

PROSPECTUS
INITIAL PUBLIC OFFERING OF SHARES OF
VIETNAM SOUTHERN FOOD CORPORATION LIMITED -
VINAFOOD II

THE AUCTION ORGANIZATION

Ho Chi Minh City Stock Exchange

Address: 16 Võ Văn Kiệt, District 1, Ho Chi Minh City

Tel: (028) 3821 7713 Fax: (028) 3821 7452

Website: www.hsx.vn

THE ISSUER

Công ty TNHH MTV – Tổng Công Ty Lương Thực Miền Nam [Vietnam Southern Food Corporation Limited]

address: number 333 Trần Hưng Đạo Street, Cầu Kho Ward, District 1, Ho Chi Minh City

Tel: (028) 3837 0026 Fax: (028) 3836 5898

Website: www.vinafood2.com.vn

THE IPO ADVISOR

Vietcombank Securities Ltd of Vietnam Commercial Joint Stock Bank For Foreign Trade - HCM City

Address: 70 Phạm Ngọc Thạch Street, Ward 6, District 3, Ho Chi Minh City

Tel.: (028) 3820 8116 Fax: (028) 3820 0508

Website: www.vcbs.com.vn

Ho Chi Minh City, January 2018



BASIC INFORMATION ON THE INITIAL PUBLIC OFFERING OF SHARES OF VIETNAM SOUTHERN FOOD CORPORATION LIMITED

The aim of this Prospectus is to publicly announce information for the purpose of the Initial Public Offering of Shares in the form of a Stock auction, which is the particulars of the equitization of both the Parent Company – Vietnam Southern Food Corporation Limited.

Acting as an organization announcing information and the issuer of shares as stated in this Prospectus, Vietnam Southern Food Corporation Limited calls Investors' attention to the information stated in: (i) This Prospectus; (ii) The form "Registration for Stock Auction ; and (iii) The Regulations on Stock Auction issued by the Organizer of Stock Auction to make their respective decisions on investment. Neither organization nor individual has been authorized by Vietnam Southern Food Corporation Limited for the purpose to provide Investors with the information presented in this Prospectus. Thus, Investors should not rely on any information or statement which is not stated or provided in the above-mentioned documents. If Investors feel suspicious about any content or information stated in this Prospectus, they should consult with independent consultants.

Currently Vietnam Southern Food Corporation Limited is a wholly State-Owned Enterprise which is in the process of equitization by selling a part of share capital owned by the State so that after the equitization, the State only holds 51% of the total shares.

Vietnam Southern Food Corporation– Joint Stock Company which will be established after the completion of the equitization will assume the present rights, liabilities and legal interests of Vietnam Southern Food Corporation Limited under the law. Vietnam Southern Food Corporation– Joint Stock Company will be a legal person, having its own Seal, entitled to open an account in a bank according to the related laws, to be organized and to exist under the Charter of Vietnam Southern Food Corporation - Joint Stock Company, in line with the provisions of the applicable laws.

The issue of new shares in the form of a Stock Auction as mentioned in this Prospectus is a part of the equitization of Vietnam Southern Food Corporation limited, which will contribute to the formation of Vietnam Southern Food Corporation- Joint Stock Company. Investors who purchase any shares under this Prospectus will become shareholders of Vietnam Southern Food Corporation - Joint Stock Company and will have the full rights and obligations of a shareholder according to the Charter of Organization and Activities of Vietnam Southern Food Corporation- Joint Stock Company and under the laws.



Number of shares for IPO : 114.831.000 shares, representing 22,97% of the Charter capital

Type of shares for IPO: ordinary shares

Par value: 10.000 dong/share

Initial price: 10.100 dong/shares

Deposit: 10% of the total value of shares for which an investor desires to subscribe based on the initial price.

Participants: Domestic and foreign institutions and individuals that meet the conditions specified in the Regulations of Vietnam Southern Food Corporation Limited on initial public offering of shares

Auction Organization: Ho Chi Minh City Stock Exchange

Auction time: According to the Regulations of Vietnam Southern Food Corporation Limited on initial public offering of shares

Auction venue: Ho Chi Minh City Stock Exchange, with the address a : 16 Võ Văn Kiệt Street, District 1, Ho Chi Minh City.

