

THE EQUITIZATION MANAGEMENT COMMITTEE OF THANG LOI COFFEE ONE MEMBER LIMITED COMPANY RECOMMENDS THE INVESTOR TO READ CAREFULLY ALL THE INFORMATION IN THIS DOCUMENT AND AUCTION REGULATIONS BEFORE APPLYING TO JOIN THE AUCTION.

INFORMATION DISCLOSURE

THE INITIAL PUBLIC OFFERING OF SHARES IN THANG LOI COFFEE ONE MEMBER LIMITED COMPANY

EQUITIZATION COMPANY

THANG LOI COFFEE ONE MEMBER LIMITED COMPANY



Address: Km 17, the Route 26, Hoa Dong ward, Krong Pac district, Dak Lak province

Phone: (0262) 3514 393

Fax: (0262) 3514 365

Website: www.thangloicoffee.com.vn

CONSULTING COMPANY

VIET DRAGON SECURITIES CORPORATION



Address: Floor 1-2-3-4-5, No.141 Nguyen Du, District 1, Ho Chi Minh City

Phone: (84-28) 6299 2006

Fax: (84-28) 6291 7986

Website: www.vdsc.com.vn

DakLak, month 02 year 2019



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THANG LOI COFFEE ONE MEMBER LIMITED COMPANY

CONCEPTS AND ACRONYMS

Acronyms	Description
Equitized Company, Company, TLCF	Thang Loi Coffee One Member Limited Company
Owner of State capital	People's Committee of DakLak Province
Consulting company	Viet Dragon Securities Corporation



1. Name, address of equitized company

1.1. General information

- Company name: CONG TY TNHH MTV CA PHE THANG LOI
- English name: THANG LOI COFFEE ONE MEMBER LIMITED COMPANY
- Acronym name: CA PHE THANG LOI – CT
- Register charter capital: 131,000,000,000 VND (according to the 4th modified Business Registration on 6th October 2016
- Register charter capital: 126,507,698,931 VND (as at 1st July 2017 according to Business value confirmation minute)
- Address: Km 17, Route 26, Hoa Dong ward, Krong Pac district, DakLak province
- Phone: 0262.3514 393 Fax: 0262.3514 365
- Website: www.thangloicoffee.com.vn
- Business registration: No. 6000182456 issued by Dak Lak Province Ministry of Planning and Investment at the first time on 10th August 2007, the 4th modified registration on 6th October 2016.
- Main types of business: Coffee planting – Sector code: 0126; Trading of agricultural, forest material products (except for wood, bamboo) and live animal (Details: Processing, trading, exporting of coffee beans) – Sector code: 4620; Milling and manufacturing of rough flour (Detail: Processing, trading, exporting coffee beans) – Sector: 1061.

1.2. Formation and development process

Thang Loi Coffee One Member Limited Company is government company which is original as Thang Loi Coffee Farm established according to Decision No. 103/QD-UB on 1st March 1977 issued by Dak Lak province People's Committee and published on 20 April 1977 based on receiving 317 hectare of coffee farm left by personal lands.

On 27th October 1992, Dak Lak province People's Committee issued the Decision No. 650/QD-UB to change the name into Thang Loi Coffee Company. On 11th April 2007, Dak Lak province People's Committee issued the Decision No. 776/QD-UBND about approving of changing the name of Thang Loi Coffee Company into Thang Loi Coffee One Member Limited Company and operating according to Business Registration No. 4004000141 on 10th August 2007 issued by Dak Lak province Ministry of Planning and Investment.

The first days of construction with only 160 employee, after 40 years of building – development and maturity until now, Thang Loi Coffee One Member Limited Company has about 1200



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employee, the contractor of the farm, business manufacturing management 1,822,39 hectare of coffee included in many types of business.

From the result of management performed by the Party Committee, Membership Committee, General Director Board to Trade Union organization, the company's Youth Group and other professional departments to manufacturing units serving with efforts of all the employee and contractors. In the recent 5 years, the manufacturing business result is as below:

- Total volume of high quality coffee exported is about 17,100 tons.
- Total exports is over 35.41 million USD.
- Total revenue: 962.82 billion VND.
- Total profit before tax 79.91 billion VND.
- Total payment to the State is about 54.66 billion VND.
- Total payment for Social Insurance, Health Insurance, Unemployment Insurance, Trade Union: 43.243 billion VND.

Beside of manufacturing business activities, the Party Committee, Trade Union organization, the Youth Group always have proactive activities and programs which receive competitive flags, Certificate of Merit; Social Responsibility Activities are also focused to improve the lives of local people.

With the activities and accomplishment received during the past years, the company's employee have received the valuable rewards from the Party and Government:

The President donated the 3rd grade Independence Medal, the 1st-2nd-3rd grade Labor Medal and the 2nd grade Victory Medal;

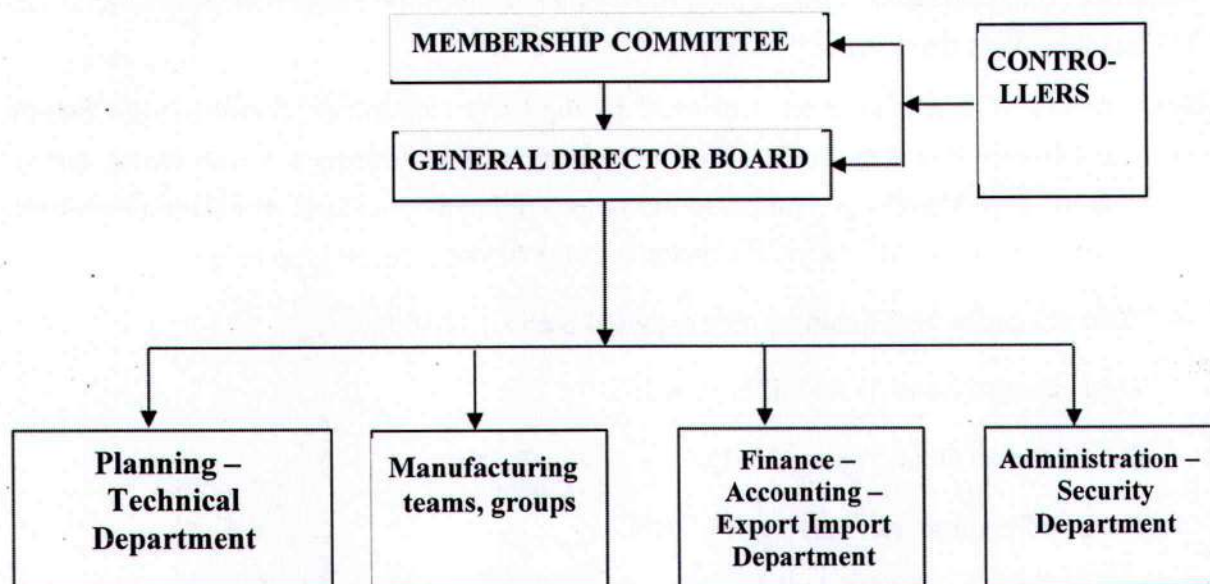
The title of labor hero in the innovative period from the Government on 2000;

The Government donated the flag and Certificate of Merit as the 1st leader of competition activities in 1999, 2004; 2010; 2013 and 2015 with other Merits from the Ministry, Department, Sector, Provincial People's Committee...;

Some individuals from Management Board, management employee, staff of the company are received the 2nd and the 3rd grade Labor Medal and Merits from Government, Ministry, Departments, Sectors, Provincial People's Committee and other valuable rewards.

1.3. Organizational structure and management system

1.3.1 Organizational structure and management system



1.3.2 Organizational structure and management system

Thang Loi Coffee One Member Limited Company is subordinate unit of Dak Lak province People's Committee, the Company has legal status, owned stamp, operates independently according to Enterprise Law and other related documents issued by authorized government offices.

✦ Membership Committee

On behalf of the owner, performs the rights and obligations of the Company's owner, is responsible in front of the owner and the law about performance of delegated rights and obligations.

Organizes to develop and decides of development strategies, long-term, mid-term and yearly plans for the Company, decides the market development, marketing, technology solutions, investment projects, purchasing, selling contracts, loan, borrowing contracts and other contracts with value under 50% of total assets recorded in accounting book of the Company or other percentage which is lower regulated at the Company's policy;

Decides of organizational structures, business organization solutions, the Company's internal management regulations, regularize the management system;

Other rights and obligations according to Law's regulations and the Company's policy.

✦ Controllers

Have responsibilities to help the owner control the performance of the owner's rights, the Membership Committee's business operation activity management at the Company.



✦ **General Director Board**

Including General Director and Deputy General Director, are responsible to manage daily business activities of the Company according to suitable objectives and plans with Company's policy and other Decrees, Decisions of the Membership Committee; General Director is responsible in front of General Meeting of Shareholders and the Law about performing of delegated rights and obligations, Deputy General Director is responsible to support the General Director to manage manufacturing business activities for the Company. The General Director Board has the following rights:

- Organize to perform decisions from Membership Committee;
- Decide on the Company's daily business activity related issues;
- Organize to perform the Company's business plans and investment solutions;
- Issue Company's internal management regulations;
- Appoint, dismiss, remove management titles in the Company except of those under authority of the Membership Committee;
- Sign contracts on behalf of the Company, except those under authority of the Membership Committee;
- Suggest for Company's organizational structure solutions;
- Present annual financial finalized reports to Membership Committee;
- Suggest profit using or loss handling solutions in business;
- Labor recruitment.

✦ **Functional Departments**

The professional functional departments: have suggesting function, support for Membership Committee, the General Director Board in management, control of the Company's activities, including:

▪ **Administration – Security Department:**

Control administrative, posting activities according to Government regulations. Control of the stamp, manage to receive written documents and post the written documents according to procedures and transfer in time to assure the information is smooth during the operation of the Company. Suggest to perform employee management, coordinate with Trade Union to organize competition – discipline program. Draft the written document, labor contracts. Coordinate with Finance – Accounting Department to manage property, infrastructure, working transport of the Company, suggest to perform improving solutions for working condition, purchase equipment for working, assure security activities in the office;



Manage and control the meetings of the Company, client relationship for business, coordinate with other departments to follow up and control the Company's policy performance, manage employee and working days for employee in the Company;

Clean the office, maintain security and fire protection.

▪ **Finance – Accounting – Import Export Department:**

Recommend for the General Director Board to perform well finance management policy for the Company;

Manage finance – accounting – analysis activities, evaluate the use of assets, capital according to financial regulation of the Government, prepare monthly, quarterly tax report and tax finalization report, financial reports according to current regulation;

Periodically (monthly, quarterly) collectively to support information for General Director Board about the capital fluctuation situation, asset and property use situation of the company, suggest about capital use solutions effectively, support immediately for manufacturing business activities according to the law;

Follow up, control the signing, performing of import export contracts, check to assure the import export goods in both quantity and value; Check, monitor payment situation among the parties, reflect accurately the consumption situation for each types of good in both quantity and quality;

Support of data, document for administrative operation of export import business activities.

▪ **Planning – Technical Department**

Build up Land planning solutions;

Build up solutions, deploy, guide the manufacturing department and monitor of performance and application of technical solution in planting, caring of fire protection, pest, disease protection on the plants. Apply improving technology into manufacturing, planting and breeding, update regularly developments in forest resources;

Prepare and manage document of those using land in the locality (co-operating, contracted lands) perform responsibility and obligations according to regulations;

Prepare reports, summarize to evaluate performance results, suggest of solution to prevent limits in technical operation.

▪ **Manufacturing teams, groups**

Perform tasks, functions based on commands from General Director Board and professional functional departments according to annual and ad-hoc plans to manage planting of coffee;

Perform planting, caring and collecting of coffee according to Company's plans;



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Manage to care and annual fire protection;

Manage to collect, purchase, consuming of products from plants in the locality of Company's management;

Under responsibility to manufacture products according to standards and provide fully products with the Company's plans.

