tangible Fixed asset	103,462,648,412	66,936,490,344	36,526,158,068
- Building & architectonic model	51,951,244,757	24,422,508,164	27,528,736,593
- Equipment & machine	13,065,463,384	9,906,125,004	3,159,338,380
- Transportation & transmit instrument	2,521,948,302	2,059,196,161	462,752,141
- Instruments & tools for management	386,284,182	257,950,848	128,333,334
- Long term trees	34,925,244,305	29,754,851,093	5,170,393,212
- Other fixed assets	612,463,482	535,859,074	76,604,408
2. Intangible assets			
3. Investment real estate	1,429,681,000	22,404,269	1,407,276,731
4. Construction in progress	13,034,684,489		13,034,684,489
TOTAL	117,927,013,901	66,958,894,613	50,968,119,288

(Source: Gia Lai Coffee Limited Company)

9. The situation and results of production and business activities in the 3 years before equitization

9.1. Business performance

9.1.1. Output of products/services over the years

❖ The revenue structure in each business sector is as follows:

No.	REVENUE	2014		2015		2016		2017	
		Revenue (Million VND)	Rate (%)	Revenue (Million VND)	Rate (%)	Revenue (Million VND)	Rate (%)	Revenue (Million VND)	Rate (%)
I	Revenue from								

	goods sale and service supply	304,428	98.02	260,950	97.01	268,141	97.69	205,472	98.81
1	Revenue from Coffee	291,569	93.88	247,046	91.84	262,233	95.53	201,480	96.89
2	Revenue from fertilizer	11,881	3.83	13,024	4.84	4,678	1.70	3,447	1.66
3	Revenue from Irrigation	978	0.31	880	0.33	1,230	0.45	545	0.26
II	Revenue from financial activities	3,156	1.02	3,685	1.37	2,871	1.05	849	0.41
III	Other income	2,979	0.96	4,349	1.62	3,479	1.27	1,620	0.78
	TOTAL	310,563	100	268,984	100	274,491	100	207,941	100

(Source: Financial statement 2014, 2015, 2016 and 2017

Of Gia Lai Coffee Limited Company)

Revenue of company in the three years before equitization is as follows:

- Revenue of the company has fluctuated over the years. Revenue in 2015 is only 86.61% of revenue in 2014. Revenue in 2016 has improved by 102.05% compared with 2015. In 2017, the revenue of company reached 205,472 million VND, equal 76.63% compared to 2016.

- Revenue from sales and service activities in the past 3 years accounts for over 97% of total revenue. In particular, the main revenue is from coffee

❖ On profits

No	Pre-tax profit	2014		2015		N 2016		2017	
		Profit (Million VND)	Rate (%)	Profit (Million VND)	Rate (%)	Profit (Million VND)	Rate (%)	Profit (Million VND)	Rate (%)
1	From goods sale and service supply	5,212	82.39	5,452	82.07	977	(193.46)	(12,581)	(76.51)
2	From financial activities	(1,814)	(28.67)	(2,062)	(31.04)	(1,995)	(395.05)	(4,794)	(29.15)
3	Other profit	2,928	46.28	3,253	48.97	3,477	688.51	932	5.66
	Total	6,326	100	6,643	100	505	100	(16,443)	(100)

(Source: Financial statement 2014, 2015, 2016 and 2017

Of Gia Lai Coffee Limited Company)

- Profit before tax from goods sale and service supply 3 years always accounts for a large proportion of total profits: in 2014, 82.39% and 82.07% in 2015, respectively. Profit goods sale and service supply decreased sharply in comparison with previous years.

- The profit from financial activities is negative due to the high annual interest rate due to the fact that the capital is mainly borrowed.

- Company earnings decreased sharply from 2016:

+ Due to many tree gardens received from The board of Management of Chur Pah Company (Old) Censur were severely degraded and there was no product to collect.

+ Extreme weather, severe damage to crops, prolonged hot sun makes the area of coffee at Ia Grang branch and Ia Ba branch of the company severely damaged, not enough water for irrigation garden no products to collect.

+ Workers at Iaphin Branch do delivered products contracted 2016 greatly affect the business performance of the company

9.1.2. Material

Gia Lai Coffee Limited Company is a traditional and long-standing business unit in the field of coffee and long-term industrial crops. This is a business that has characteristics of agricultural production such as seasonality and dependence on natural conditions. Therefore, the source of raw materials of the Company mainly comes from the long-term, close-knit suppliers. In particular, the following materials:

- Main material: Freshly harvested coffee raw material area for harvesting and processing of coffee

- Other supplies purchased

+ Fertilizers: Urea, SA, Kaly, Phosphorus, NPK, Organic Biotics (fruit trees and coffee)

+ Seedlings: Durian, Booth butter, real coffee.

+ Electric power

+ Fuel: Diesel, diesel oil, machine oil, machine grease

+ Packaging accessories: PP bag, PE bag, sewing thread.

+ Machinery Parts: PVC pipes, rubber rulers, interlocks...

+ Power supplies; electric wire, electric lights...

+ Others

The price of raw materials actually affects the cost of the product and it is counterproductive. Cost of raw materials often accounts for a large proportion of total cost, so if this cost is saved, it will contribute to lower costs and increase profits. The change in consumption can be due to changes in design, due to the use of raw materials

and special management due to technological process. Under the current conditions, the scientific and technological revolution has developed very strongly, many new inventions, many new technologies have been born; many new materials replaced old materials.... If enterprises are able to apply advanced scientific and technological achievements in production and business, they will constantly improve labor productivity, save raw materials, reduce costs, lower costs, This will increase the profitability of enterprises, the application of modern science and technology to production will improve the quality of products, lower prices, the consumption will be more favorable and revenue will increase. Therefore, managers must develop production plans, renovate technology and regularly check the use of raw materials for production. On the other hand, the impact of material prices on input management is very important. It requires the enterprise not only to find measures to minimize these costs, but also to determine the impact of each factor on the cost of raw materials to take appropriate measures.

In the past years, the supply of raw materials and materials mentioned above for the Company has been stable and timely. Major material suppliers include:

No.	Name of suppliers	Materials
1	<ul style="list-style-type: none"> - Vina Coffee Quy Nhon General Trading Company; - Song Gianh Joint Stock Company; - Gia Lai Trading Company - Khanh Phong Company Limited 	Fertilizers, biological drugs
2	<ul style="list-style-type: none"> - KENIT Communications Trading Company Limited - Biotechnology Development Joint Stock Company - Center for pepper research and development of Gia Lai - EaKmat Center for Coffee research and technology transfer 	Seedlings: durian, booth butter, coffee
3	<ul style="list-style-type: none"> - North Highlands Petroleum Co., Ltd 	Petroleum
4	<ul style="list-style-type: none"> - Truong Thi Mai Sen Shop 	Packing, sewing thread
5	<ul style="list-style-type: none"> - Tan An Dak lak Trading and Investment JSC - Da Nang Plastic Joint Stock Company 	Spare parts of electrical equipment

(Source: Gia Lai Coffee Limited Company)

1.1. Production expense

Cost of production directly affects the competitiveness of the company with other enterprises. The company is applying the contract two parties jointly invested and divided the product is highly supported by workers. The contract method has brought about the harmony of benefits between workers, companies and the state, strengthen local political security. So the company saves expenses like:

- Cost of direct materials such as cost of raw materials, materials, fuel used directly. (investment worker)
- Direct labor costs include salaries, wages, and deductions from direct workers.
- The general production cost is the expenses commonly used for production and business activities of the enterprise. For example, fixed asset depreciation costs, raw materials costs, small labor tools, cost of purchased services, etc.

The above costs are clearly shown in the contract between the company and the employees, which is a big advantage of the company in the ability to compete with other companies.