TABLE OF CONTENT

PART I: GENERAL INFORMATION ON THE AUCTION OF SHARES	6
II. ORGANIZATIONS RELATING TO THE AUCTION OF SHARES	9
1. Organizer of the auction of shares	9
2. Issuer of shares	9
3. Advisor of the auction of shares in Vietnam.....	9
4. Probabilistic Statement	10
III. CONCEPTS AND ABBREVIATIONS.....	10
PART II: INFORMATION ON THE EQUITIZED ENTERPRISE	12
1. Introduction on the enterprise.....	12
2. Business lines.....	15
3. Organizational structure.....	15
4. List of parent companies, subsidiary companies, jointventure companies, and associate companies of the General Corporation	18
5. Main products and services	22
6. Existing status of labor and plan of labor arrangement	25
6.1. Existing status of labor.....	25
6.2. Alternatives for employment.....	26
7. Enterprise value at the date of valuation of the General corporation	30
7.1. Value of assets at 31/03/2015	30
8. Main assets of the enterprise	62
8.1. Status of fixed assets at 31/03/2015	62
8.2. Status of use of land and assets attached to land.....	63
8.3. Buildings and architectural works at 31/03/2015.....	78
8.4. Machine and equipments at 31/03/2015	78
8.5. Transport vehicles at 31/03/2015	79
8.6. Tools and equipments for management at 31/03/2015	80
8.7. Other fixed assets	80
8.8. Intangible fixed assets	81
9. Production and business activities of the enterprise over years before equitization	83
9.1. purchases, sales, import turnover, export turnover, revenues, profits in the period of 2013 – 2016	83
9.2. Raw materials	84
9.3. Expenses	85
9.4. Revenue	86
9.5. Profits and main financial items.....	87
9.6. Production and processing capacity and supply capacity	94
9.7. Status of testing the quality of products/service	104

9.8. Sale and marketing activities	104
9.9. Research and development activities (R&D).....	107
9.10. Trade name	107
9.11. Tax and sums payable to the State Budget.....	107
9.12. Summary of the result of production and business activities before equitization ..	107
10. The General corporation's position in compared to other enterprises in the same business lines.	108
11. Investment plan and Development Strategy of the enterprise after equitization: ..	109
11.1. Objectives, orientation and strategic vision	109
11.2. Plan for investment in capital construction 2017 - 2020	112
11.3. Main targets of the General corporation after equitization	116
11.4. Solutions for performing the targets	124
PART III: DIRECTION OF DEVELOPMENT OF THE ENTERPRISE AFTER EQUITIZATION	131
1. Objectives of equitization	131
2. Requirements of equitization.....	131
3. Form of equitization	131
4. General information on the enterprise after equitization.....	132
5. Legal form	132
6. Powers and Duties of the General corporation.....	132
6.1. Powers of the General corporation.....	132
6.2. Duties of the General corporation	133
7. Business lines.....	133
8. Organizational structure after equitization	133
9. Plan for rearrangement of member companies in the period of 2016 – 2020	136
9.1. Enterprises from which the General corporation made divestment and which will be restructured after transformed into joint stock companies (the amount invested by the General corporation is based the sum re-determined by the State Auditing):.....	137
9.2. List of member companies of the General corporation after equitization:	140
10. Charter capital and structure of the charter capital.....	141
10.1. Charter capital	141
10.2. Structure of charter capital	141
PART IV: RISKS	142
1. Economic risks.....	142
2. Legal risks.....	143
3. Risks of offering of shares.....	143
4. Other risks.....	143
PART V: PERSONS RESPONSIBLE FOR THE CONTENT OF THE PROSPECTUS	143
1. Equitization Steering Committee.....	143



2. Enterprise to be equitized: the Single-Member Limited Liability company - Vietnam Southern Food Corporation Limited..... 143