2. Types of business

The Company is operating according to Business Registration No. 6000182456 issued by Dak Lak province Ministry of Planning and Investment, the first issuance on 10th August 2007, registered to modify in the 4th time on 6th October 2016. The types of business include:

No	Sector names	Sector codes
1	Coffee planting	0126
2	Trading of agricultural, forest material products (except for wood, bamboo) and live animals Detail: Processing, trading, exporting of coffee beans	4620
3	Milling and manufacturing rough flour Detail: Processing, trading, and exporting of coffee beans.	1061
4	Trading of machinery, equipment and tools of agricultural machinery Detail: Trading of machinery, equipment and tools supporting for industry, agriculture.	4653
5	Supporting services related to marketing and tourism organization Detail: Tourism services	7920
6	Trading of material, other installation equipment in construction Detail: Trading of construction materials	4663
7	Trading of solid, liquid materials and other related products Detail: Trading of oil and gas (business place at Dak Lak province has to be suitable with approved plans) and other related products.	4661
8	Trading of real estate, land use right within ownership or leasing Detail: Lease of office, factory, warehouse, parking lot.	6810

3. Main products and services

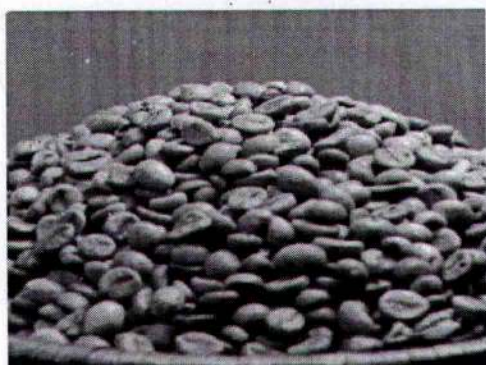
Thang Loi Coffee One Member Limited Company is within the exporting coffee manufacturing area of Dak Lak province. The company is both manufacturing, processing and directly business exporting of high quality coffee to the worldwide market.



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The Company has about 1,200 employee, manage the business activities on 1,782 hectare of coffee. The Company has 4 professional functional departments and 17 manufacturing supporting units, Has suitable conditions about area and lands, building legend EaNhui lake with open space area of 300 hectare, annual water reserve is over 10 million m³, has 27 km of concrete channels around the company which is conditionally provide of water for coffee in the dry weather.

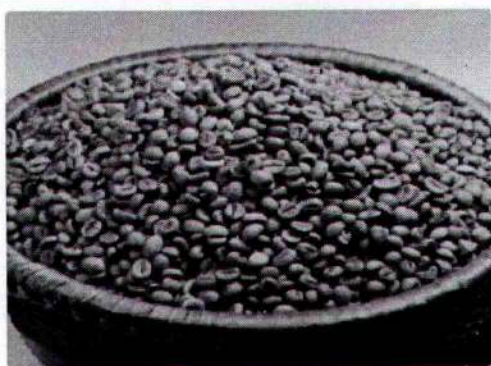
The Company's main products include:



**SẢN PHẨM CÀ PHÊ ROBUSTA
ĐẶC BIỆT CHẾ BIẾN ƯỚT R1**

**ROBUSTA COFFEE PRODUCTS
SPECIALLY R1 WET PROCESSED**

- Moisture: 12,5 % max;
- Black beans: 0,1 % max;
- Broken beans: 0,3 % max;
- Foreign matter: 0,1 % max;
- Bean size: 90 %/S18;
- Elements: Robusta Coffee;
- Manufacturing method: Wet process;
- Certificate: UTZ and Rainforest Alliance.





**SẢN PHẨM CÀ PHÊ ROBUSTA
CHẾ BIẾN ƯỚT R2**

**ROBUSTA COFFEE PRODUCTS R2
WET PROCESSED**

- Moisture: 12,5 % max;
- Black beans: 0,1 % max;
- Broken beans: 0,3 % max;
- Foreign matter: 0,1 % max;
- Bean size: 90 %/S13;
- Elements: Robusta Coffee;
- Manufacturing method: Wet process;
- Certificate: UTZ and Rainforest Alliance.



 <p>SẢN PHẨM CÀ PHÊ ROBUSTA CHẾ BIẾN KHÔ R1</p> <p>ROBUSTA COFFEE PRODUCTS R1 DRY PROCESSED</p>	<ul style="list-style-type: none">▪ Moisture: 12,5 % max;▪ Black beans: 0,1 % max;▪ Broken beans: 0,3 % max;▪ Foreign matter: 0,1 % max;▪ Bean size: 90 %/S16;▪ Elements: Robusta Coffee;▪ Manufacturing method: Dry process;▪ Certificate: UTZ and Rainforest Alliance.
 <p>SẢN PHẨM CÀ PHÊ ROBUSTA CLEAN</p> <p>CLEAN ROBUSTA PRODUCTS</p>	<ul style="list-style-type: none">▪ Moisture: 12,5 % max;▪ Black beans: 0,1 % max;▪ Broken beans: 0,3 % max;▪ Foreign matter: 0,1 % max;▪ Bean size: 90 %/S16;▪ Elements: Robusta Coffee;▪ Manufacturing method: Dry process;▪ Certificate: UTZ and Rainforest Alliance.

Source: Thang Loi Coffee One Member Limited Company

4. Total number of employee continuously moving into joint-stock company

4.1. Workforce using situation before equitization

At the time of determining company value on 1st July 2017, total employee of the Company is 284 people with the following structure:

INDICATORS	Number of people	Percentage
- Total employee	284	100%
- Classification as education level		
University and higher	33	12%



INDICATORS	Number of people	Percentage
College, intermediate and primary school	17	6%
Other education level	234	82%
- Classification as Labor Contract nature		
Not included in signing of Labor Contract	4	1%
Indefinite Contract	280	99%
Contract with term from 1-3 years	0	0%
Contract with term under 01 year	0	0%

Source: Regular labor list at the time of 01 July 2017 of TLCF.

Beside, the Company is also performing signing contracted contracts with coffee planting family with number of family is **868 families**, in which almost of them are long-term contractors.

4.2.Total number of employee continuously moving into joint-stock company

Based on Circular No. 07/2018/TT-BLDTBXH on 1st August 2018 issued by Ministry of Labor - Invalids and Social Affairs with guidance on building up labor use solutions and performing policy to employee when equitizing regulated in Decree No. 126/2017/ND-CP on 16th November 2017; based on foundation of Company's current labor workforce and workforce demand of the Company after equitization, labor use solutions of the Company is as below:

- Total labor signing labor contract with the Company as at the time of determining company value: 284 people.
- Total labor who are not changing to work in equitized company: 1 people, in which number of labor to be retired: 1 people.
- Total labor to be transfered to work in equitized company: 283 people.

Therefore, total number of labor continuously transfered into equitized company: 283 people with the following structure;

No	Classification as education level	Number of people	Percentage
1	University and higher	32	11%
2	College, intermediate and primary school	17	6%
3	Other education levels	234	83%
@	Total	283	100%

Source: Labor use solutions of Thang Loi Coffee One Member Limited Company



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5. Value of Company as at 01 July 2017

On 18 January 2018, Dak Lak province People's Committee has Decision No. 159/QD-UBND about modification of time to determine company value for equitization to Thang Loi Coffee One Member Limited Company. Accordingly, choosing the time to determine company value which is 0 o'clock on 01 July 2017.

Based on Decision No. 1453/QD-UBND on 28 June 2018 issued by Dak Lak province People's Committee about approving company value of Thang Loi Coffee One Member Limited Company for equitization is as below:

- Total actual company value of Thang Loi Coffee One Member Limited Company as at 0 o'clock on 01 July 2017 for equitization: **287,222,463,136 VND** (In words: Two hundred eighty seven billion, two hundred twenty two million, four hundred sixty three thousand, one hundred thirty six Vietnamese dong).
- Actual value of Government capital at the Company as at 0 o'clock on 01 July 2017: **268,706,839,108 VND** (In words: Two hundred sixty eight billion, seven hundred and six million, eight hundred thirty nine thousand, one hundred and eight Vietnamese dong).

Detail data according to Minute of determining company value of Thang Loi Coffee One Member Limited Company as at 0 o'clock on 01 July 2017 as below:

Unit: Vietnamese dong

No	Indicators	Accounting book value	Revaluated value	Difference
(1)	(2)	(3)	(4)	(5=4-3)
A	CURRENT USING ASSETS (I+II+III+IV)	155.352.752.728	287.222.463.136	131.869.710.408
I	Fixed assets and long-term investments	80.445.996.912	203.091.883.813	122.645.886.901
1	Fixed assets	67.397.352.266	190.043.239.167	122.645.886.901
a	Tangible fixed assets	67.397.352.266	162.012.051.167	94.614.698.901
1.1	Buildings and structures	31.459.597.936	62.422.791.353	30.963.193.418
1.2	Machinery and equipment	9.178.259.478	9.142.174.671	(36.084.807)
1.3	Transfer, transport vehicles	523.529.546	1.385.952.000	862.422.454
1.4	Management tools, equipment	2.071.233	33.890.000	31.818.767
1.5	Farm of plant	26.233.894.073	89.027.243.143	62.793.349.070
b	Intangible fixed assets	-	28.031.188.000	28.031.188.000
c	Real estate investment	-	-	-
2	Long-term financial investment			-



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3	Long-term construction in progress	160.215.454	160.215.454	-
4	Long-term deposits and mortgages			-
5	Long-term prepayments	12.888.429.192	12.888.429.192	-
II	Working capital assets and short-term investments	74.906.755.816	75.647.031.316	740.275.500
1	Cash	606.982.261	606.982.261	-
1.1	Cash on hand	403.253.033	403.253.033	-
1.2	Cash in bank	203.729.228	203.729.228	-
2	Short-term financial investment	43.790.000.000	43.790.000.000	-
3	Receivables	23.379.204.350	23.379.204.350	-
3.1	Trade receivables	11.422.821.047	11.422.821.047	-
3.2	Prepayment to suppliers	3.384.498.000	3.384.498.000	-
3.3	Inter-company receivables			-
3.4	Other receivables	8.571.885.303	8.571.885.303	-
3.5	Provision for doubtful debts	-	-	-
4	Inventories	6.333.710.231	6.333.710.231	-
5	Other working capital assets	796.858.974	1.537.134.474	740.275.500
6	Career cost			-
III	Company goodwill (if any)		8.483.548.007	8.483.548.007
IV	Land use right value		-	-
B	NON-USING ASSETS	6.851.240.000	6.851.240.000	-
I	Fixed assets and long-term investments	6.851.240.000	6.851.240.000	-
1	Fixed-assets	6.851.240.000	6.851.240.000	-
2	Long-term financial investment			
3	Long-term construction in progress			
4	Long-term deposits and mortgages			
II	Working capital and short-term investments	-	-	-
1	Bad debts			
2	Slow moving inventories			
C	AWAITING DISPOSAL ASSETS	-	-	
I	Fixed assets and long-term investments	-		
II	Working capital assets and			



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	short-term investments			
D	ASSETS FROM WELFARE AND BONUS FUN (not for business operation)	-	-	-
	TOTAL ASSET VALUE OF COMPANY (A+B+C+D)	162.203.992.728	294.073.703.136	131.869.710.408
	In which: TOTAL ACTUAL VALUE OF COMPANY (A)	155.352.752.728	287.222.463.136	131.869.710.408
E1	Actual payable liabilities	28.845.053.797	18.515.624.028	(10.329.429.769)
	In which: Land use right newly transferred payable to State			
E2	Career fund	-	-	-
	TOTAL ACTUAL VALUE OF GOVERNMENT CAPITAL AT COMPANY [A-(E1+E2+E3)]	126.507.698.931	268.706.839.108	142.199.140.177

Source: Minute of determining company value and Decision of approving company value No. 1453/QD-UBND on 28 June 2018 issued by Dak Lak province People's Committee

Assets which are not included in equitization, Non-current using assets, Awaiting disposal assets (calculating on redetermined data of Minute of company value determination)

Assets which are not in use, transferred to the local (house and land at No. 379 Hoang Quoc Viet Street, Cau Giay district, Ha Noi City): **6,851,240,000 VND** (Six billion, eight hundred fifty one million, two hundred forty thousand Vietnamese dong). Detail as below:

No	Name of assets	Unit	Quantity	Year in use	Accounting book value		
					Cost	Depreciation	Residual value
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A	FIXED ASSETS NOT IN USE				7.172.494.274	321.254.274	6.851.240.000
A1	Tangible fixed assets				627.494.274	321.254.274	306.240.000
I	Buildings and structures				627.494.274	321.254.274	306.240.000
1	Group processing house	m2	180	1990	99.494.274	99.494.274	-
2	Ha Noi house (5 floors * 80m ²) (Construction building)	m2	400	2002	528.000.000	221.760.000	306.240.000



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A2	Intangible fixed assets				6.545.000.000	-	6.545.000.000
I	Land use right				6.545.000.000	-	6.545.000.000
1	Land use right No. 379 Hoang Quoc Viet, Cau Giay, Ha Noi	m2	81,9	2002	6.545.000.000		6.545.000.000

Source: Minute of determining company value as at 01 July 2017 of Thang Loi Coffee One Member Limited Company.