The rate of costs in compare with net sales of goods and services is as follows:

NO.	COST	2014		2015		2016		2017	
		Value (Million VND)	Rate (%)	Value (Million VND)	Rate (%)	Value (Million VND)	Rate (%)	Value (Million VND)	Rate (%)
1	Cost of goods sold	291,292	95.74	248,554	94.74	262,303	95.74	212,145	94.54
2	Financial expenses	4,971	1.63	5,747	2.19	4,866	1.76	5,644	2.52
3	Cost of sales	656	0.22	1,235	0.47	266	0.1	451	0.20
4	Administrative cost	7,268	2.39	5,709	2.18	6,550	2.39	5,456	2.43
5	Other cost	51	0.02	1,097	0.42	2	0	688	0.31
	TOTAL	304,238	100	262,342	100	273,987	100	224,384	100

(Source: Audit financial Statement 2014, 2015, 2016 và 2017

And Gia Lai Coffee Limited Company)

- With production characteristics, cost of goods sold has always accounted for a large proportion of total cost of the Company in recent years. The cost structure of Gia Lai Coffee Limited Company is relatively reasonable. Along with the operation, the company has also taken measures to reduce and maintain financial expenses, management costs, selling expenses.

- With the application of quality control measures in production and business activities in order to save input costs, Gia Lai Coffee has also created an initiative to control the cost of goods sold (3 years in 2014, 2015, 2016 and 2017, from 94.54 to

95.74%), contributing to the increase of gross profit as well as profit margin for the Company.

1.2. Technology level:

*** For plants**

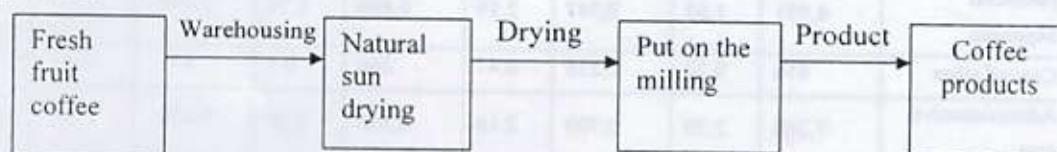
The coffee area of the company is grown mainly with the coffee seed produced so the productivity, product quality is not high.

The company has applied the scientific and technological advances to improve business performance by doing things such as:

- About coffee seedlings: investment in new varieties to replace, step by step garden rejuvenation, replanting and grafting;
- Replacing shade trees, secondary forest belts with durian trees, shading the fruit just to give more income, supplementing the main forest trees with timber trees...
- Water-saving irrigation: sprinkler irrigation or drainage, water volume about 1,500-1,700m³/ha/year;
- Fertilizer materials: To use fertilizers at the prescribed norms and in the right processes for soil improvement and environmental protection;
- Pesticides: minimizing pesticides to ensure the health of producers and consumers, contributing to preserving the surrounding environment;

*** For products**

- Collection of ripen fruits reaches over 80%, increasing yield by 10%.
- Processing raw coffee fresh fruit into coffee production, diagram production process:



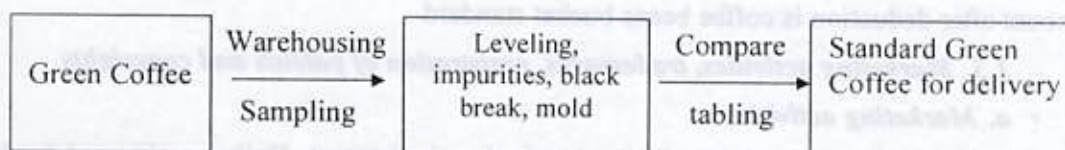
1.3.. Development and research of new products

It is expected that by 2019, there will be Booth 7Avocado, in 2021 with DONA durian.

1.4. The situation of quality inspection of products and services

- Current quality policy is applied by the Company: 10 TCVN 478-2001: The Technical procedure for planting, caring and harvesting of robusta coffee of the Ministry of Agriculture and Rural Development; TCVN 4193: 2014: Green Coffee standards issued by the Ministry of Science and Technology and some other related standards.

- Process of quality control of Green Coffee by sampling method:



+ Warehousing the sample by tattooing method. Random sampling of each bag of green coffee to receive/delivery to sample

+ Leveling, impurities, black break, mold

* Moisture: 13% (15% on kettle II), exceeding 15% is deducted according to the table of moisture standards, specifically according to table:

HUMIDITY STANDARD OF COFFEE

(Applying from 15/8/2017)

Degree/ excess	0	0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9
15	0	0.1	0.2	0.37	0.47	0.57	0.67	0.77	0.88	0.99
16	1.13	1.24	1.35	1.46	1.57	1.68	1.80	1.92	2.04	2.16
17	2.38	2.50	2.63	2.75	2.96	2.98	3.15	3.27	3.39	3.55
18	3.67	3.81	3.98	4.11	4.26	4.41	4.56	4.72	4.88	5.15
19	5.50	5.67	5.84	6.01	6.18	6.35	6.53	6.71	6.89	7.07
20	7.25	7.45	7.67	7.84	8.03	8.23	8.43	8.63	8.83	9.03
21	9.21	9.44	9.66	9.88	10.00	10.32	10.54	10.76	10.99	11.22
22	11.45	11.68	11.93	12.17	12.42	12.67	12.92	13.17	13.43	13.68
23	13.94	14.20	14.48	14.75	15.03	15.31	15.59	15.87	16.16	16.45
24	16.74	17.04	17.33	17.63	18.03	18.24	18.54	18.85	19.16	19.47
25	19.79									

(Source: Gia Lai Coffee Limited Company)

Based on the nameplate, branches and processing units will apply the excess moisture content when receiving green coffee

* Impurities: maximum 1%; Black break Bean: maximum of 5% (the number of subtract depends on the demand of the buyer or agreed by both parties).

* Coffee does not smell strange, natural color: test by the sense.

+ After sampling the degree, impurities, black break Bean, mold will compare table to subtract to exceed the total amount of coffee beans rushed/exited, the remaining amount after deduction is coffee beans bucket standard

1.5. Marketing activities, trademarks, registration of patents and copyrights

a. Marketing activities

Currently, the company has no marketing department. Daily purchase of fresh fruits (in the areas at the beginning of the season), green coffee in Gia Lai, Daklak are suitable for the standard conditions of receipt, condition payment from which sum up report to the Board of Directors to make appropriate decision.

In addition, the characteristics of green coffee focused on price, when the price is high, it will be sold timely therefore the market expansion leads to unnecessary costs.

b. Trademarks

The company has registered the copyright of the company logo:



1.6. Contract with major partners

No.	Partners	Contract No.	Products and services	Contract value (VND)	Time of delivery and liquidation of the contract
1	Son Huyen Phat Gia Lai Co., Ltd	08/ HDMBCP/16-17	Green coffee	4,510,000,000	18/01/2017
2	Phuoc An Coffee Co., Ltd	01-2015/ HDKG	Green coffee	12,000,000,000	12/01/2015
3	Phuoc An Coffee Co., Ltd	02-2013/ HDKG	Green coffee	3,000,000,000	21/01/2014
4	Phuoc An Coffee Co., Ltd	01-2016/ HDKG	Green coffee	5,430,000,000	18/06/2016
5	2/9 Dak Lak Import Export Company Limited	56/1314/GL	Green coffee	5,970,000,000	14/03/2014

(Source: Gia Lai Coffee Company Limited)