3. IPO Advisor and Auction organizer 144

CONCLUSION 144

PART I: GENERAL INFORMATION ON THE AUCTION OF SHARES**I. LEGAL BASIS OF THE AUCTION OF SHARES**

- Law on Enterprises number 68/2014/QH13 passed by the National Assembly of the Socialist Republic of Vietnam on 26/11/2014;
- Law number 69/2014/QH13 dated 26/11/2014 passed by the National Assembly of the Socialist Republic of Vietnam regarding the management and use of State's investment in production, business in enterprises;
- Decree No. 91/2015/NĐ-CP dated 13/10/2015 of the Government on the State's investment in enterprises and the management and use of capital, assets in enterprises;
- Circular No. 219/2015/TT-BTC dated 31/12/2015 of the Ministry of Finance on the guidance on some contents of the Decree 91/2015/NĐ-CP dated 13/10/2015
- Decree number 59/2011/ND-CP dated 18/7/2011 of the Government on transforming 100% State-owned enterprises into joint stock company;
- Decree number 189/ 2013/NĐ-CP dated 20/11/ 2013 of the Government amending and supplementing a number of articles of the Decree No. 59/2011/ ND-CP on transformation of wholly state-owned enterprises into joint stock companies ;
- Decree 116/2015/ND-CP dated 11/11/2015 of the Government amending and supplementing a number of articles of the Decree No. 59/2011/ND-CP dated 18/7/2011 of the Government on transformation of wholly state-owned enterprises into joint stock companies ;
- Decree No. 126/2017/NĐ-CP dated 16/11/2017 of the Government on the conversion of state-owned enterprises and limited liability companies with charter capitals 100% wholly invested by State-owned enterprises into joint stock companies;
- Decree number 63/2015/ND-CP dated 22/07/2015 of the Government stipulating policies to workers when reorganizing companies limited of which the State is an owner (Hereinafter referred to as Decree number 63/2015/NĐ-CP);
- Circular number 196/2011/TT-BTC dated 26/12/2011 of the Financial Ministry on the instruction on initial public offering of shares and management and use of the proceeds of the sale of wholly state-owned enterprises transformed into joint stock company;
- Circular number 115/2016/TT-BTC dated 30/06/ 2016 of the Financial Ministry on amending and supplementing a number of the articles of the Circular number 196/2011/TT-BTC dated 26/12/2011 of the Financial Ministry on the instruction on initial public offering of shares and management and use of the proceeds of the sale of wholly state-owned enterprises transformed into joint stock company;
- Circular number 33/2012/TT-BLDTBXH dated 20/12/2012 of the Ministry of Labor, Invalids and Social Affairs guiding the implementation of policies for employees under the Decree No. 59/ 2011 / ND-CP dated 18/7/2011 of the GovernmentGovernment on transforming 100% State-owned enterprises into joint stock companies ;
- Circular number 127/2014/TT-BTC dated 05/09/2014 of the Financial Ministry on the instruction on financial settlement and business valuation in transformation of wholly state-owned enterprises into joint stock companies according to the provisions of the Decree number 59/2011/ND-CP dated 18/7/2011 of the Government;
- Circular 44/2015/ TT-BLDTBXH dated 22/10/2015 of the Ministry of Labor, Invalids and Social Affairs on the instructions on the implementation of a number of articles of the Decree 63/2015/NĐ-CP on stipulating policies to workers when reorganizing companies limited of which the State is an owner;
- Decision 1909/QĐ-TTg dated 20/12/2012 of the Prime Minister Approval of the Project of Reorganization of Vietnam Southern Food Corporation Limited in the period of 2012 -2015;

- Decree No. 10/2014 dated 13/02/2014 of the Government on the Charter of the organization and operation of Vietnam Southern Food Corporation Limited ;
- Decision number 58/2016/QĐ-TTg dated 28/12/2016 of the Prime Minister on the Criteria for Classification of state-owned enterprises, state-invested enterprises and the List of state-owned enterprises under reorganization in the phase 2016- 2020;
- Circular 57/2015/TT-BTC dated 24/04/2015 of the Financial Ministry on the instructions on the handing over, taking over, settling of excluded liabilities and assets when reorganizing, transforming wholly state-owned enterprises;
- Document No. 2453 dated 07/04/2016 of the Office of the Government regarding enterprises which are subject to the transmission of the representation rights of State –owned capital to the SCIC ;
- Document No. 2244/TTg-ĐMDN dated 10/11/2014 of the Prime Minister regarding the Adjustment to the Project of Reorganization of Vietnam Southern Food Corporation Limited ;
- Decision No. 5417/QĐ-BNN-QLDN dated 18/12/2014 of the Ministry of Agriculture and Rural Development on the performance of the equitization of the parent company – Vietnam Southern Food Corporation Limited;
- Document No. 10131/BNN-QLDN dated 18/12/2014 of the Ministry of Agriculture and Rural Development on the approval of the Plan for equitization of the parent company – Vietnam Southern Food Corporation Limited ;
- Decision No. 360/QĐBNN-QLDN dated 28/01/201 of the Ministry of Agriculture and Rural Development on the establishment of the Steering Committee for the Equitization of the parent company – Vietnam Southern Food Corporation Limited;
- Decision No. 501/QĐBNN-QLDN dated 09/02/2015 the Ministry of Agriculture and Rural Development on the establishment of team helping with the Equitization of the parent company – Vietnam Southern Food Corporation Limited;
- Document No. 8569/BNN-QLDN dated 19/10/2015 của The Ministry of Agriculture and Rural Development về on the dissolutin of Saigon Food Company Limited;
- Document No. 9849/VPCP – ĐMDN dated 25/11/of the Office of the Government regarding the dissolutin of Saigon Food Company Limited;
- Document No. 10563/BNN-QLDN dated 28/12/2015 of The Ministry of Agriculture and Rural Development regarding the dissolutin of Saigon Food Company Limited;
- Document No. 3905/VPCP – ĐMDN dated 28/05/2015 regarding the plan, schedule for equitizing the parent company – Vietnam Southern Food Corporation Limited;
- Decision No.. 2925/QĐ-BNN-QLDN dated 23/07/2015 of The Ministry of Agriculture and Rural Development regarding the approval of the Estimte of Expenses for the equitization of and the plan for selection of Advisors to consult about the equitization of parent company – Vietnam Southern Food Corporation Limited;
- Decision No.. 11/QĐ-HĐTV dated 16/01/2015 of the Board of Members of Vietnam Southern Food Corporation Limited on conducting the equitization of Kien Giang Export-Import company Limited and other related decisions;
- Decision No.. 12/QĐ-HĐTV dated 16/01/2015 of the Board of Members of Vietnam Southern Food Corporation Limited about conducting the equitization of Ho Chi Minh City Food Company Limited and other related decisions;
- Decision No.. 2371/QĐ-BNN-QLDN dated 14/06/2016 of The Ministry of Agriculture and Rural Development on the approval of the value of enterprise for the equitization of Vietnam Southern Food Corporation Limited ;