Issued to be continuously handled

- About land use solutions:
 - On locality of Dak Lak province, Dak Lak province People's Committee issued Decision No. 2300/QD-UBND on 28 August 2017 about approving of Land use solutions of Thang Loi Coffee One Member Limited Company to land area at Hoa Dong ward, Krong Pac, Dak Lak province.
 - On the locality of Binh Duong area, to the land area at Le Trong Tan Street, Binh Duong 2 quarter, An Binh ward, Di An town, Binh Duong province, the Company has granted from Song Be province People's Committee Decision No. 1658/QD.UB on 22 December 1994 about approving land use right with factory between Thanh Le Trading Import Export Company and Thang Loi Coffee Farm and Land use right certificate No. 0742872 on 22 December 1994. Currently, the Company is during the progress to complete procedure with Binh Duong province People's Committee to be approved the land use solutions. After the approval of equitization solution of the Company, the Company will continuously follow up to handle, supply of document according to request from Binh Duong province People's Committee and Ministry of Finance to complete approving procedure of land use right as regulation.
 - On the locality of Ho Chi Minh City, on 4th June 2018, Dak Lak province People's Committee issued the Document No. 444/UBND-KT sent to Ministry of Finance about approving land house use solutions of Thang Loi Coffee One Member Limited Company at Ho Chi Minh City.
- To intangible fixed asset value to be revaluated is Land use right at No. 194/19F Bach Dang, ward 24, Binh Thanh district, Ho Chi Minh city and Land use right at Binh Duong, Di An, Binh duong, the Dong A Value Appraisal Joint Stock Company has revaluated these 02 assets to present for Equitization Committee and send to Ministry of Finance and Provincial, City People's Committee where have located assets to request for opinion of value and plan. However until now not yet received any response. Therefore Dong A Value Appraisal Joint Stock Company temporarily uses the appraised value and issues document into company value. After having opinion from functional office about value and planning, will base on modification from authorized office to follow the regulations.
- The receivables and payables have not yet reconciled at the point of determining company



value as at 01 July 2017, the Company will be responsible to continuously reconcile the payables and receivables according to current regulations.

- For Welfare Fund as at 01 July 2017 which is minus 337,465,585 VND included in welfare fund, occurred due to investment in infrastructure serving for social welfare at the local yet not got approval for finalization of the construction. In details, the Company has been following up this item since 2009 with the initial value of 6,253,237,804 VND, every year with the profit from business, the Company performs accumulate welfare fund and continuously to make up for this item. Based on audited financial reports 2017, until 31 December 2017, Bonus and Welfare Fund of the Company has completed of making up with the value of 526,145,027 VND.
- Finalization data and manufacturing business result from 01 July 2017 to the official point of time transferring to joint stock company will be finalized, modified and processed according to financial regulation of Government Company.

6. Main properties of the Company

6.1. Land using and managing situation

6.1.1. Situation about land using and managing

a. The land area under the Company's management and use in the locality of Dak Lak province

Total area: 2,152.80 hectare included in administrative boundaries of Hoa Dong ward – Krong Pac district, Ea Tu ward – Buon Ma Thuot City and Cour Dang ward – Cu M'gar district. In which separating:

A	Agricultural land:	2,081.19 hectare
1	Long-term plant land^(*):	1,822.39 hectare
	▪ Use purpose::	1,205.98 hectare is performing of contracting according to contracting plans of plant area to farm household members; 616.40 hectare is in link with farm household members.
	▪ Land source:	Dak Lak province People's Committee leases the land.
	▪ Leasing term:	Until the date of 15 October 2043.
2	Agricultural manufacturing land:	258.81 hectare
	▪ Use purpose:	Land lot for intra-field traffic.
	▪ Land source:	Dak Lak province People's Committee leases the land.
	▪ Leasing term:	Until the date of 15 October 2043.
B	Forest land:	18.63 hectare



- Use purpose: Planting protection forest, plant of tree around the forest to prevent the wind.
 - Land source: Dak Lak province People's Committee leases the land.
 - Leasing term: Until the date of 15 October 2043.
- C Non-agricultural land: 52.97 hectare**
- 1 Manufacturing, business land + Oil and gas stores: 8.64 hectare**
- Use purpose: Building working office, playground, product warehouse, processing house which is 8.291 hectare; 0.346 hectare is for building oil and gas stores.
 - Land source: Dak Lak province People's Committee leases the land.
 - Leasing term: For the area of 8.291 hectare will be leased until January 2019; for area of 0.346 hectare will be leased until July 2061.
- 2 Sport land + Meeting hall for units: 7.94 hectare.**
- Use purpose: For play, entertainment purpose which is public place
 - Land source: Granted by Dak Lak province People's Committee without paying money for land use (land used for public purpose not for business purpose).
 - Leasing term: Until the date of 15 October 2043.
- 3 Irrigation land (intra-field channels): 32.70 hectare.**
- Use purpose: Building irrigation channels.
 - Land source: Dak Lak province People's Committee leases the land.
 - Leasing term: Until the date of 15 October 2043.
- 4 Park land: 3.68 hectare**
- Use purpose: Building cultural park
 - Land source: Granted by Dak Lak province People's Committee without paying money for land use (land used for public purpose not for business purpose).
 - Leasing term: Long-term

(*) Currently, total agricultural land area for long-term planting of the Company on the locality of Dak Lak province is 1,822.39 hectare is contracted by the Company for employee as below:



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No	Content	Co-operation percentage	
		Employee as contractor with capital contribution of 100%	The company's capital is 51%, employee as contractor with capital contribution of 49%
1	Contracted land area	616,40 ha	1.205,98 ha
2	Contracted term	50 years (from 2004)	15 years (from 2011)
3	Number of contracts signed with employee	1,602 contracts	1,318 contracts
4	Contracted form	Disclosed at Item (i)	Disclosed at Item (ii)

Source: Thang Loi Coffee One Member Limited Company

(i) For the land area of 616.40 hectare:

After being granted the land, the employee will self-raise capital to invest for planting and caring of the farm. Until 2004, according to Land Law 2003, the Company has performed modifying the Principle Contract to Affiliate Contract of Coffee planting; Contract term is modified into 50 years to be complied with Land Law. Accordingly, the Company will not collect the volume but only collect maintenance and repairing of channels, management fee and rural traffic road construction, intra-field traffic amount with amount 20kg beans/hectare/year and amount 40kg/hectare/year (depends to the planting land area), collect 500,000 VND/hectare/year for the household with watering from the channels of the Company and collect the land use expense. These collections will be performed until the end of 2011.

From 2012, the Company has no longer collected the amount of rural traffic road construction but only the land use amount according to Government regulation. Total affiliate coffee area with the contracted coffee area and far away from residence place, the Company is still managing and performing according to the signed contract between the Company and the households. Land area is used with the proper purpose with economic effectiveness.

(ii) For the land area of 1,205.98 hectare:

Total above land area is contracted according to Decree No.135/2005/ND-CP on 08 November 2005 issued by the Government. The contractors are employee working and others who retired with regulation with demand for contractor at the planting farm with the Company. The contracted contracts are presented according to Decree 135/2005/ND-CP about "Contracting agricultural land, forest land for manufacturing and land with water surface for raising sea food in the State-owned agricultural farm, State-owned forest farm". The contracting of volume term



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is according to period of the plant farm. The contracting volume as well as rights, responsibility and obligations of each parties are stated clearly in the contracting contracts.

Before, on 15 August 1998, Dak Lak province People's Committee issued Decision No. 1657/QD-UB about approving the Contractor plans to invest in manufacturing coffee and dividing products. Accordingly, the Company contributes 51% capital value into the plant farm and the employee with contribution of 49% capital value. Annually both parties invest expenditure for the plant farm with the percentage of capital contribution. Productivity – Collective volume in the coffee farm is contracted periodically. Based on productivity level – contracted volume the Company collects 51% quota volume according to plans by fresh coffee., the product in quota of 49% and the volume over quota volume the employee enjoy 100%. This plan is performed effectively such as land well managed, security, social safety is assured, applying improvement of technology into the plant farm. However the Affiliate Contract plan of manufacturing coffee and dividing products is still presenting some limited opinions needed to be overcome. Therefore, the Company has researched and built “Contracting plan of coffee farm for housefold farm member” (currently applied).

On 08 June 2011, Provincial People's Committee issued Decision No. 1399/QD-UBND about approving contracting plan of coffee farm to household farm members. Accordingly, overview about the plan is as below:

- The Company builds “Contracting plan coffee farm to household farm member” with inheritance and modification base of “Investing affiliate contract and products divide plan”.
- The plan does not change the form of ownership of the plant farm of the Government under the Company's management, in which the Company contributes 51% of the farm value, the contractor contributes 49% of the farm value. Beside, the Company transfers to employee to self-invest in manufacturing expenditure, labor workforce, paying of insurance and handing in quota volume according to signed contracts.
- The Contracting party has responsibility to manage, guide the technical procedures, protect the area during manufacturing. At the same time on behalf of employee to collect insurances, trade union and pay to the Company then the Company will pay on behalf of the employee to the Social Insurance office and Trade union. Handle the regulations for the employee according to legal regulations.

Basic contents of the plan as below:

- About ownership form: the Company contributes 51% of farm value on land, the employee contributes 49% of farm value on land.



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- About investment operation: The household farm member self-invests material, fertilizer, watering, workforce to take care of the plant in the year.
- Responsibility of employee as contractor is to self-pay for social insurance, health insurance, unemployment insurance and trade union according to regulations.
- Company's responsibility: Manage all the manufacturing activities, business and manage all the manufacturing process, collection, processing and assure for security in the locality, perform fully financial, tax responsibility for the State and policy regulation for the employee.
- About handing in products: the Company builds up detailed quota volume for each type of coffee with each year of planting and business cycle of the plant farm. Yearly, the contractor has responsibility to hand in the product according to plans by fresh coffee to the Company as harvesting plan.

b. Land area under the Company's management, use out of Dak Lak province locality

Total area, 2.01 hectare of land at 03 provinces, cities as below:

A	Binh Duong province:	2.0 hectare
1	Area:	0.5 hectare
	▪ Address:	Di An Town, Thuan An district, Binh Duong.
	▪ Land use purpose:	Used for warehouse number 01.
	▪ Land source:	The State transferred the land with cost of land use. The Land use right Certificate No. 0742872 on 22 December 1994 issued by Song Be Province People's Committee.
	▪ Use term:	Long-term
2	Area:	1.50 hectare
	▪ Address:	Nam Tan Uyen industrial zone, Khanh Binh ward, Tan Uyen district, Binh Duong province.
	▪ Land use purpose:	Used for warehouse number 02.
	▪ Land source:	Lease of land with one-off rental payment for the entire lease period of the companies with investment in infrastructure within industrial zone. Land use right Certificate No. 844521 on 20 November 2015 issued by Director of Binh Duong province Ministry of Resource and Environment.
	▪ Use term:	Until October 2054
B	Ha Noi City:	81.9 m²
	▪ Address:	No. 379, Hoang Quoc Viet Street, Nghia Tan ward, Cau Giay district, Ha Noi city.



- Land use purpose: For being head office
 - Land source: Ha Noi city People's Committee recognizes the land use right as the State transfers the land with payment for land use, issued Land use right Certificate No. L 117427 on 15 December 2000 for Provincial office People's Committee.
 - Use term: Long-term
- C Ho Chi Minh City: 43 m²**
- Address: Included in land lot No. 67; map paper No. 36 at No. 194/19F Bach Dang Street, Ward 24, Binh Thanh district, Ho Chi Minh City.
 - Land use purpose: Land for living in urban area.
 - Land source: Ho Chi Minh City People's Committee recognizes the land use right as the State transfers the land with payment for land use, issued Land use right Certificate No. BP 829446 on 20 August 2013 for Mr. Pham Duc Hiep and Ms. Nguyen Thi Hiep.
On 9 July 2013, the Company received the land transfer from Mr. Pham Duc Hiep and Ms. Nguyen Thi Hiep according to Contract No. 01/HDKT on 04 July 2013, transferred and registered for land change on 4 July 2013.
 - Use term: Long-term.