9.2. Financial situation and production and business results in the 3 years before equitization:

No.	Target	Unit	2014	2015	2016	2017
1	The total value of assets	Million VND	111,428	112,617	120,465	213,654
	In which					
	- Short-term assets	Million VND	72,424	69,607	73,240	36,240
	- Long-term assets	Million VND	39,004	43,010	47,225	177,414
2	Equity according to accounting books ⁽¹⁾	Million VND	23,789	28,360	28,721	143,770
3	Liabilities	Million VND	87,639	84,257	91,744	69,884
	In which					
	- Short-term liabilities	Million VND	75,639	78,757	89,744	69,884
	- Long-term liabilities	Million VND	12,000	5,500	2,000	-
4	Receivables	Million VND	45,027	19,383	11,051	12,706
	In which					
	- Short-term receivables	Million VND	45,027	19,383	11,051	12,706
	- Long-term receivables	Million VND				
5	Employee	People	1,356	1,156	1,146	1,052
6	Average income/person/month	Million VND	5,8	5,8	5,9	5,9
7	Paid to state budget	Million VND	2,109	1,430	1,070	985
8	Total revenue ⁽²⁾	Million VND	310,563	268,984	274,491	207,941
9	Total pre-tax profit	Million VND	6,326	6,643	505	(16,443)
10	Profit after tax	Million VND	6,326	6,270	403	(16,383)
11	Rate of Profit after tax/equity	%	26.59	22.11	1.4	(11.39)

⁽¹⁾: Data are taken by the code 410/Balance sheet of the company

⁽²⁾: Include: Code (10 + 21 + 31) Income statement of Company

(Source: Audited financial Statement of 2014, 2015, 2016 and 2017

Of Gia Lai Coffee Limited Company)

The period of 2014 - 2016 is as follows:

- Total assets increased from 111 billion VND to 120 billion VND due to increased production scale.

- Equity increases, the company has added state capital in 2014, 2015. In 2016, the company preserves capital.

- Liabilities in 2015 decreased by 3,382 million VND compared with 2014. In 2016, it increased by 7,487 million VND. This business operation of the Company is mainly used by bank loans and other mobilized capital.

- Liability Receivables decreased, the Company has actively recovered Liability.

- Labor force in 2015 reduces 200 people, accounting for 14.75% of the year 2014, but the profit before tax is higher in 2015, proving the productivity increase in 2015 to ensure business efficiency. In 2016, the labor force fluctuates slightly

- The state budget is always paid according to the deadline, no tax debt.

- The profits in 2016 and 2017 drop due to drought conditions

2.1. Factors affecting the production and business of the Company

During the time of operation, Gia Lai Coffee Limited Company is influenced by many objective and subjective factors, including many factors that have favorable impacts on the operation but also many factors causing difficulties for the business of the Company.

a. Advantage

The guidelines and policies of the Party and the law of the State increasingly perfect and tight; The Party continues to undertake comprehensive reforms, maintain political stability and secure national defense; Environmental issues are more and more concerned about by the State and society.

The provincial Party Committee, the provincial People's Committee and other agencies and agencies always to pay attention, to follow, help, promptly and create favorable conditions for the company to accomplish its goals and tasks.

The majority of staffs are qualified, capable and experienced in leadership and professional management.

b. Difficulties

The status of cultivation area of old company, old, low productivity. In addition, due to climate change, the production of coffee reduces the impact on production and business activities of the company

Affected by the global economic crisis, the region is partly limited on investment development of the company, due to business capital difficulties, high inflation has affected life officers and employees.

Production and business activities still use commercial bank loans.

10 Position of the Company in comparison with other enterprises in the same industry

10.1. Position of company in the industry

Coffee in recent years is considered a strategic product for sustainable development in the Central Highlands. Products on the market are focused on ensuring the quality, safety, level of benefits, and health for consumers, building way, promote images and consumption. Gia Lai Coffee Company is one of the large and long-standing companies in the field of coffee production in the Central Region - Central Highlands. Gia Lai Coffee Limited Company operates mainly in the domestic market and proceeds to export to foreign countries

Along with the general economic and social development of Gia Lai province, as well as the advantages of available business, Gia Lai Coffee Limited Company continues to be strong and developed, is one of the leading companies in the industry of coffee production of the province.

10.2. Development prospects of the industry

With favorable weather conditions as well as favorable soil for coffee tree to grow rapidly and high productivity, Coffee export volume of our country ranked second in the world in recent years, but mainly green coffee do not bring high added value and not impress the Vietnam coffee in the world market. Recognizing this problem, the Government has issued guidelines and required the ministries, departments to jointly build a brand name for the Vietnamese coffee industry and find good solutions for coffee development, help overcome the status of major export of green coffee.

10.3. Assessment on the development orientation of the Company with the direction of the industry, policies of the State, and general trends in the world.

The suitability in development orientation of the company with the orientation of the industry, the State policies and general trends in the world is expressed by the company's determination to change to operate under the new model - Joint Stock Company. In the current trend of integration and development with the market economy, the state-owned enterprise model is no longer effective, its flexibility and competitiveness are limited. Joint Stock Company model is the most appropriate type of enterprise that advanced countries in general and Vietnam in particular are applying and promoting its positive aspects in the economy. With the model of a joint stock company, the Company will mobilize resources in the society in both capital and human resources of all economic organizations and individuals domestic and abroad. Legal entities and individuals involved in production and business activities of enterprises, which help to

renew and develop enterprises, create jobs for laborers, increase sources of revenues for local budgets; change the mode of enterprise management, create the driving force for development, raise the efficiency and competitiveness of enterprises in the market economy.

With the development strategy after equitization in general and business plan in particular, if the company actively follow the targets set year by year, flexible and flexible operation, focus, master responding to fluctuations, minimizing negative impacts and tapping opportunities from the market; maximizing the existing capacity, the post-equitization business plan is feasible. The investment plan and strategy of the company after equitization is in accordance with the direction of the industry, the State policy and the general trend of the world.

VI. POST-IPO STRATEGIC DIRECTION

1. Name and business lines of Joint Stock Company

Company name in Vietnamese	: CÔNG TY CỔ PHẦN CÀ PHÊ GIA LAI
Company name in English	: Gia Lai Coffee Joint Stock Company
Abbreviations	: GIACOMEX
Head office	: No. 97 Pham Van Dong/Yet Kieu Street, Thong Nhat Ward, Pleiku City, Gia Lai Province, Viet Nam
Tel	: 0269 3824760
Fax	: 0269 3822847
Email	: phongketoancaphegialai@gmail.com
Charter capital	: 146.763.000.000 VNĐ

2. Business lines

By analyzing the actual situation of the company, together with the actual situation and conditions in the localities where the company is operating, in the future, the company will be transformed into a joint stock company and retains several business lines and further develop if conditions permit:

- + Planting coffee, pepper;
- + Trading agricultural products for export (except latex);
- + Trading agricultural raw materials (except wood, bamboo) and live animals;
- + Trading fertilizers used in agriculture;
- + Roasting and filtering coffee, producing coffee products;