- Document No. 5369/BNN-QLDN dated 27/6/2016 of The Ministry of Agriculture and Rural Development about strategic investors when Vietnam Southern Food Corporation Limited is equitized;
- Document No. 1685/TTg-ĐMDN dated 26/09/2016 of the Prime Minister regarding the auditing and determination of the enterprise value of Vietnam Southern Food Corporation Limited;
- Document No. 8115/VPCP-ĐMDN dated 27/09/2016 of the Office of the Government about the alternatives for equitizing Vietnam Southern Food Corporation Limited;
- Document No. 8283/BNN-QLDN dated 30/09/2016 of The Ministry of Agriculture and Rural Development regarding the auditing and determination of the enterprise value of, the alternatives for equitizing Vietnam Southern Food Corporation Limited;
- Document No. 09/VPCP-ĐMDN dated 03/01/2017 of the Office of the Government regarding the percentage of shares to be held by the State when equitizing Vietnam Southern Food Corporation Limited;
- Document No. 2371/QĐ-BNN-QLDN dated 14/6/2016 of The Ministry of Agriculture and Rural Development regarding the approval of the enterprise value for equitizing the parent company - Vietnam Southern Food Corporation Limited – a company limited;
- Report Number 7603/TTr-BNN-QLDN dated 07/9/2016 requesting the approval of the Alternative for equitization of the parent company – Vietnam Southern Food Corporation Limited, the Report number 9100/TTr-BNN-QLDN dated 27/10/2016 regarding the adjustment to the percentage of shares to be held by the State when equitizing the parent company – Vietnam Southern Food Corporation Limited , which was submitted by the Ministry of Agriculture and Rural Development;
- Auditor’s Report on the results of consultancy on Valuation and dealing with financial matters before the public announcement of the enterprise value for equitization of the parent company Vietnam Southern Food Corporation Limited, attached with the Document No. 148/KTNN-TH dated 03/3/2017 of the State Auditing;
- Notice of conclusion No. 2710/TB-BNN-QLDN dated 31/3/2017 of the Chief Head of the Equitization Steering Committee for the Parent company - Vietnam Southern Food Corporation Limited;
- Document No. 6547/VPCP-ĐMDN dated 23/6/2017 of the Office of the Government on the extension of the time for the Initial Public Offering of shares of Vietnam Southern Food Corporation Limited;
- Document No. 5458/BNN-QLDN dated 03/7/2017 of The Ministry of Agriculture and Rural Development regarding the promptness need for devising alternatives for equitization;
- Document No. 2917/QĐ-BNN-QLDN dated 05/7/2017 of the Minister of The Ministry of Agriculture and Rural Development on the modification, addition to some of articles of the Document No. 2371/QĐ-BNN-QLDN dated 14/6/2016 of The Ministry of Agriculture and Rural Development concerning the approval of the enterprise value for equitizing the parent company - Vietnam Southern Food Corporation Limited –
- Document No. 2133/QĐ-TTG of the Prime Minister dated 29/12/2017 on the approval the plan for equitizing the parent company – Vietnam Southern Food Corporation Limited.