6.1.2. Land use solutions

a. Land area under the Company's management, used on the locality of Dak Lak province

Based on Report No. 414/TTr-STNMT on 8 August 2017 issued by Dak Lak province Ministry of Resources and Environment and Decision No. 2300/QD-UBND issued by Dak Lak province People's Committee on 28 August 2017 about approving of land use solution of Thang Loi Coffee One Member Limited Company at Hoa Dong ward, Krong Pac district, Dak Lak province as below:

Total area: 2,152.80 hectare included in administrative boundaries of Hoa Dong ward, Krong Pac district. In which:

- A Agricultural land: 2,081.19 hectare**
- 1 Long-term plant land: 1,822.39 hectare**
 - Land use purpose: 1,205.98 hectare is performed as contracting according to contracting plan of the plan to household farm members; 616.4 hectare is affiliated with household farm members.



- Land source: Dak Lak province People's Committee leases the land.
- Lease term: Until 15 October 2043.
- 2 Agricultural manufacturing land: 258.81 hectare**
 - Land use purpose: Land lot intra-field traffic.
 - Land source: Dak Lak province People's Committee leases the land
 - Lease term: Until 15 October 2043.
- B Forest land: 18.63 hectare.**
 - Land use purpose: Plant protection forest, plant tree around the forest to prevent wind.
 - Land source: Dak Lak province People's Committee leases the land
 - Lease term: Until 15 October 2043.
- C Non-agricultural land: 52.97 hectare.**
 - 1 Manufacturing business land + Oil and gas stores: 8.64 hectare.**
 - Land use purpose: Build working head office, playground, product warehouse, processing house is 8.291 hectare; 0.346 hectare for construction of oil and gas stores.
 - Land source: Dak Lak province People's Committee leases the land
 - Lease term: With the area of 8.291 hectare, leased until January 2019; for the area of 0.346 hectare leased until July 2061.
 - 2 Sport land + Meeting halls for the units: 7.94 hectare**
 - Land use purpose: Support for play, entertainment as public area.
 - Land source: Granted by Dak Lak province People's Committee without collecting land use cost (land for public purpose, not for business purpose).
 - Term: Until 15 October 2043.
 - 3 Irrigation (intra-field channels): 32.70 hectare.**
 - Use purpose: Build irrigation channels.
 - Land source: Dak Lak province People's Committee leases the land
 - Lease term: Until 15 October 2043.
 - 4 Park land: 3.68 hectare.**
 - Land use purpose: Build cultural park
 - Land source: Granted by Dak Lak province People's Committee



without collecting land use cost (land for public purpose, not for business purpose).

- Term: Long-term

b. Land area under the Company's management, use out of locality of Dak Lak province

Based on Document no. 7813/BTC-QLCS on 29 June 2018 issued by Ministry of Finance sent to Dak Lak Province People's Committee about land use solution of Thang Loi Coffee One Member Limited Company on the locality of Ho Chi Minh City and Binh Duong province, approval situation for the land use solutions of the Company on the locality of Ho Chi Minh City and Binh Duong province is as below:

- On the locality of Ho Chi Minh City: On 4 June 2018, Dak Lak province People's Committee issued Document No. 4447/UBND-KT sent to Ministry of Finance about request to approve land house use solution of Thang Loi Coffee One Member Limited Company at Ho Chi Minh City. Based on that, Ministry of Finance issued Document No. 9381/BTC-QLCS on 3 August 2018 and Document No. 349/BTC-QLCS on 8 January 2019 sent to Ho Chi Minh City People's Committee about suggesting solutions for Thang Loi Coffee One Member Limited Company to continuously use according to plan of Ho Chi Minh City. After equitization plan of the Company approved, the Company will continue to follow up, supply of document as request from Ho Chi Minh City People's Committee and Ministry of Finance to complete procedures of approving for land use solutions according to regulations.
- On the locality of Binh Duong province, the Company is granted Decision No. 1658/QD.UB on 22 December 1994 from Song Be province People's Committee about agreement to transfer the land use right with factory between Thanh Le Trading Import Export Company and Thang Loi Coffee Farm and issued Land use right Certificate No. 0742872 on 22 December 1994. Currently, the Company is during period of completing procedures with Binh Duong province People's Committee to be approved of land use solutions. After equitization plans of the Company approved, the Company will continue to follow up, supply of document as request from Binh Duong province People's Committee and Ministry of Finance to complete procedures of approving for land use solutions according to regulations.

Therefore, total area 2.00043 hectare of land at 02 provinces, cities as below:

- A Binh Duong province: 2.0 hectare.**
 - 1 Area: 0.5 hectare.**
 - Address: Di An town, Thuan An district, Binh Duong province
 - Land use purpose: For use as warehouse number 01.
 - Land source: The State transfers the land with collection of land use expense. Land use right Certificate No. 0742872 on 22 December 1994 issued by Song Be province People's Committee.



- Use term: Long-term
- 2 Area: 1.5 hectare**
- Address: Nam Tan Uyen industrial zone, Khanh Binh ward, Tan Uyen district, Binh Duong province.
- Land use purpose: For use as warehouse number 02.
- Land source: Lease of land with one-off rental payment of the company investing in infrastructure of industrial zone. Land use right Certificate No. 884521 on 20 November 2015 issued by Director of Binh Duong province Ministry of Resources and Environment.
- Use term: Until October 2054.
- B Ho Chi Minh City: 43 m2.**
- Address: Included in land lot No. 67; map paper No. 36 at No. 194/19F Bach Dang Street, Ward 24, Binh Thanh district, Ho Chi Minh City.
- Land use purpose: Land for living in urban area.
- Land source: Ho Chi Minh City People's Committee recognized land use right as the State transfers the land with collection of land use expense, issued Land use right Certificate No. BP 829446 on 20 August 2013 for Mr. Pham Duc Hiep and Ms. Nguyen Thi Hiep.
On 9 July 2013, the Company received the transfer of land from Mr. Pham Duc Hiep and Ms. Nguyen Thi Hiep according to Contract No. 01/HDKT on 04 July 2013, transferred and registered for land change on 4 July 2013.
- Use term: Long-term

Source: Equitization plan of Thang Loi Coffee One Member Limited Company

6.2.Fixed asset situation at December 31st2017 and December 31st 2018:



No	Items	December 31 st , 2017		December 31 st , 2018	
		Cost	Residual value	Cost	Residual value
I	Tangible fixed assets	162.723.698.828	66.404.048.083	169.211951.898	66.416.333.123
1	Buildings and structures	78.479.385.726	30.488.436.948	84.120.013.907	33.479.837.137
2	Machinery and equipment	22.320.943.703	9.145.340.322	22.320.943.703	8.262.170.436
3	Transfer, transport vehicles	3.215.172.657	415.681.019	3.215.172.657	199.983.962
4	Management tools, equipment	130.387.274	-	130.387.274	1
5	Intangible fixed assets	58.577.809.468	26.354.589.794	59.425.434.357	24.474.341.587
II	Intangible fixed assets	-	-	-	-
@	Total	162.723.698.828	66.404.048.083	169.211951.898	66.416.333.123

Source: Audited financial reports 2017 and financial report of 2018 of Thang Loi Coffee One Member Limited

7. List of parent companies and subsidiaries

7.1. Parent company

Thang Loi Coffee One Member Limited Company is government company is subordinate units of Dak Lak province People's Committee (holding 100% of charter capital of TLCF). After equitization, expected percentage of ownership of Dak Lak province People's Committee at the joint stock Company is 36% of charter capital. Accordingly, some principal information about Government Ownership of TLCF as below:

Name of Company; **UY BAN NHAN DAN TINH DAK LAK**
English name: **DAK LAK PROVINCIAL PEOPLE'S COMMITTEE**
Head office: **No. 09 Le Duan, Tu An Ward, Buon Ma Thuot City, Dak Lak**
Phone: **(0262) 8050557** - Fax: **(0262) 8050554**
Website: **www.daklak.gov.vn**

7.2. Subsidiaries and joint ventures, affiliated companies

None

8. Business operation situation and profit & loss and other comprehensive income statements in 3 years before equitization

8.1. Business operation situation



8.1.1. Product volume/service value through the years

✦ Total revenue structure

Total revenue structure before equitization during the period from 2015 to 2018

Unit: Million VND

Indicators	Year 2015		Year 2016		Year 2017		Year 2018	
	Value	%TDT %TR	Value	%TDT %TR	Value	%TDT %TR	Value	%TDT %TR
Net revenue	187.408	96,36	220.530	98,30	123.803	96,75	188.358	98,75
Financial revenue	5.210	2,68	2.559	1,14	2.867	2,24	1.937	1,02
Other revenue	1.877	0,97	1.251	0,56	1.293	1,01	450	0,24
Total Revenue (TR)	194.495	100	224.340	100	127.963	100	190.745	100

Source: Audited financial reports 2017 and financial report of 2018 of Thang Loi Coffee One Member Limited

In general, total revenue of the Company has tendency to increase in the period 2015 – 2016, which decreases dramatically in 2017 and has sign to increase again in 2018. Considering about structure, is the business with main operation in manufacturing sector and coffee business therefore net revenue is always occupied huge percentage with value over 96% through the years, the remaining is financial revenue and other revenue with immaterial percentage.

The performance of contracting of coffee farm to the household farm members is together with capital support solutions and assure of the output volume which creates the trust and faithful investment for the coffee farm. Therefore, in the past years the Company always improves the productivity and volume as well as the quality of coffee to assure of continuous export to long-term markets and new markets. That is presented through the increase in total revenue during period of 2015 – 2016. In particularly, total revenue increases 30% comparing to 2014, and 2016 increases 17.7% comparing to 2015.

In 2017, the Company has changes in revenue structure which changes from main activity – trading to planting and manufacturing of exporting coffee, due to the change in revenue structure, the initial result is not yet reflected clearly, as well as in 2017 the price of coffee has lots of fluctuations so the Company mainly sells coffee in the domestic market. That makes total revenue in 2017 decrease significantly comparing to 2016.

In 2018, business result has positive signs comparing to 2017, total revenue of the Company is 190.7 billion VND, which is higher than the same period in 2017 about 50%.

✦ Revenue structure according to manufacturing business activities

Revenue structure during period from 2015 to 2018:



Unit: Million VND

Indicators	Year 2015		Year 2016		Year 2017		Year 2018	
	Value	% TR	Value	% TR	Value	% TR	Value	% TR
Revenue from trading and exporting of coffee	156.256	83,38	193.560	87,77	82.987	67,03	154.458	82,00
Revenue from planting – manufacturing exporting coffee	25.728	13,73	20.890	9,47	34.413	27,80	27.794	14,76
Revenue from leasing warehouses	5.423	2,89	6.081	2,76	6.403	5,17	6.106	3,24
Total Revenue (TR)	187.407	100	220.531	100	123.803	100	188.358	100

Source: Audited financial reports 2017 and financial report of 2018 of Thang Loi Coffee One Member Limited

With value occupied of distribution percentage (over 96%) in total revenue of the Company, the change of net revenue is the main reason leading to the change of total revenue through the years. Therefore, similarly to the change of total revenue, the Company's net revenue has tendency to increase during period 2015 – 2016, decreases significantly in 2017 and increases again in 2018.

Occupying the huge proportion in net revenue structure is trading – exporting of coffee with average proportion about 81.55%. During period 2015 – 2016, revenue from this activity is continuously increasing with average speed of 31%/year and remain stably with average percentage of 86% of net revenue. In 2017, with the significant change in the Company's business activity structure, and the fluctuation in the market, which leads to the revenue from trading – exporting of coffee decrease of 57% comparing to 2016, occupied 67% of net revenue. In 2018, the revenue from this activity increases again which is 154 billion VND, occupied of 82% net revenue.