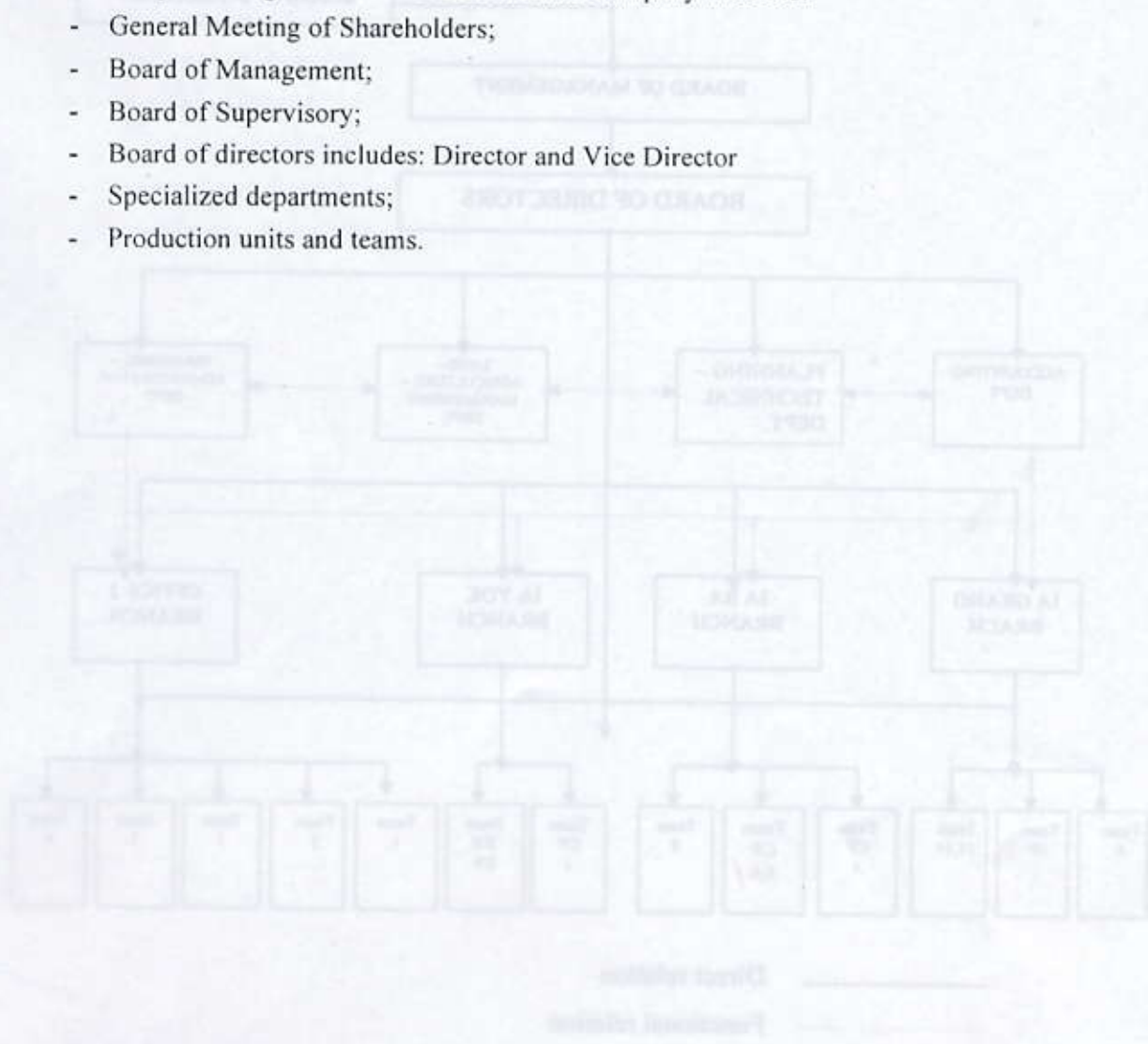
Depending on the actual situation in the course of operation, the joint-stock company shall register the changes and additions to the relevant business lines.

3. The organizational structure, management, operation and supervision of the Joint Stock Company

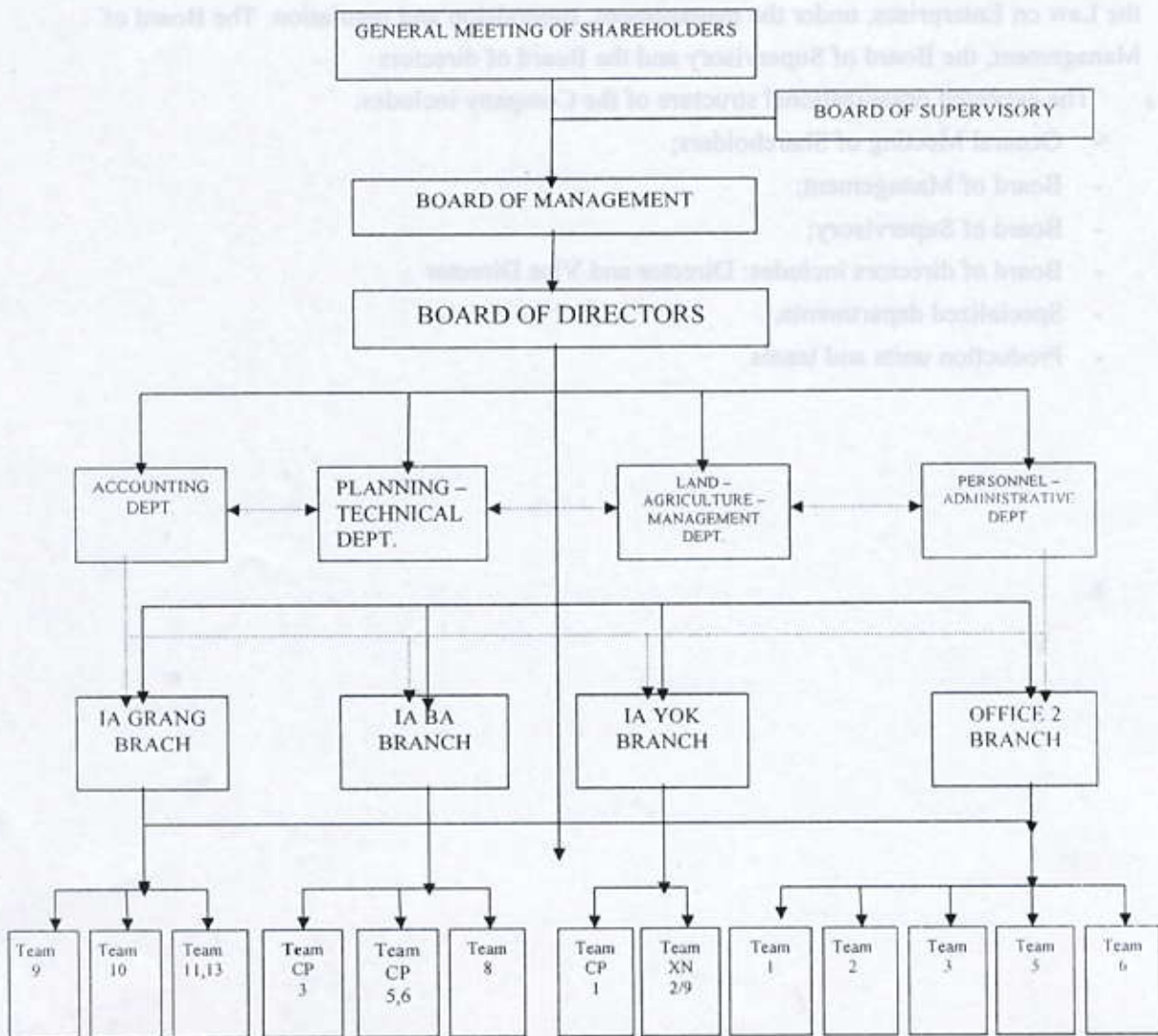
Gia Lai Coffee Joint Stock Company operates under the operation Charter of the Company approved by the General meeting of Shareholders, based on the provisions of the Law on Enterprises, under the management, supervision and regulation. The Board of Management, the Board of Supervisory and the Board of directors

The expected organizational structure of the Company includes:

- General Meeting of Shareholders;
- Board of Management;
- Board of Supervisory;
- Board of directors includes: Director and Vice Director
- Specialized departments;
- Production units and teams.



Company organization chart



———— Direct relation
 - - - - - Functional relation

General Meeting of Shareholders

The General Meeting of Shareholders is composed of all shareholders with voting rights and the supreme regulatory body of the company. The General Meeting of Shareholders exercises all the rights of the Company but does not reduce or limit the rights of the Board of Directors in accordance with the Charter of the Company.

Board of management

The Board of Management is the governing body of a Joint Stock Company, having full authority in the name of the Joint Stock Company to decide on any issues related to the purpose and interests of the Joint Stock Company (except for matters falling within its competence of the General Meeting of Shareholders) and be responsible to the General Meeting of Shareholders

The Board of Directors of the Joint Stock Company is composed of 5 members including: Chairman, 1 Vice Chairman and 3 members; in which, there may be full-time members and part-time members. The members of Board of Management are entitled to concurrently hold the managerial and executive position of the joint-stock company.