Next is revenue from planting – manufacturing exporting coffee which occupies average proportion of 15.11% net revenue. In contrast to the trading – exporting coffee activities, revenue from planting and manufacturing of exporting coffee has tendency to decrease during period 2015 – 2016 with average percentage of 14% / year, reversing in 2017 of about 65% with changes in percentage structure of net revenue. Finally, the change in 2018 is 27.8 billion VND, occupied 14.8% of net revenue.



The remaining is leasing of warehouse activities, this revenue occupies immaterial proportion and is remained stably during the years with value from 5.5 to 6.5 billion VND/year.

8.1.2. Materials

The main material source relates to the type of plant and fertilizer supporting for planting and manufacturing of exporting coffee. With revenue proportion from planting and manufacturing of exporting coffee which occupies 10 – 20% of total net revenue, together with the abundant source of materials and many of suppliers so material cost for this activity is not fluctuating much and does not affect to the manufacturing business effectiveness of the whole Company.

8.1.3. Manufacturing expenses

Expense structure before equitization during period from 2015 to 2018:

Unit: Million VND

Indicators	Year 2015		Year 2016		Year 2017		Year 2018	
	Value	% TR	Value	% TR	Value	% TR	Value	% TR
Cost of goods sold	163.606	84,12	191.068	85,17	92.276	72,11	158.411	83,05
Selling expenses	7.346	3,78	8.971	4,00	4.827	3,77	7.474	3,92
Administrative expenses	9.861	5,07	10.374	4,62	12.358	9,66	7.317	3,84
Financial expenses	3.021	1,55	807	0,36	190	0,15	1.042	0,55
Other expenses	1.337	0,69	1.231	0,55	3.878	3,03	2.029	1,06
Total revenue	185.171	95,21	212.451	94,70	113.529	88,72	176.273	92,41

Source: Audited financial reports 2017 and financial report of 2018 of Thang Loi Coffee One Member Limited

In general, total expenses occupy huge percentage comparing to total revenue with percentage fluctuating from 89% - 95%, in which cost of goods sold occupies the highest percentage with average percentage of 82%.

Due to the nature of manufacturing of coffee, revenue from trading, – exporting of coffee occupies huge proportion, while this is the activity under many kinds of pressure from input price plus other price supporting policies about trading price to contractor households so most of cost of goods sold is input price. Therefore when revenue structure from trading – exporting increases, total expenses of the company increases. However, with the changes in business activity structure in 2017, the Company has controlled well the expenses, so the cost of goods sold only occupies 72% total revenue comparing to 2015 and 2016 with percentage of 84-85%.



In 2018, business activity structure of the Company has tendency to change again from planting – manufacturing of exporting coffee activities to trading – exporting coffee activities. Therefore, cost of goods sold in the Company has increased again with percentage of 83% total revenue.

Next is expense group about selling and administration expense with average percentage which is respectively 3.9% and 5.4% of total revenue. Depending on annual business result of the Company, although there is fluctuation in selling expenses in absolute value yet remained stably comparing to total revenue with percentage of 3.8%-4.0%. About administrative expenses, most of fixed cost at the Company to be paid yearly such as salary expense, depreciation, so the value is always remained stable in the amount of 10 billion VND/year in the period of 2015 – 2016, increases slightly to 12 billion VND in 2017 and decrease sharply to 7.3 billion VND in 2018 due to change in management cost.

The remaining is financial expenses and other expenses which occupy immaterial percentage of total revenue with average value about 0.7% and 1.2%/year.

8.1.4. Market

With function and main responsibility of the Company which is mainly manufacturing, processing and exporting of high quality coffee, the Company has effort to bring the brand of coffee to difficult markets and remains closed long-term client markets such as Japan, Netherlands,... at the same time nonstop to expand client market in Europe, Germany, Spain,... and always improve the quality of finished goods from coffee to sustain the Company's brand as clean coffee, UTZ, Rainforest standard coffee.

8.1.5. Technology level

The Company always applies technology, science in choosing the types of plant, particularly:

- Total area of land for coffee plant of the Company: 1,206.3289 hectare;
- Total area of planting with plant varieties: 1,201.9619 hectare;
- Area of planting with bud graft: 4.3670 hectare.

Every year the contractor will self-change into the bud graft method, on the root of the old coffee plant or coffee plant with low productivity, the plant with bud graft will develop equally, the productivity and quality are both better. Beside the coffee plant lot with the bud graft during the basic period and the first years, the productivity is very high, the quality is good, higher than the traditional nursery method.

Applying of technology in processing products:

- The Company has invested in coffee wet process system with capacity of 5,000 tons of bean/year, technology, machinery and other supporting equipment manufactured by Vietnam with good product quality.



- The Company has invested in waste water treatment system and complete tank to manufacture, coffee bean wet processing with high quality. The waste water treatment system is operating well, the quality of water after being processed is good.

Technology in the Company's management: Has been computerized in all sectors: Finance Accounting, Personnel Management, Planning- Technical, Communication, and Market Information.

8.1.6. The control situation of products/services

To assure of product quality to be exported, the Company has established a quality control department to control the quality, limit the potential risks during manufacturing. For each process of manufacturing, the products after being manufactured will have to be through the quality control process. For those products with good quality could be packed to be exported from the warehouse. Therefore, products of the Company have met quality about clean coffee with UTZ, Rainforest standard to be exported to big and difficult markets.

8.1.7. Marketing activities

With potential of development in the processing manufacturing and exporting markets in the future, the Company's orientation is to boost the marketing of products to potential clients to expand market share and build up brand for products. The trust from big partners has been advantage for the Company in introducing products to new clients and markets. The Company has been promoting the marketing of brand to clients in the country and in the world through activities in coffee festivals, in the newspapers and other public media.

8.1.8. Commercial brand, register to invent copyrights and patents



The Company uses Logo which has been registered of product brand issued by Department of Intellectual Property, Ministry of Science – Technology. The Logo is also the commercial brand of the Company.

8.1.9. Big contracts being performed or have been signed.

No.	Partners	Products/services	Contract value	Performance term
1	MITSUI & CO., LTD.	R1 (6.3), dried process	363.273,6	11/2018-01/2019
2	MITSUI & CO., LTD.	R1 (6.3), dried process	176.217,6	11/2018-01/2019
3	MITSUI & CO., LTD.	R1 (6.3), dried process	345.600,0	12/2018-02/2019



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No.	Partners	Products/services	Contract value	Performance term
4	MITSUI & CO., LTD.	R1 (6.3), dried process	156.960,0	12/2018-02/2019
@	Total		1.042.051,2	

Source: Thang Loi Coffee One Member Limited Company.

8.2. Financial situation and result of business manufacturing during 3 years before equitization

8.2.1. Summary of some indicators about financial situation and business manufacturing results

Unit: Million VND

No.	Indicators	Year 2015	Year 2016	Year 2017	Year 2018
1	Total asset value	142.989	153.865	165.447	160.245
2	Government capital in accounting book	124.750	129.639	126.753	130.661
3	Short-term loan and borrowing	3.920	4.500	5.863	-
	In which, over-due debts	-	-	-	-
4	Long-term loan and borrowing	-	-	-	-
	In which, over-due debts	-	-	-	-
5	Irrecoverable debts	-	-	-	-
6	Total employee (people)	440	374	274	222
-	Number of employee directly contracting the farm (people)	362	299	202	149
-	Number of indirect employee (people)	57	54	53	52
-	Number of employee in processing department	21	21	19	21
7	Total salary fund of indirect employee	5.472	6.739	7.867	7.874
8	Average income of the indirect employee (person/month)	8,0	10,4	12,37	12,62
9	Total revenue	194.495	224.340	127.963	190.745
10	Total expense	185.171	212.451	113.529	176.273
11	Operating profit	9.324	11.889	14.435	14.471
12	Profit after tax	7.922	9.567	13.181	13.028
13	Ratio of Profit after	0,06%	0,07%	0,1%	9,97%



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No.	Indicators	Year 2015	Year 2016	Year 2017	Year 2018
	tax/government capital				

Source: Audited financial reports 2017 and financial report of 2018 of Thang Loi Coffee One Member Limited

(*) Average income of employee directly contracting the plant farm and number of employee in processing department depend on product volume handed to the Company and product volume to be processed.

8.2.2. Other indicators

↓ Main financial indicators (*)

No.	Indicators	Year 2015	Year 2016	Year 2017	Year 2018
I	Indicators about operating capacity				
1	Receivable cycle	163,07	233,92	22,63	14,67
2	Payable cycle	2,64	8,62	3,19	4,47
3	Inventory cycle	4,82	9,41	4,59	7,46
4	Asset turnover	1,05	1,49	0,78	1,16
5	Working capital turnover	5,53	5,93	3,07	3,95
II	Indicators about liquidity ability				
1	Current ratio	3,22	2,64	2,18	2,75
2	Acid ratio	1,77	1,93	1,53	2,13
III	Indicators about liability payment ability				
1	Debt/Total asset Ratio	0,03	0,03	0,04	-
2	Debt/Equity Capital Ratio	0,03	0,03	0,05	-
3	Leverage ratio	1,15	1,19	1,31	1,23
4	Interest cover ratio	11,61	20,64	108,85	26,00
IV	Indicators about profitability				
1	Profit after tax/Net revenue	4,23%	4,34%	10,65%	6,92%
2	Return on asset	4,44%	6,45%	8,26%	8,00%
3	Return on equity	6,41%	7,52%	10,28%	10,12%
V	Indicators about Asset/Capital structure				
1	Debt/Total capital	12,71%	15,74%	23,39%	18,46%
2	Debt/Owner capital	14,56%	18,69%	30,53%	22,64%
3	Owner capital/Total capital	87,29%	84,26%	76,61%	81,54%
4	Short-term debt/Total liability	92,79%	92,93%	95,55%	100%



THANG LOI COFFEE ONE MEMBER LIMITED COMPANY

No.	Indicators	Year 2015	Year 2016	Year 2017	Year 2018
5	Long-term debt/Total liability	7,21%	7,07%	4,45%	0%
VI	Growth speed				
1	Total asset growth	(33,11%)	7,61%	7,53%	(3,14%)
2	Net revenue growth	29,94%	17,67%	(43,86%)	52,14%

Source: Audited financial reports 2017 and financial report of 2018 of Thang Loi Coffee One Member Limited

(*)Group of financial indicators are calculated on data of the Company's yearly operating activities, therefore to reflect properly these indicators, the Company did not calculate indicators in the first 9 months 2018.

✚ **Receivables**

Unit: Million VND

Indicators	2015	2016	2017	2018
Short-term receivables	740	1.146	9.795	15.890
Trade receivables	80	128	1.687	6.604
Prepayment to suppliers	123	18	1.899	180
Other short-term receivables	537	1.000	6.209	9.106
Long-term receivables	-	-	-	-
Total	740	1.146	9.795	15.890

✚ Source: Audited financial reports 2017 and financial report of 2018 of Thang Loi Coffee One Member Limited

✚ **Payables**

Unit: Million VND

Indicators	2015	2016	2017	2018
Short-term liability	16.864	22.512	36.974	29.584
Short-term trade payables	430	-	-	3.792
Advance from customers	8	3	161	1
Payable taxation	883	2.148	11.683	7.112
Payable to employee	1.946	3.465	4.501	3.191
Short-term accruals	171	179	3.184	1.382
Other short-term payables	10.727	12.285	11.056	12.462
Loans and short-term financial lease	3.920	4.500	5.863	-
Welfare and bonus fund	(1.221)	(68)	526	1.644
Long-term liabilities	1.310	1.713	1.720	-
Long-term trade payables	-	-	-	-
Other long-term payables	1.310	1.713	1.720	-



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Indicators	2015	2016	2017	2018
Total	18.174	24.225	38.694	29.584

Source: Audited financial reports 2017 and financial report of 2018 of Thang Loi Coffee One Member Limited

8.3. Indicators affecting to business activities of the Company during the reporting year

✦ Advantage

- With geographic location in the red abundant Bazan land, with thick ground level, quite flat, with close and abundant water, suitable to plant coffee with high productivity, good quality;
- Quality of plant farm always is with UTZ, Rainforest standard quality, therefore manufacturing products of the Company always have reputation from clients in the country and in the world, in which there are long-term clients such as Japan, Netherlands to create reputation for the Company to continuously expand market to the Europe countries;
- The Company's management board always controls the manufacturing situation in the country and in the world to make suitable decisions in the new situation. Also, with long-term relationship of the management board which is always dedicate, enthusiastic and has in-time solutions in technical aspect to upgrade, improve quality of plants, productivity is stable day by day and developing;
- The Company always receives the support and help from local offices and support from associates in sector;
- The trust from clients inside and outside of the country, including financial, credit, bank organizations which create financial power to assure for necessary demands during operation;
- Exporting market is expanded when Vietnam is the 150th member in WTO;
- The Government has encourage policies to support for manufacturing and agricultural product consumption;
- The Company is exploiting the contracting of coffee farm for household farm member through the connecting of lands which brings effectiveness and sustainability about land resouces transfered by the government for the company to manage. Developing the ownership spirit of the employee, collecting of capital source and free workforce to invest in the plant farm, improving productivity, effectiveness and income of the employee, being stable in business manufacturing of the Company.

✦ Disadvantages

- Is the unit operating in agricultural sector, the change in weather situation does not affect



much to productivity of plant farm;

- The main product of the Company is exporting coffee, this is sensitive product, the price is fluctuating unstably, completely depends on international price which affects significantly to business results and income of the employee every year;
- The market approaching activities still have limit issues needed to be overcome;
- The workforce with high education level is language level to meet high demand in the market economy which is still limited;
- About contracting activities: level, financial ability, workforce of the contractor are not equal so result from investment in manufacturing as well as income of each employee has the variance; the products over quota the employee will take home and self-process, the product quality is not high and does not meet exporting request.

9. The Company's position comparing with other companies within the same sector

9.1. Company's position in sector

- With geographic location in the red abundant Bazan land, with thick ground level, quite flat, with close and abundant water, suitable to plant coffee with high productivity, good quality with high competition.
- With quality of the farm is always assuring the quality with UTZ, Rainforest standard, always gains the trust in clients inside and outside the country in which there are long-term clients such as Japan, Netherlands to create reputation for the Company to continuously expand to other countries in the Europe.
- Beside the management board of the Company with many years of experience and always be enthusiastic to have in-time solutions about strategy and technique to help the Company keep the development and improve competitive advantage in the sector.

9.2. Development prospects of sector

- Vietnam is one of the big countries manufacturing and exporting of coffee in the world, with nature position suitable for the development of coffee, the development policies of the coffee issued by the government and the dynamism of organization with coffee trading business and the improvement in technology, the coffee sector in Vietnam has significant development in both area, volume, productivity, quality and export volume during the years.
- The areas of planting coffee in Vietnam mainly are located in certain places, in which mainly are provinces in Highlands because the manufacturing of coffee is affected significantly of weather and land condition. Vietnamese coffee has the strong competition ability in the worldwide market with cheap manufacturing expense because employee salary expense is low comparing to other countries. The number of countries



importing Vietnamese coffee currently is 70 countries. The main importing market of Vietnamese coffee is market consuming of coffee in the world such as EU, America, Japan, China... The coffee sector is cared by the Government to develop and utilize natural advantage of the country to become the point for exporting.

9.3. Suitability valuation of Company's development orientation in sector, national policies, general worldwide trend

The suitability of the Company's development orientation and orientation of sector, the Government policy with market economy, the Government organization model operation is not effective anymore, the flexibility and competitive ability are limited. The Joint Stock Company model is the suitable organization model which the developed countries are applying including Vietnam. With joint stock company model, the Company could attract capital in the social with both capital and workforce in every economic organizations, individuals and outside of the country. The legal organization, individual joining into the business manufacturing business of the organization help to change and develop the company, create works for employee, increase input for local budget; change in business management method helps to create motivation of development, improve effectiveness and competitive ability of the company in the economic market.

10. Investment solutions and Company's development strategies after equitization

10.1. Information about joint stock company

✚ General information

- Name of the Company: **CONG TY CO PHAN CA PHE THANG LOI**
- English name: **THANGLOI COFFEE JOINT STOCK COMPANY**
- Transaction name: **THANG LOI COFFEE COMPANY**
- Acronym name: **TLCF**
- Address: **Km 17, Route 26, Hoa Dong ward, Krong Pac district, Dak Lak**
- Phone: **(0262) 3.514. 396** Fax: **(0262) 3.514.365**
- Website: **www.thangloicoffee.com.vn**

✚ Types of business

The Company continuously remains current types of business after equitization, particularly:

No.	Sector names	Sector codes
1	Coffee planting	0126
2	Trading of agricultural, forest material products (except for wood, bamboo)	4620



No.	Sector names	Sector codes
	and live animals Detail: Processing, trading, exporting of coffee beans	
3	Milling and manufacturing rough flour Detail: Processing, trading, exporting of coffee beans.	1061
4	Trading of machinery, equipment and tools of agricultural machinery Detail: Trading of machinery, equipment and tools supporting for industry, agriculture.	4653
5	Supporting services related to marketing and tourism organization Detail: Tourism services	7920
6	Trading of material, other installation equipment in construction Detail: Trading of construction materials	4663
7	Trading of solid, liquid materials and other related products Detail: Trading of oil and gas (business place at Dak Lak province has to be suitable with approved plans) and other related products.	4661
8	Trading of real estate, land use right within ownership or leasing Detail: Lease of office, factory, warehouse, parking lot.	6810

✚ **Organizational structure and management system of joint stock company**

After equitization TLCF will operate under form of joint stock company according to regulations of Corporate Law and other current effective written documents. Organizational structure of TLCF is expected as below:

▪ **Shareholders general meeting**

Shareholders general meeting is the office with the highest authority of the Company, including all shareholders with rights to vote or persons under authority of shareholders.

▪ **Management Board**

Management board: is management office of TLCF, with total right of authority on behalf of TLCF to decide, perform rights and obligations of TLCF which not under authority of Shareholders general meeting.

Management Board has minimum 3 members and not over 11 members, number of Management Board member in detail will be decided by Shareholders general meeting to decide which is suitable with operating request in each period. Management Board member structure need to assure the balance between executive members and non-executive



members, in which minimum 1/3 (one on three) of total members are Management Board non-executive members.

Performance period for Management Board is 05 years. Performance period of members in Management Board, independent member according to performance period of Management Board and could be revolted with unlimited times. Members of Management Board could be dismissed or additionally voted or replaced for dismissed members during the performance period, then performance period of new members is the remaining time of performance period of Management Board. The Chairman of Management Board: Is the legal representative.

▪ **Controlling Board**

Controlling board: is office appointed by Shareholders, on behalf of shareholders to control, evaluate in an independent way and truthful in all business activities, manage and control of TLCF, financial situation of TLCF and is responsible in front of Shareholders in performing of delegated tasks.

Controlling board has 03 to 05 members appointed by Shareholders, in which there is more than a half of members with residence in Vietnam. In standard, condition to be member of controlling board is performed according to regulations of current effective Corporate Law.

Performance period of Controlling Board is not over 05 years; the members in controlling board could be revolted with unlimited period.

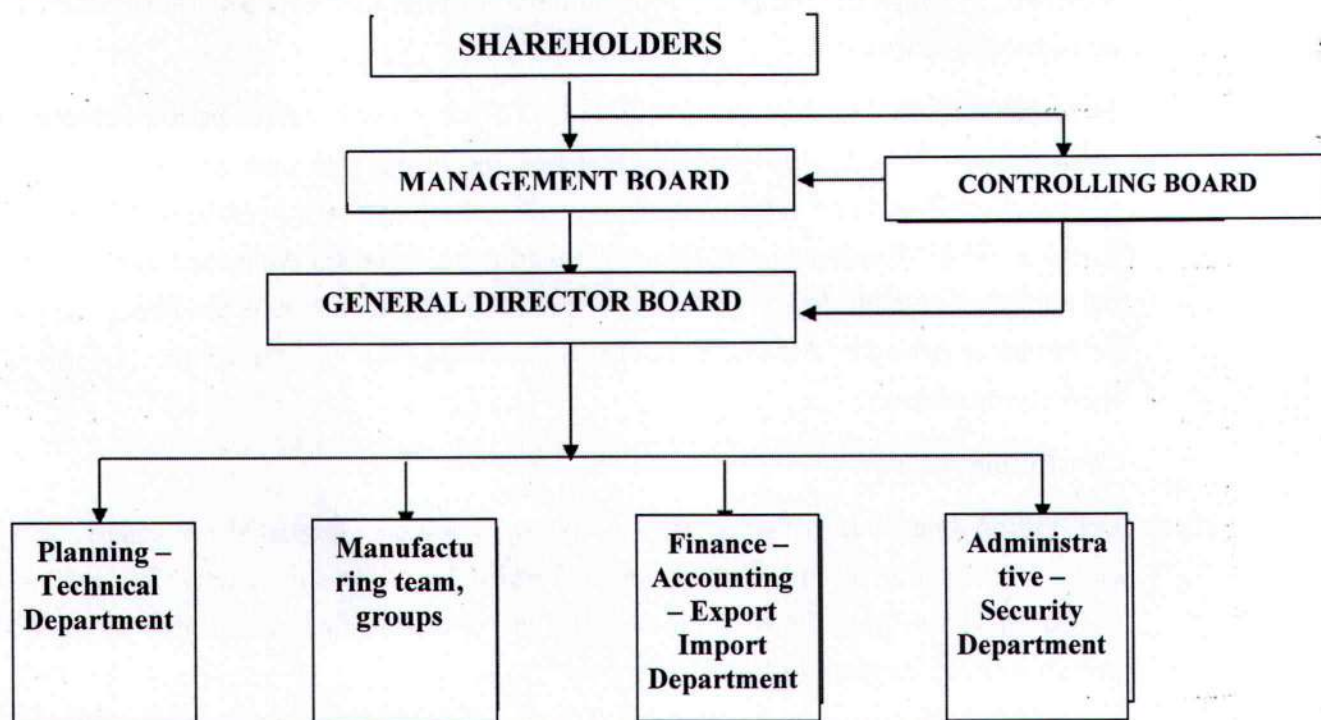
▪ **General Director Board**

General Director Board has 04 members: 01 General Director and 02 Deputy General Director.

General Director: is the one managing daily activities of TLCF.

Deputy General Director: including 02 Deputy General Director directly managing the manufacturing team and manage Administrative – Security Department, Accounting – Finance – Export Import Department, Planning – Technical Department.

With the above management solution, diagram of organizational structure of TLCF after equitization is expected as below:



10.2. Investment planning and Company's development strategies after equitization

✦ Investment planning

The Company always focus on investment to expand manufacturing scale, during period 2014 – 2018, the Company invested in projects to build up fixed assets from owned capital to serve and expand for manufacturing activities and welfare activities for employee as below:

Unit: Million VND

No.	Project names	Performance year	Investment value
1	Warehouse 03 Nam Tan Uyen products	2014	10.718,65
2	Warehouse 02 Nam Tan Uyen products	2014	6.191,14
3	Waste water from coffee process treatment system	2014	4.825,25
4	Waste water from coffee process pump machine	2014	36,70
5	Fresh milling system	2014	522,94
6	Fire protection system in warehouse 03 + 02 Nam Tan Uyen	2015	940,98
7	Coffee multi-color classification machine model A2	2015	2.977,10
8	Electricity pump machine in pump station 19/8	2016	220
9	Public floor	2016	481,57
10	Air-compressor in processing department	2017	222,74



No.	Project names	Performance year	Investment value
11	Warehouse of coffee products in processing team	2018	4.460,41
12	Internal road in front of the coffee warehouse in processing team	2018	777,58
13	Internal road behind the coffee warehouse in processing team	2018	402,64
@	Total		32.777,70

Beside the company also continuously invests in coffee farm to put on business to improve coffee quality.

◆ **Development strategies after equitization**

Thang Loi Coffee One Member Limited Company sets out basic objectives for the Company's development strategies after officially changing into joint stock company model as below:

- Strictly manage, improve effectiveness of using land; determine clearly responsibilities attached with benefit in land management and use; continuously maintain and develop agricultural management area, centered products, intensive farming with processing industry and market, suitable with manufacturing plan of agricultural, forest manufacturing in the locality;
- Create basic change about organizational management structure and business management, change the business from 100% government capital to multi-owned joint stock company.
- Improve business manufacturing effectiveness, assure the balance of Government benefit, company and employee; improve the role as center of economy, applying science, technology, culture to employee in the area, support to improve economic – social, protect environment, assure of security at the locality where the Company is operating.