The term of the Board of Management is five (05) years. The term of a member of the Board of Management is five (5) years; A member of the Board may be re-elected for an unlimited number of terms.

The Board elects a member of the Board of Management as chairman. The chairman of Board of Management must not concurrently hold the position of the director of the joint-stock company

The Board of Management shall stipulate the level of remuneration, remunerations, benefits and other relevant provisions of the Executive Director. The Information about salaries, allowances and benefits of the Executive Director must be reported to the Annual General Meeting of Shareholders and included in the Annual Report of the Joint Stock Company.

The rights and obligations of the Board of Management are stipulated in the Charter of the Joint Stock Company.

Board of Supervisory

The Board of Supervisory is the group of people on behalf of General Meeting of Shareholders in charge of controlling the business, management and operation of the Company to ensure the interests of the shareholders.

The Board of Supervisory of Joint Stock Company has 3 members; in which, at least one (01) member must be an accountant or auditor.

Members of the Board of Supervisory shall not hold any managerial position of Company and shall not necessarily be a Shareholder or Employee of Company. Members of the Board of Supervisory are not members of the accounting Department of Company

and are neither a member nor an employee of the independent auditing company who is auditing the financial statements of the Joint Stock Company. The members of the Board of Supervisory are not related persons of the members of the Board of Management, Board of Directors and other managers of the Joint Stock Company.

The term of office of the Board of Supervisory is 5 years. The term of member of Board of Supervisory is five years and may be re-elected by the General Meeting of Shareholders with unlimited number of terms.

Supervisors elect one of them as Chief of Board of Supervisory on a majority basis. The rights and obligations of the Chief of Board of Supervisory shall be stipulated in the Charter of the joint-stock company.

Executive Directors and other managers

The director is the officer in charge of management and has the highest decision-making right over all matters relating to the day-to-day operations of the company; to be supervised and take responsibility before the Board of Management and law for the exercise of the assigned powers and tasks. The Board of Directors shall stipulate the level of remuneration, remunerations, benefits and other relevant provisions of the Executive Director. Information about salaries, allowances and benefits of the Executive Director must be reported to the Annual General Meeting of Shareholders and included in the Annual Report of the Joint Stock Company.

The term of Executive Director is five (5) years and may be reappointed with unlimited number of terms. The CEO is not the person who is prohibited by law to keep this position.

The Executive Director is the legal representative of the Company.

Assistant team of Executive Director

- Vice director: Assisting the director is the Vice director. A Vice director is responsible to one or more field of operation of the Company as assigned by director and responsible to the director, the Board of directors and the law for the assigned tasks and the commission rights.

- Chief accountant: is responsible for organizing the accounting work of the joint stock company; to assist the Boar of Management and the Boar of Directors in supervising the finance of Company according to the legislation on finance and accounting. The chief accountant shall be responsible to the Executive Director, Board of Management and the law for assigned or authorized tasks.

-The specialized department and divisions of the joint-stock company shall have the function of advising and assisting the Executive Director in managing production and business according to their assigned tasks and take responsibility before the Board of Management, the Executive Directors and the law on assigned tasks

It is expected that the Joint Stock Company will set up 04 professional Department, 04 branches and 13 cultivation units. As follows:

+ **Planning – Technical Department:** Advising the Board of Management on the business plan, long-term, medium-term and annual business plans, business and production objectives, Joint Ventures, investment projects of the company, ... and organization Performing the duties of the department according to the company's operating regulation, and at the same time having the function of monitoring and evaluating the production and business results on a monthly, biannual basis in writing to the Chairman of the Board of Management; Develop customers, increase sales for the company.

+ **Personnel – Administrative Department:** It is a professional section which has the function of advising the Board of Management on the organizational apparatus and personnel, and implementing policies and regimes for employee such as salary, emulation, reward and management administration, health care and health care of employees in accordance with the current law, and advice to joint-stock companies to carry out the work of protection of public order and security for assets.

+ **Accounting Department:** having the function of advising the Board of Management and the Board of Directors of joint-stock company in the field of financial management and organization of accounting; Supervising the production and business activities of the enterprise in accordance with the current accounting standards and law in order to timely, accurately and fully reflect the production and business activities of the enterprise and the situation of the assets of the Company

+ **Land – Agriculture Management Department:** A professional Department which has the function of advising the Board of Management on the management and use of land in the fields of agriculture and crops; To manage and exploit canals, irrigation systems, ponds and dams in service of irrigation for the plantation area of the company according to law provisions, production plans and business strategies of the company according to the operating regulations of the company.

4. POST-EQUITIZATION BUSINESS PLAN

4.1 Post-Equitization development Orientation & Strategy

a. Development Orientation

After equitization, the development orientation of the joint stock company is as follows:

Promoting the advantages to boost production and business, creating a strong driving force to promote the performance of joint-stock companies to ensure the initiative in business, concentrate on the professional and business fields while diversifying in the fields of activities to create strong and sustainable development in accordance with the law of business and fulfill the obligation with the State.

Promoting thoroughly exploiting existing resources of the company on labor, advantages of machinery, infrastructure ... in combination with investment in development of width and depth, take efficiency as the focus in production and business.

To reorganize the managerial apparatus and production organization to suit the production scale, ensuring the requirements of both streamlining and meeting the requirements of production and business activities of joint-stock company.

b. Development Strategy

Building and developing the company after equitization in all aspects and fulfil obligations to the state. The company plans to build Gia Lai coffee brand along with quality assurance products in order to expand the market in both domestic and export to the world market.

4.2 Production and business plan 3 years after equitization

Based on the above development objectives and orientations and forecasts of business environment combined with the analysis of business activities in the pre-equitization period, the Company expects some main economic indicators for the period of 2018 - 2020 is as follows

Production and business plan 3 years after equitization

No.	Target	Unit	2018	2019	2020
1	Charter capital	Million VND	146,700	146,700	146,700
2	Total employee	People	750	750	750
3	Total payroll	Million VND	5,200	5,400	5,500
4	Average income per person per month	Million VND	8	8.6	8.8
5	total revenue	Million VND	184,000	187,206	191,677
6	Total expense	Million VND	182,800	185,906	190,277
7	Paid to state budget	Million VND	734	734	734
8	Pre-tax profit (=5-6)	Million VND	1,200	1,300	1,400
9	Corporate Income Tax (=8*20%)	Million VND	240	260	280
10	After-Tax Profit (=8-9)	Million VND	960	1,040	1,120

11	Deduction of funds (proposal)	Million VND			
	<i>Financial reserve funds (5%)</i>	Million VND	48	52	56
	<i>Investment & development funds (5%)</i>	Million VND	48	52	56
	<i>Bonus & welfare funds (10%)</i>	Million VND	96	104	112
12	Profits divided as dividends (=10-11)	Million VND	768	832	896
13	Annual dividends (%) (=12/1*100%)	%	0.52	0.57	0.61
14	Rate of profit (after tax)/charter capital	%	0.65	0.71	0.76

(Source: Equitization plan of Gia Lai Coffee Limited Company)

4.3 Solutions and bases for implementation of planning indicators

In order to achieve the planned targets, the Company would like to offers solutions that include:

❖ **Organization of production and business activities**

On the basis of production and business plan for the next 3 years, after transformed into the joint stock company, the company will continue to maintain and stabilize the organization, consolidation and development of production, promote the existing strength of the company, build a sustainable supply chain through the consolidation of raw material areas, stabilize and improve product quality, expand the market in the direction of brand building, ensuring employment and commitment to community development, contributing to socio-economic development, poverty reduction in the region.

❖ **Management**

Continue to restructure the apparatus after equitization to ensure streamlining, compact and effective.

Develop a clear decentralization regulation, assign specific responsibilities to each staff member, create a favorable mechanism and empower the staff to promote their ability, fulfill the assigned tasks.