10.3. Principal economic indicator system of business manufacture planning in the continuous 3 years after equitization

Based on business results from the past years as well as national economy situation and in the world currently, the Company's development strategy after equitization, the Company builds up business manufacturing planning for period 2019 – 2021 with the following indicators:

Unit: Million VND

No.	Indicators	Manufacturing solutions		
		2019	2020	2021



No.	Indicators	Manufacturing solutions		
		2019	2020	2021
1	Charter capital	126.500	126.500	126.500
2	Net revenue	227.210	235.450	247.206
	- Coffee planting	27.840	28.670	30.723
	- Coffee trading	192.984	200.378	210.073
	- Warehouse leasing	6.386	6.402	6.410
3	Cost of goods sold	192.222	199.292	209.329
	- Coffee planting	10.404	10.285	10.980
	- Coffee trading	179.610	186.795	196.134
	- Warehouse leasing	2.208	2.212	2.215
4	Selling expenses	11.260	11.598	12.177
5	Administrative expenses	12.568	12.703	12.830
6	Financial income	2.941	2.956	2.977
7	Financial expenses	778	786	794
8	Net profit	13.323	14.027	15.053
9	Other income	1.246	1.258	1.271
10	Other expenses	1.019	1.027	1.039
11	Profit before tax	13.550	14.258	15.285
12	Corporate Income Tax (20%)	2.710	2.852	3.057
13	Profit after tax	10.840	11.406	12.228
14	Dividend	4%	5%	6%

Source: Business manufacturing plan for period 2019-2021 of TLCP.

Based on the Company's land use situation currently for the agricultural area with long-term plant as presented in Item 6.1 Section 6 of this Information disclosure, in which:

- For the land area of 616.40 hectare transferred from the Company to employee to self-plant and only collect of land lease expense according to the government regulations;
- For the land area of 1,205.98 hectare which the Company signed contractor contract with the employee, in which contracting period is 15 years since 2011. Annually, the employee has responsibility to hand in volume quota for the Company (regulated in the contract signed with employee). From 2018, some employee contracting from the Company have not yet handed in fully due to the dispute about the quota volume. Based on the terms in contract, to assure for annual volume quota, the Company has right to apply necessary solutions to collect debts and unilaterally terminates the contract, collect the contracting coffee farm, transfer to others. Therefore, this could affect to business manufacturing plan of the Company during 3 years after



equitization as stated above.

To achieve the above plan, the Company suggests some solutions to perform as below:

a. Solutions about business manufacturing activities

- Continue to maintain and develop business manufacturing sectors for the Company. Main business sectors of the Company are coffee planting; process, trading and exporting of coffee beans; Processing, trading, exporting of coffee flours;...
- Continuously to invest intensive farming for current farm, dispose old farm to replant to improve productivity, quality of the farm; Research to additionally plant (or together planting) the plant types which have high economic value to improve income value on each area unit.

b. Land solutions

- The Company continues to search, prepare the modified plan to use suitable land with the Company's tasks in new situation to present for authorized office to approve.
- Apply science technology in land culture, renovation.

c. Solutions about land management and use to plant tree around to prevent

- Continuously to manage and protect the current plant around to prevent wind;
- Exploit tree around to prevent wind and plant new tree after exploit.

d. Workforce solutions

- Based on foundation to determine about scale and business manufacturing capacity, the Company expects to use the current workforce at the Company. The policies and regulations for employee after equitization will be followed to current effective regulations.
- In the future, the Company will additionally supply high educational and professional employee to replace some employee reduced naturally and at the same time, attract more workforce to serve for development period for the Company in new period.
- The Company continues to use current workforce contracting the farm according to signed contracts. When the contracts terminate, the Company will prioritize to sign contracting contracts with the old contractors. If the old contractors did not receive, the company will sign contract with new ones respectively: Old contractor having local residence at the place where the Company operates.

e. Solutions about science and technology

- Computerize all sectors which could be applied such as: Finance – Accounting, Employee Management, Planning – Technical, Security of treasure, assets, market



information v.v.

- Continuously to research, improve, apply improvement in technology into manufacturing: Replant coffee, research to create new type of plants with high productivity, good quality, improve income on each area unit.

f. Solutions about processing

- Collect the maximum fresh coffee product sources in the locality to process by trading products with fresh beans with suitable price. Fresh coffee price for the high quality beans have to be higher than the normal ones for at least 10%.

- Invest to process high quality coffee: Invest more fresh milling machine, color shooting machine, wet polishing machine to improve quality and value of products.

Review, build up, improve the brand of the Company's product types.

- Build up and develop sustainable brand with high product quality, health safety. Continue to manufacture products with international certificate such as UTZ Certified, Rainforest Alliance and

- Join the exhibition market of Buon Ma Thuot coffee to introduce potential of the Company's products, call to corporate of investment.

- The Company's products have met difficult markets such as Europe, Japan... Although, the value is increasing from manufacturing, consuming of high quality products, so needs to find how to sell products directly to milling organization to improve profit.

- On the other hand, the Company also needs to exploit well the market in the country, directly sell products to milling organizations to improve value of each product unit.

11. Charter capital and charter capital structure

11.1. Charter capital and charter capital structure

✦ Charter capital

To assure capital source for business manufacturing activities after equitization and actual demand based on business manufacturing plan of joint stock Company, charter capital of Thang Loi Coffee One Member Limited which is determined as below:

Joint stock company's charter capital:	126,500,000,000 VND
	(One hundred twenty six billion, five hundred million VND)
Par value per one share:	10,000 VND/share
Number of share:	12,650,000 shares
Type of share:	Ordinary share



Charter capital structure

Based on Decision No. 159/QD-UBND on 18 January 2018 issued by Dak Lak Province People’s Committee about modification of determining point of company value to equitize Thang Loi Coffee One Member Limited Company, therefore the Government does not hold controlling shares to Thang Loi Coffee One Member Limited Company with equitization form to sell some current Government capital at the Company. Based on that, charter capital structure is determined as below:

No.	Objectives	Number of shares (shares)	Par value of share (VND)	Percentage
1	Government’s holding	4.554.000	45.540.000.000	36,00%
2	Sell to strategic investors	0	0	0%
3	Sell to employee	1.839.900	18.399.000.000	14,54%
a	Preference sell as actual working time at Government area	415.000	4.150.000.000	3,28%
b	Preference sell to employee with long-term stable contracting	1.353.500	13.535.000.000	10,70%
c	Additional preference sell according to commitment time at joint stock company	71.400	714.000.000	0,56%
4	Sell to trade union	0	0	0%
5	Public auction	6.256.100	62.561.000.000	49,46%
@	Total	12.650.000	126.500.000.000	100%

Source: Equitization methods of TLCF

All shares of TLCF at the establishment point is ordinary shares. Purchasing, transferring, inheriting activities are performed according to the joint stock company’s policies and other related legal documents.

Handle of unsold shares

The number of unsold shares (if any) will be handled according to regulation at Article 37 Decree No. 126/2017/ND-CP on 16 November 2017 as following:

- “1. In case there is no investor registering to purchase shares, Management Board will decide to sell for employee and trade union in the Company according to approved equitization solutions, at the same time perform procedures to turn the Company into joint stock Company, number of unsold shares will be remodified in charter capital,



charter capital structure and also will perform divestment after operating under form of joint stock company.

2. *In case there is one 01 investor registering to purchase shares, Management Board will perform agreement to sell share for registered investor with selling price not lower than starting selling price with valid volume of registered purchase. If the investor does not purchase, equitization of the Company will be performed according to regulations at Item 1, Article 37 Decree No. 126/2017/ND-CP.*
3. In case after public auction, all the investors winning the public auction reject to purchase, the equitization of the Company will be performed according to regulations at Item 1, Article 37 Decree No. 126/2017/ND-CP.
4. In case of selling a part of public auction of shares, the remaining volume of shares not yet sold (including volume of share of investors winning the public auction yet reject to purchase) will be performed according to the following procedures:
 - a) Management Board will continue to inform to investors participating in the public auction (not including winning investors in the public auction) to sell for these investors with registered volume and ordered selling price according to higher to lower selling price of the public auction until the last share needed to be sold.
 - b) If the shares are remained after agreement, Management Board continue to inform to winning investors in the public auction (not including winning investors yet reject to purchase) to sell for these investors with ordered selling price of each investor according to higher to lower selling price until the last share needed to be sold.
 - c) In case the shares are remained according to regulations at a and b Item 4, Article 37 Decree 126/2017/ND-CP, the equitization of Company will be performed according to regulations in Item 1, Article 37 Decree 126/2017/ND-CP.”

11.2. Charter capital's increase, decrease solutions after turning into joint-stock company

During period 2019 – 2021, the Company expects for charter capital is 126,500,000,000 VND and there is no plan on decrease/increase charter capital during this period.

12. Expected risk

12.1. Economic risks

Sustainability of the economy inside the country also outside of the country is the important and necessary condition for the performing of development goals of all the companies in general and for joint stock company in separate.

The fluctuation of monetary polities in the world during the period after financial crisis 2008 from America, as well as financial – political crisis in Greek, or the expansion of



fluctuation amplitude of foreign exchange rate in China recently have affect significantly to development of almost countries in the world and Viet Nam is not exception. Beside, the economic recovery is not stable between areas and there is no clear signal to the stability in market price of goods such as rubber, oil, gas... which makes the manufacture environment increase in potential risks.

Viet Nam is market economy so there is significant effect from the world's fluctuated economy. This affects clearly via the change in growth of GDP, CPI in past years and after the world's financial crisis 2008. However, economy of Viet Nam has been positively moving.. During 2016, although the company did not achieve development objective of 6.8%, yet comparing to GDP development speed of 6.2% which shows that Vietnam is still one of the strong development in Asia. Expected GDP for 2017 – 2020 will be positive and remain the development speed of 6.3%/year. The economy is expected to continuously increase due to positive factos such as strong innovation, restructuring completely of economy, merging deeply with the world's economy.

The recovery of the country economy during 2015-2016 and positive expectation about good growth due to positive factors such as strong revolution, restructuring completely in the economy, integration with the world economy. Hence, divestments, IPO,... also occur dramatically which creates diversity in selections of investment for investors, however this also creates pressure and disadvantage for many other companies which have bad business operation activities leading to unsuccessful IPO.

12.2. Legal risks

The sustainability and reunited of legal system will affect to business operation activities of the Company as well as others. That is legal risks in the aspect of system, affecting to almost companies under modification of legal. This change will bring advantages yet creates disadvantages for business operation.

The Company's business operation activities are under modification of different legal documents (Corporate Law, Land Law, Commercial Law,...). These laws will continuously be modified, supplied to be matched with actual situation. Any change will affect the Company's business operation.

The management and monitor capacity in business operation will be one of important factors contributing to reduce legal risks. With the process of growth, the Company will continuously to build control regime, update and modify to be flexible well with changes in legal.

12.3. Specific risks

According to report from Food and Agriculture Organization (FAO), currently the temprature of the earth increase in yearly average of 0.50C, many agricultural-forest-fishery industry are affected significantly, not only in volume but also in quality.



Operations in planting sector, the Company is affected directly from change in weather due to the trend of change from natural forest to planting forest so: the rain decreases, eroding increases, the surface and underground water becomes rare day by day... The tornado is becoming popular which damages tree farm, the unstable construction (Stations, Camps...). Therefore, before the risks of changes, the Company needs to have solutions about planting of plant seedling, seasonal, technical solutions and other actions to improve the environments.

12.4. Auction offering risks

The relationship between demand and supply in market affects significantly to price of share which also depends on economic factors and investor's mental factors so there could be possibility in incompleting distribution of share in public auction.

12.5. Other risks

Beside there are other risks such as national disasters, disease, war, fire... which are uncontrollable risks, the occurrence of those could affect in property and human damage and also Company's business operation activities.