Develop a payroll system, which attaches importance to the attachment of wages to assigned tasks and the efficiency of the work completed

To implement cost-saving policies and measures to raise labor productivity to increase the efficiency of the Joint Stock Company

Increase inspection, control and pay attention to measures to reduce management costs.

❖ **Human resources development**

To adopt policies to encourage and facilitate for laborers to promote their activeness, dynamism and creativity in business.

To select and foster professional qualifications and improve professional skills for the contingent of staffs of joint-stock company

Promote training of managerial and executive skills for managers and potential staff.

Setting standards for management position and professional position to perfect the regulations and processes in the field of personnel management, serving the management work

To regulate and publicize the regulations on personal responsibility and remuneration policy for laborers in order to encourage laborers to contribute positively to the general efficiency, labor productivity high mobility

❖ **Financial activities**

Basing on the capital source, the joint stock company will actively create more capital through various forms such as: linking with partners inside and outside the province; to make full use of credits to meet capital demands for business and investment in each period, especially in the early years of the 2018-2020 period, when transforming to joint-stock company, carrying out the capital restructuring program, effectively using the capital and resources of the joint stock company.

❖ **Administrative work**

Strengthening the protection of security and order, fire prevention and fighting and labor safety..

Develop and renovate the system of internal management regulations in accordance with the law and ownership form.

5. Charter capital and charter capital structure of Joint Stock Company

❖ **Charter capital and shareholder structure**

All shares at the time of equitization are common shares with a par value is 10,000 VND. The activities of purchase, sale, transfer or inheritance of shares shall comply with the provisions of the charters of joint-stock company and relevant legal documents.

Shareholder structure

No.	Shareholder	Number of share owned	Ownership rate / Chartered capital (%)
1	State ownership	0	0

No.	Shareholder	Number of share owned	Ownership rate / Chartered capital (%)
2	Employee	708,300	4.83
	<i>Preferred shares by year of actual work</i>	644,500	4.39
	<i>Preferred shares by year committed to long-term work</i>	63,800	0.44
3	Strategic investors	7,484,913	51.00
4	Other investor	6,483,087	44.17
	Total	14,676,300	100

(Source: Equitization plan of Gia Lai Coffee Limited Company)

- ❖ *Plan to increase and decrease charter capital after being transformed into joint stock company:*

At present, the company has no plans to increase charter capital.

6. Commitment of the Company after equitisation

Pursuant to Clause 9, Article 1, Decision No. 142/QD-UBND of People's Committee of Gia Lai Province on approving the equitization plan and transforming Gia Lai Coffee Limited Company into a joint stock company. The content of the company's commitment after the shares is as following:

- Ensuring the employment of employees working in the Company under the Company's employment plan approved by the Provincial People's Committee; Continue to maintain contracts, especially the ethnic minority households.

- Create favorable conditions for households to use irrigation water at the reservoirs and dams managed by the Company.

- Manage and use land in accordance with the method approved by the provincial People's Committee and the plans and plans of the province.

VII. INFORMATION RELATING TO THE OFFERING

1. Basic information about offering organization and shares offered

Name of company : **GIA LAI COFFEE LIMITED COMPANY**
 Address : No. 97 Pham Van Dong/Yet Kieu Street, Thong Nhat Ward, Pleiku City, Gia Lai Province, Viet Nam
 Tel : 0269 3824760

Fax	:	0269 3822847
Charter capital of company	:	146,763,000,000 VND
Par value	:	10.000 VND/share
Number of shares	:	14,676,300 shares
Number of shares offered	:	6,483,087 shares, accounting 44,17% Charter capital
Class of shares	:	Common stock
Allocation method	:	Sell initial shares of 100% State-owned enterprises to the public through the auction method through intermediary organizations
Starting price	:	11,000 VND/share

2. Offering mode

Complying with the provisions of the Decree No. 126/2017/ND-CP dated November 16, 1977 of Government, the IPO of the Company shall include employees, strategic investors and ordinary investors.

2.1. Shares offered to the company employees

Employees who are listed on the Company's regular list at the time of disclosure of the Company's value and contracted employees are entitled to purchase preferred shares. Employees who are listed on the Company's regular list are entitled to buy shares in two forms: (i) purchase preferred shares for employees by year of employment in the public sector and (ii) Preferential shares for employees who the company should use the long-term commitment.

- Employee listed on the Company's regular list at the time of announcing the enterprise value:

Total number of employees present at the time of Prospectus: 1052

Total number of employees qualified for preferential shares: 986

Total number of employees not qualified to buy preferred shares: 66

- Contracted employee:

Number of labor contracted at the time of publication of Prospectus: 35 people

Number of laborers eligible for preferential share purchase: 32 people

Number of employee receiving contract not eligible for buying preferential shares: 03 people.

The number of shares sold to employees is 708,300 shares, accounting for 4.83% of charter capital, of which:

a) Preferred shares for employees by year of actual work in the public sector (Section 1 Article 42 Decree 126/2017/ND-CP)

Total employee	:	1087 people
Total working years	:	+ Regular work: 9,303 years + Contracted employee is 121 years
Total shares are purchased at preferential prices	:	644,500 shares, Equivalent to 4.39% of charter capital
Classes of shares	:	Common stock
Transfer restrictions	:	Within 3 years from the time of payment of preferred shares
Sale price of preferred shares	:	60% of par value of 01 share (10,000 VND /share)
Estimated implementation time	:	Within 20 days of the expiration date of the investor's participation in the public auction

Note: Some employees do not register to buy enough by the number of years they have worked.

b) Extra preference shares of employees of the Company under long-term commitment

Total number of employee committed to work long term	:	37 people
Total number of shares purchased under commitment	:	63,800 shares accounted for 0.44% of charter capital
Class of shares	:	Common stock
Transfer restrictions	:	Restrictions of transfer during long-term commitment
Sale price of preferred shares	:	11,000 VND/share
Estimated implementation time	:	Within 20 days of the expiration date of the investor's participation in the public auction

2.2. Shares offered to strategic investor(s)

a. Criteria for selection of strategic investors

Pursuant to the Official Letter No. 98/UBND-KTTH dated 16/01/2018 of the People's Committee of Gia Lai province on the selection of strategic investors according to the criteria approved by the People's Committee in Official Letter No. 5754/UBND-KTTH on December 16, 2015 as follows:

- Domestic investor.

- Experienced in management, operation, organization in the field of producing, trading and processing agricultural products, especially tea, coffee. .
 - Having financial capacity, owner's equity up to December 31, 2016 (fully contributed) of 400 billion VND or more; Non loss business results for the three years 2014, 2015, 2016 and no accrued losses (based on the audited 2014, 2015, and 2016 Financial Statements).
 - Having a written commitment to corporate long-term interests with the Company, support the company in the field of: transfer of new technology; human resource training; improve financial capacity, corporate governance; supply of raw materials;
 - Having written commitments and fulfilling commitments on the inheritance of the contractual and contractual contracts signed between Gia Lai Coffee Limited Company (including the contracts assigned by the Association the transfer of Chu Pah Company) with workers contracted.
 - Having written commitment not to transfer shares within 03 years from the time the enterprise is granted the first registration certificate.
 - Having commitment on the continued use of labor and use of land available at the Company (especially ethnic minorities) in accordance with the land use plan and the employment plan approved.
- Pursuant to Point a, Clause 3, Article 6 of Decree No. 126/2017/ND-CP
- Having full legal person status in accordance with the law;
 - Having financial capability and having the results of production and business activities in the last two years up to the time of registering to buy shares with profit and no accumulated loss;;
 - Having written commitment of the competent person when registering to become a strategic investor of the equitized enterprise on the following contents:
 - o Maintaining the core business and brand name of the equitized enterprise for at least 3 years from the date of becoming a strategic investor.
 - o No transfer of the number of shares purchased within 03 years from the date the shareholding company is granted the first share certificate of operation under the Enterprise Law

- The plan to support the post- equitization enterprise in the transfer of new technology; human resource training; improve financial capacity; corporate governance; material supply; market development of product consumption.