13. Share's sale and purchasing payment methods

13.1. Sale methods

According to regulations at Decree no. 126/2017/ND-CP on 16 November 2017 issued by Government, sale methods of first share for objects including: employee, trade union and investors participating in auction according to approved equitization solutions as following:

13.1.1. For employee

➤ Regulations about share's sell method for employee

Based on regulations at Article 42 Decree no.126/2017/ND-CP on 16 November 2017 about policy of selling shares for employee:

- "1. Shares being sold with preferred selling price to employee:
 - a) Objectives purchasing the shares with preferred selling price include:
 - *Employee working with Labor contract and management of the joint-stock Company at the determination point of joint stock company value...*
 - b) The objectives regulated at point a, item 1, Article 42 Decree no. 126/2017/ND-CP on 16 November 2017 could purchase with maximum of 100 shares for every actual year working at government area with selling price is 60% of 01 share par value (10,000 VND/share)...
 - c) For employee who is representative for the contracting household (each contracting household sends one representative employee) at the determining point of company value of equitization with long-term stable contracting contracts with agricultural,



forest industry company when changing into joint stock company could buy maximum of 100 shares for each actual year of contracting with the company and the selling price is 60% of 01 share par value (10,000 VND/share)

- d) Numbers of selling shares with preferred selling price according to regulated at item 1 Article 42 Decree no. 126/2017/ND-CP on 16 November 2017, employee have to hold and do not transfer within 03 years since the payment point of purchasing preferred shares.
2. *Employee working with Labor contract and management of the joint stock Company at the determination point of joint stock company value, including in objects which the company needs to hire and have commitment to work in long-term for the Company with minimum term of 03 years (since the time when the company is granted of first business registration certificate) will be additionally purchase shares according to following regulations:*

- a) Additionally purchase with the level of 200 shares/01 committed year to continuously work for the company but not over 2,000 shares for one employee.

For employee who are professional experts with high professional level could apply to additionally purchase with level of 500 shares/01 committed year to continuously work for the company but not over 5,000 shares for one employee. Joint stock company will base on specific nature of sector, types of business to build and decide indicators to determine good professional experts with high professional level and have to be agreed through Labor Meeting of the Company before equitization.

- b) Selling price for employee who additional purchase is determined at point a Item 2 Article 42 Decree no. 126/2017/ND-CP on 16 November 2017, and is the starting selling price approved by representative office for owners in equitization solutions.
- c) Each employee only enjoys additional purchasing right according to determined level which is regulated at point a, item 2, Article 42 Decree no. 126/2017/ND-CP on 16 November 2017.
- d) *The number of share additionally purchased by employee and regulated at point a, item 2, Article 42 Decree no. 126/2017/ND-CP on 16 November 2017 could be transferred into ordinary shares after the end of commitment period.*

In case the joint stock company performs change in structure, technology, relocation or narrowing down manufacture, business locations according to authorized government office which leads to the termination of Labor contract according to regulation of Labor Law before commitment period, the additional purchased shared will be transferred into ordinary shares. In chase the employee want to resell for the Company with these volume of share, the joint stock company has responsibility to repurchase with the market price.

In case the employee terminate Labor contract before the end of committment period,



the employee have to resell to the company with the volume of additional purchased shares with market price but not over purchased selling price at the point of equitization.

➤ **Selling shares for employee who has name in list of regular labor as at 01 July 2017 of the Company:**

- Total employee having name in list of regular labor as the determining point of company value (on 01 July 2017) : 284 people
- Total of labor having right to sell preference shares with seniority of working : 284 people
- Total preference shares purchased with number of years working in Government area : 415,000 shares
- Total par value of purchased shares : 4,150,000,000 VND, occupied 3.28% of charter capital
- Types of share : Ordinary shares
- Transferring conditions : Must not transfer within 03 years since the payment of purchasing preferred shares.
- Selling price of each share : 60% value of 01 share's par value (10,000 VND/share).
- Valid period : After the equitization solutions being approved and completed during the period of 20 days since the invalid date of payment from investors joining the public auction, according to regulations at Point b Item 1 Article 39 Decree 126/2017/ND-CP

➤ **Selling shares for household with long-term contracting contracts as at 01 July 2017 of the Company:**

- Total representatives for contracting households : 868 people
- Total representatives for contracting contracts which are eligible to purchase shares with preference price : 832 people (there are 36 representatives for household contracting since the determining point of company value to the time after that so not eligible to



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- purchase shares with preference price)
- Total preference shares to be purchased : 1,353,500 shares
 - Total par value of shares to be purchased : 13,535,000,000 VND, occupied 10.70% of charter capital
 - Type of shares : Ordinary shares
 - Transferring conditions : Must not transfer within 03 years since the payment of purchasing preferred shares.
 - Selling price of each share : 60% value of 01 share's par value (10,000 VND/share).
 - Valid period : After the equitization solutions being approved and completed during the period of 20 days since the invalid date of payment from investors joining the public auction, according to regulations at Point b Item 1 Article 39 Decree 126/2017/ND-CP
- **Selling shares for employee who commite to work in long-term for joint-stock company**
- Total number of employee whose names are on list of registration to additionally purchase with committment years working at the JSC : 46 people
 - In which number of employee who are good professional expert, high professional level : 0 people
 - Total number of shares registered to be additionally purchased : 71,400 shares
 - Total par value of registered shares to be additionally purchased. : 714,000,000 VND, occupied 0.56% of charter capital
 - Type of shares : Ordinary shares
 - Transferring condition : To be transferred into ordinary shares



- Selling price of each share : Equal to starting selling price of auction after the end of commitment period
- Valid time : After the equitization solutions being approved and completed during the period of 20 days since the invalid date of payment from investors joining the public auction, according to regulations at Point b Item 1 Article 39 Decree 126/2017/ND-CP

13.1.2. For union trade

According to regulations at point b Item 2 Article 33 Decree No. 126/2017/ND-CP on 16 November 2017 issued by Government, preferred shares sold to trade union at the JSC are regulated as following:

- *Trade union at the JSC could use trade union fund at JSC (according to regulation at Article 26 Trade Union Law 2012; not raise, loan the capital) to purchase shares but not over 3% of charter capital. The number of these shares is hold by trade union but must not be transferred within 03 since the turning point of the company into JSC.*
- Selling price of share for trade union at the JSC equals to par value (10,000 VND/share).

Based on Document No. 01 on 11 December 2018 issued by Trade Union of Thang Loi Coffee One Member Limited, Trade Union Committee agrees not to purchase preference shares of Thang Loi Coffee One Member Limited due to not having enough fund.

13.1.3. For strategic investors

According to regulation at point b Item 3 Article 6 Decree No. 126/2017/ND-CP on 16 November 2017, the first share selling organization for strategic investors only applies for companies included in Government list of holding over 50% total shares after equitization according to decision of Prime Minister. At the same time, according to Decision No. 159/QD-UBND on 18 January 2018, the Government does not hold controlling shares at Thang Loi Coffee One Member Limited Company. Hence, the Company is not included in the list of companies needed to sell first shares for strategic investors.



13.1.4. For investors participating in public auction

Based on ownership percentage of DakLak provincial People's Committee at TLCF after equitization and selling shares methods to employee and trade union, number of public auction shares for other investors is determined as 6,256,100 shares. Accordingly, public auction selling methods will be as following:

- Shares selling method: Public auction at Ho Chi Minh Stock Exchange
- Objects participating in public auction: Individual investor, institutional investors inside and outside of country according to Article 6 Decree No. 126/2017/ND-CP on 16 November 2017 issued by the Government.
- Total number of shares in public auction : 6,256,100 shares
- Total par value : 62,561,000,000 VND, occupied 49.46% charter capital
- Type of shares : Ordinary shares
- Transferring condition : Free to transfer
- Starting selling price : 21,300 VND/shares
- Valid time : Within 04 months since approved Decision of Equitization Solutions issued by DakLak provincial People's Committee.

Procedures and specific regulation about participation of public auction will be regulated at "IPO policies of Thang Loi Coffee One Member Limited" issued by Ho Chi Minh Stock Exchange.

13.2. Payment methods and payment terms

- For shares in public auctions: payment methods and payment terms will be regulated with details in "IPO policies of Thang Loi Coffee One Member Limited Company" issued by Ho Chi Minh Stock Exchange;
- For shares to employee and trade union: Perform according to regulations at point b, Item 1 Article 39 of Decree No. 126/2017/ND-CP on 16 November 2017. Details in payment methods and payment terms is decided by Management Board of equitization.

14. Use plan on money from equitization

To facilitate for calculation operation, Thang Loi Coffee One Member Limited assumes for successful sell to public investors with starting selling price of 21,300 VND/share. With nature and scale of this issuance mentioned above, payment to be received from equitization is expect as below:

No	Items	Value (VND)
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THANG LOI COFFEE ONE MEMBER LIMITED COMPANY

No	Items	Value (VND)
A	JSC charter capital	126.500.000.000
B	Book value of Government capital at the Company as at 01 July 2017 (after financial process)	126.507.698.931
C	Payment received from equitization (expected):	145.386.750.000
-	Preferred shares sold to employee with seniority work period at government area (Selling price: 6,000 VND/share)	2.490.000.000
-	Shares sold to household with long-term contracting contractor (Selling price: 6,000 VND/share)	8.121.000.000
-	Shares sold to employee with commitment to work in long-term for JSC (Selling price: 21,300 VND/share)	1.520.820.000
-	Public auction (Selling price: 21,300 VND/share)	133.254.930.000
D	Difference between book value of Government capital and charter capital of JSC (E)=(B)-(A)	7.698.931
E	Expense of equitization	1.089.000.000
F	Expense to handle additional Labor policies	0
@	Total amount payable to Supporting Arrangement and Business Development Fund = [(C)+(E)] - [(F)+(G)]	144.305.448.931

Source: Equitization solutions of TLCF

The Company will hand in Supporting Arrangement and Business Development Fund according to regulations at Article 39 Decree No. 126/2017/ND-CP and Article 13 of Circular No. 40/2018/TT-BTC on 04 May 2018 with total expected receivable amount is **144,305,448,931 VND**.

15. Responsible people for information contents about equitized company

15.1. Thang Loi Coffee One Member Limited Company Managing committee of equitization

Mr. Pham Xuan Thu Position: Chairman of Member Board of Thang Loi Coffee One Member Company Limited - Deputy Head of the Standing Committee of Equitization Organization Committee

This information disclosure is prepared by Equitized Company and Consulting Company and approved by Management Board.

15.2. Equitized company: Thang Loi Coffee One Member Limited



Mr. Vu Dinh Noi Position: General Director of Thang Loi Coffee One Member Limited Company

We assure that information and data in this Information Disclosure are totally honest, suitable with reality and completely according to legal regulation about equitization so that the investors could value of properties, financial position, business operation results and prospect of Thang Loi Coffee One Member Limited before registering for public auction to purchase shares.

15.3. Consulting Company: Viet Dragon Securities Corporation

Mr. Nguyen Hieu Position: General Director of Viet Dragon Securities Corporation



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This Information Disclosure is jointly prepared by Viet Dragon Securities Corporation based on consulting contract with Thang Loi Coffee One Member Limited, aligning with legal regulations. We assure that the analysis, valuation and selections of words in this Information Disclosure are performed reasonably and cautiously based on information and data provided by Thang Loi Coffee One Member Limited Company, yet not assure for the price of stocks.

Dak Lak, on..... month..... year 2019

**REPRESENTATIVE OF EQUITIZATION MANAGEMENT BOARD OF THANG LOI
COFFEE ONE MEMBER LIMITED COMPANY**

DEPUTY HEAD OF THE STANDING COMMITTEE

PHAM XUAN THU

**REPRESENTATIVE OF EQUITIZED COMPANY
THANG LOI COFFEE ONE MEMBER LIMITED COMPANY**

GENERAL DIRECTOR

VU DINH NOI

**REPRESENTATIVE OF CONSULTING COMPANY
VIET DRAGON SECURITIES CORPORATION**

GENERAL DIRECTOR

NGUYEN HIEU

Công ty TNHH Phạm Lữ Gia xin xác nhận bản dịch *tiếng Anh* hoàn toàn đúng so với bản gốc *tiếng Việt* đã giao.

Pham Lu Gia Company Limited confirm English Translation quite right with original Vietnamese have assigned.



TM. CÔNG TY

ON BEHALF OF THE COMPANY

MS. LỮ TRUNG DUNG