- The obligation to pay compensation upon the violation of the signed commitment with the compensation level determined according to the actual damage and the right to disposition of the State by the entire quantity of shares strategic investors buy when violating the signed commitment

b. Form, time and price of shares for strategic investors

- Method of selling shares to strategic investors: According 6, to Point b, d Clause 3 of Article 6 of Decree No. 126/2017/ND-CP issued on November 1 2017:

- Where there is only one strategic investor meets the criteria for selection of shares and the purchase volume is less than or equal to the number of shares to be sold to strategic investors under the equitization plan approved, the Steering Committee shall report to the owner's representative office to decide on the sale of shares to strategic investors in the form of direct negotiation with the selling price not lower than the average successful bidding price. the results of public auctions; In case of sale of shares to other investors under Clause 2, Article 37 of this Decree, the negotiated price shall not be lower than the price already agreed upon with the investors purchasing shares.

- The number of remaining shares (the difference between the number of shares to be sold to strategic investors under the approved equitization plan with the number of shares registered for purchase by strategic investors), the Steering Committee will report to the representative office of the owner to decide to adjust the equitization plan to convert the number of shares to the number of shares auctioned to the public.

- Estimated selling time: After public auction

- Selling price of shares to strategic investors: According to Point d Item 3, Article 6, Decree 126/2017/ND-CP issued on 16/11/2017, is the price sold by the Steering Committee Equitization of the agreement but not less than the average bid price of the public auction.

c. The number of strategic investors registered: 01 investor.

d. Information on shares offered to strategic investors

Total number of shares offered	:	7,484,913 shares, Equivalent to 51% Charter Capital
Class of shares	:	Common stock
Transfer restrictions:	:	03 years
Price	:	Not lower than the average successful bid price of the public auction
The number of strategic investors	:	01 investor
The expected offer time	:	After conducting a public auction
Deposit	:	Strategic investors must immediately deposit 20% of the value of shares registered for purchase at the reserve price already approved by the competent body. In case of waiver of the right to buy, investors are not entitled to receive back the deposit

e. List of documents required for strategic investment registration

- The latest business registration certificate (valid copy);
- Written commitment of the competent person to corporate for long-term interests with the Company and support the company after equitization;
- The latest three-year financial statements (2014, 2015, 2016 audited).
- Other explanatory documents (professional experience in the industry, certificates of merit, business strategy ...).
- And some other documents prove that investors are qualified to become strategic investors of the company.

Based on the above criteria, People's Committee of Gia Lai Province will select strategic investors.

2.3. Shares offered in the initial public offering

Total shares of public auction: 6,483,087 shares, equivalent to 44.17% of charter capital

Starting price of the auction: The starting price is 11,000 VND/share. The official starting price will be determined according to the approval decision of the competent authority

The specific procedure and regulations on participation in auction are detailed in the "Regulation on the initial public offering of Gia Lai Coffee Limited Company" by the Stock Exchange issued by Ho Chi Minh City

3. Form of payment and time limit for payment

- For shares offered in the initial public offering: The form and time limit for payment of share purchase amounts is specified in the "Regulation on the initial public offering of Gia Lai Coffee Limited Company issued by the Ho Chi Minh City Stock Exchange.
- For shares sold to strategic investors: According to Clause 3, Article 6 of the Decree No. 126/2017/ND-CP dated November 16, 1977 of Government on transformation of State enterprises and liability companies with 100% charter capital invested by State enterprises into joint-stock companies.
- For preferential sale to employees and shares offered as preferential commitment to work: Based on the plan approved in the equitization plan of Gia Lai Coffee Limited Company.

VIII. USE OF PROCEEDS

1. Expected proceeds

Based on the actual value of the state capital portion at the enterprise, the state capital contribution ratio at the joint-stock company, the company temporarily calculates the proceeds from equitization according to the plan assuming all the shares. The auction price is 11,000 dong/share, after the official price will be adjusted as follows:

Expected proceeds

1. Estimated amount of proceeds from equitization (calculated by starting price)	161,439,300,000 VND
2. Expected reductions:	13,991,778,630 VND
In which	
- The value corresponding to the number of additional shares issued at par value to be retained by the enterprise	0 VND
- Cost of equitization	1,830,000,000 VND
- Discounts on the number of preferred shares sold to employees and the Company's Trade Union (calculated by 40% discount to the par value of a share)	3,222,500,000 VND
- Implementing policies towards employees	8,939,278,630 VND

(Source: Equitization plan of Gia Lai Coffee Limited Company)

2. Processing the number of unsold shares

Pursuant to the provisions of Article 37 of the Decree No. 126/2017/ND-CP of November 16, 1977 of Government on transformation of State owned enterprises and one-member limited liability companies invested by State enterprises 100 % of charter capital into Joint Stock Company. As follows:

- In case there is no investor registering to buy shares, the Steering Committee shall sell the shares to the employee and the trade union in the enterprise according to the approved equitization plan and at the same time carry out the same. In order to

convert the enterprise into a joint stock company, the number of unsold shares will be adjusted to the charter capital, the charter capital structure and the capital withdrawal after the company has operated in the form of an ordinary company.

- Where only one investor subscribes for shares, the Steering Committee shall execute the agreement on the sale of shares to investors who have registered for the purchase of shares at a price not lower than the reserve price with the registered volume valid purchase. If the investors do not buy, the equitized enterprises shall comply with the provisions of Clause 1 of Article 37
- Where, after being publicly auctioned, all investors winning auctions in the public auction refuse to buy them, the equitized enterprises shall comply with the provisions of Clause 1 of Article 37.
- Where a part of the shares offered for sale in a public auction has been sold, the number of shares remaining unsold in the public auction (including the number of shares of investors who have won the bid but refuse to buy) are made in the following order:
 - o The Steering Committee will continue to inform investors that have entered into a valid auction (excluding investors who have won auctions in public auctions) to sell the agreement to these investors in accordance with the registered volume and the bid price at the auction shall be based on the principle of selecting the negotiated price from the highest paid price to the lower level of the announced or lower price auction for a sufficient quantity of shares must sell.
 - o If the shares can not be sold to investors after the agreement has been reached, the Steering Committee will continue to inform investors who have won the auction in public auction (excluding investors who have won but to refuse to buy to negotiate the sale to these investors with the price is the price ordered at the auction of each investor on the principle of choosing the agreed price from the highest paid price to the lower end of the announced downward auction for the full number of shares to be sold.
 - o Where the number of shares not fully sold under the provisions of Points a and b, Clause 4, Article 37, the equitized enterprises shall comply with the provisions of Clause 1, Article 37.

IX. RISK FACTORS AFFECTING BUSINESS ACTIVITIES OF EQUITIZED ENTERPRISE

1. Economic risk

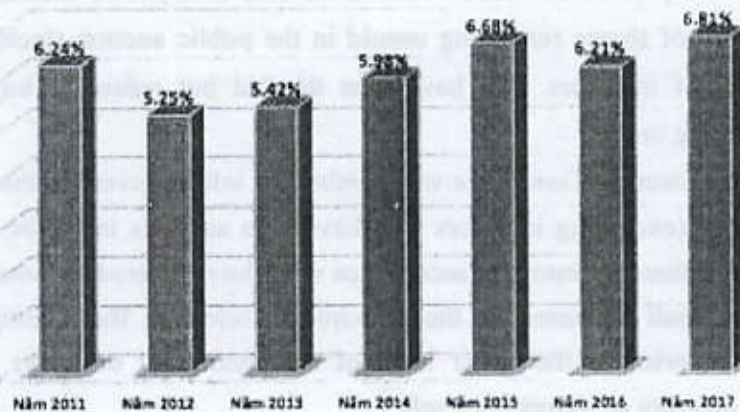
The overall economic growth of the country, inflation, etc... Affect the operation of Gia Lai Coffee Company

❖ Economic growth:

The current state and development trends of the domestic economy always affect the existence and development of enterprises. When the economy is in high growth stage, there will be many opportunities for business development. Conversely, when the economy is down, the recession will negatively affect the business.

Vietnam's economy has experienced a high growth rate in the past 10 years, 7.3% in 2003, 7.7% in 2004, 8.4% in 2005, and 8.17% in 2006 and reached 8.48% in 2007. However, the financial crisis of some major economies in 2008 has pushed the world economy into recession, narrowing export markets, capital markets, labor markets and negatively affecting In many other socio-economic fields of our country, the growth rate of the domestic economy in 2008 was only 6.23% and this figure in the year from 2009 to 2016 was 5.32%, 6.8 %, 5.9%, 5.03%, 5.4%, 5.9%, 6.68% and 6.21%.

GDP growth rate of Vietnam through 2011 – 2017



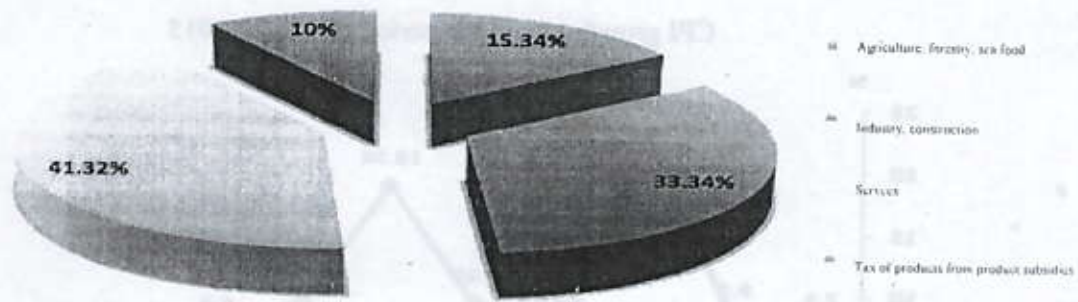
Source: General Statistics Office

GDP in 2014 increased nearly 6% over the same period in 2013; this is a high GDP growth over the same period in 2012 and 2013. Vietnam's economic growth rate in 2015 is 6.68% higher than target 6.2% set and higher than the increase of the years 2011-2014, indicating the economy recovered sharply. In the economic growth rate of 6.68% of the economy, the agriculture, forestry and fishery sector increased 2.41%.

Gross domestic product (GDP) in 2016 increased 6.21%. This increase is lower than 6.68% in 2015 and does not meet the target of 6.7%. However, given the unfavorable world economic situation in 2016, the global price and trade has been reduced, the country is facing many difficulties due to the complicated weather and marine environment, generation of leaders ... the achievement of such growth is also a success.

The growth rate in 2017 exceeds the target of 6.7% and higher than the increase of the years 2011-2016, confirming the timeliness and efficiency of the solutions issued by the Government. The drastic guidelines at all levels, sectors and localities together efforts.

Structure of GDP in 2017 by sector



The difficulties and economic instability in recent years have directly affected the production and business activities of the Company. Although the economy has gradually escaped from the recession stage, in order to continue to exist and develop, it is required that the Company always take the initiative, be sensitive and promptly have solutions and measures to overcome difficulties, challenge, take full advantage of the opportunities to grow up.

❖ **Inflation:**

The inflation rate affects the production and business activities of the Company through the cost of raw materials inputs. Inflation will increase the cost of production and business of the company increased due to rising raw material prices, labor costs...

Although economic growth in recent years has remained stable, Vietnam is also facing inflationary pressures. The inflation rate has increased from 6.6% in 2006 to 12.6% in 2007; especially in 2008 the inflation rate has increased to 18.9%. After falling to 6.9% in 2009, inflation continued to rise again to 11.8% in 2010 and 18.12% in 2011. In 2011-2015, the State Bank of Vietnam has made active monetary policy tools, in close coordination with fiscal policy, contributed significantly to controlling inflation and bringing inflation to a high of 23% in August of 2011, 6.81% in 2012, 6.04% in 2013, 1.84% in 2014, 0.6% in 2015 and 4.74% in 2016

The period of 2011-2015, marking a period of steady inflation when inflation was at its lowest level in more than 10 years. Low inflation, stable macroeconomic stability, foreign exchange market, stable exchange rate, foreign exchange reserves increased to record level, liquidity of the banking system improved stably. Fundamental factors are used by international credit rating agencies as a basis for raising credit rating of Vietnam.

CPI growth rate in the period of 2006 – 2015



Source: General Statistics Office

Inflation in 2016 is higher than in 2015, but still much lower than the average for some recent years, and remains within the 5% target set by National Assembly.

According to the General Statistics Office (GSO), the CPI in December 2007 increased 0.21% against last month, the average CPI in 2017 increased 3.53% compared to 2016, meeting the goals set by the National Assembly

2. Legal risks

Vietnam is in the development stage so the legal system is gradually improving, policies change flexibly to suit each stage of economic development. Therefore the legal documents are inevitably inadequate and overlapping, causing many difficulties for both agencies and individuals and organizations to implement.

Company operating in the coffee industry, under the authority of the law of Vietnam, the company is subject to many risks because the legal system as well as specialized fields is not tight and consistent. The regulations related to the business line of the company are still in the process of completion, the change in policy is always possible and when it happens, it will affect directly or indirectly the management and business activities of company.

3. Sector specific risks

❖ Risk from weather conditions

Coffee producers are affected by irrigation and climate. Under drought conditions, lack of proper irrigation water will make the coffee tree grows poorly, which does not guarantee productivity and quality. With some coffee varieties providing high economic efficiency, the impact of climate change is easy to make the output seriously reduced.

❖ Human resource risks:

As the country in a period of industrialization and modernization, human resources from the rural and mountainous areas will move to cities to search higher income employment opportunities.

On a large area of land with the application of new farming methods to improve the productivity of the coffee plant, it requires the company to have a large workforce sufficient to meet production needs. So, restructuring will affect the production and business activities of the Company.

4. Risk of offering

The relation between supply and demand of the market influences the share price. The relationship between supply and demand depends on both the economic and psychological factors of the investor. Therefore, it is possible not distributing the number of shares offered for auction.

5. Other risk

In addition to the above risks, the business operations of a joint stock company may be affected by other risks such as fire, natural disaster risks, etc. These risks may direct or indirect impacts on the business activities of the joint stock company.

X. CONCLUSION

This Prospectus is a part of the initial public offering documents of Gia Lai Coffee Limited Company, which is provided to prospective investors to assist in the evaluation of the assets, capital, financial performance, operating results and business outlook of the issuer before subscribing in the offering. This Prospectus does not imply warranting the value of the shares.

This Prospectus is based on the information and data provided by the Company to ensure transparency, fairness and protection of the legitimate rights and interests of investors.

Investors should carefully read this prospectus and the auction regulation in its entirety before making a decision to purchase.

Pleiku, ngày 30 tháng 5 năm 2018

**REPRESENTATIVE OF THE STEERING COMMITTEE FOR EQUITIZATION
OF STATE OWNED ENTERPRISE IN GIA LAI** *nl*



HO PHUOC THANH

REPRESENTATIVE OF EQUITIZED ENTERPRISE *nl*

GIA LAI COFFEE LIMITED COMPANY

CHAIRMAN CUM DIRECTOR



VO NGOC HIEU

REPRESENTATIVE OF THE FINANCIAL ADVISOR:

**AGRIBANK SECURITIES JOINT STOCK CORPORATION – DA NANG
BRANCH**

DIRECTOR OF BRANCH *ch*



HOANG ANH