II. ORGANIZATIONS RELATING TO THE AUCTION OF SHARES

1. Organizer of the auction of shares

SỞ GIAO DỊCH CHỨNG THÀNH PHỐ HỒ CHÍ MINH

Name in English : Ho Chi Minh City Stock Exchange
Head Office : 16 Võ Văn Kiệt, Quận 1, TP. Hồ Chí Minh
Tel. : (028) 3821 7713
Fax : (028) 3821 7452
Website : www.hsx.vn

2. Issuer of shares

TỔNG CÔNG TY LƯƠNG THỰC MIỀN NAM

Company Name in English : Vietnam Southern Food Cooperation
Abbreviated name : Vinafood II
Head Office : 333 Trần Hưng Đạo, Cầu Kho Ward , District 1, Ho Chi Minh City
Tel : (028) 3837 0026
Fax : (028) 3836 5898
Website : www.vinafood2.com.vn

3. Advisor of the auction of shares in Vietnam

CÔNG TY TNHH CHỨNG KHOÁN NGÂN HÀNG TMCP NGOẠI THƯƠNG VIỆT NAM – CHI NHÁNH TP. HỒ CHÍ MINH

Company Name in English : Vietcombank Securities Ltd – HCM City Branch
Abbreviated name : VCBS
Address : 70 Phạm Ngọc Thạch Street, Ward 6, District 3, Ho Chi Minh City
Tel. : (028) 3820 8116
Fax : (028) 3820 0508

Website : www.vcbs.com.vn

4. Probabilistic Statement

This Prospectus represents a number of statements about probability of plans, intentions, belief, expectations and assumptions of Vietnam Southern Food Corporation Limited concerning its future, particularly in the Part “ Investment Plan and Development Strategy of the company after Equitization”. In nature, Probabilistic Statements comprise risks and uncertainty of future.

Among other information, the Probabilistic Statements in this Prospectus include the Statements relating to:

- Organizational Structure after equitization;
- Charter Capital structure

Plans and Strategy for development of the company after equitization

Additionally, statements about the financial situation, objectives and strategies, management and operation mechanism, business orientation after equitization; the cooperation and relationship of Vietnam Rubber Group and strategic investors in assisting the group to develop its business activities, the reform of business management; implementation plans and solutions of Vinafor are considered as Probabilistic Statements. In certain cases, the words such as “ will”, believes, “ intends”, “ can”, plans”, it is possible”, “ risk”, “should”, “ may” and similar words can be used by Vinafood II to show its Probabilistic Statements.

Vinafood II believes that expectations reflected in the Probabilistic Statement are reasonable and proper; however, Vinafood II cannot assure that such expectations will be proved to occur.

Except for disclosures required by the law to be provided by joint stock companies, public corporation and enterprises which will be listed in future, Vinafood II is not bound to update, publicly disclose or make any amendment to any Probabilistic Statements as stated in this Prospectus, whether due to the cause of the existence of new information, events in future or other cause or not. Investors should pay attention to this warning when they consider the Probabilistic Statements presented in the Prospectus.

III. CONCEPTS AND ABBREVIATIONS

- OAE: officials and employees
- General corporation/VINAFOOD II: Vietnam Southern Food Corporation Limited
- ISO: International Organization for Standardization – the organization developing and publishing international standards includes representatives from national Standard authorities.
- SLMLLC: Single-Member Limited Liability company
- SBV: State Bank of Vietnam



- OSEs Doanh nghiệp Nhà nước
- GMS: General Meeting of Shareholders
- CJS : Commercial Joint Stock
- LLC : Limited Liability company
- City : City
- FA : Fixed Assets
- People's Committee: People's Committee
- VCBS: Vietcombank Securities Ltd
- WTO: World Trade Organization

PART II: INFORMATION ON THE EQUITIZED ENTERPRISE

1. Introduction on the enterprise

- The complete name: LIMITED LIABILITY COMPANY - VIETNAM SOUTHERN FOOD CORPORATION LIMITED
- Abbreviated name: Vietnam Southern Food Corporation Limited
- Company name in the English language: Vietnam Southern Food Corporation
- Company name used in transactions: VINAFOOD II
- Address: Number 333 Trần Hưng Đạo Street, Cầu Kho Ward, District 1, HCM City
- Tel: (028) 3837 0026 Fax: (028) 3836 5898
- Website: www.vinafood2.com.vn
- Email: vanphong@vsfc.com.vn
- Logo:



Process of formation and development of the company

- The Predecessor of Vietnam Southern Food Corporation Limited (VINAFOOD II) is the Southern Rice Corporation established in 1976 under the Document No. 130/LTTP dated 18/8/1976 issued by the Ministry of Food and Foodstuffs;
- In July 1978 the name of the Southern Rice Corporation was changed Vietnam Southern Food Corporation Limited (Document No. 1606/LTTP-LĐ dated 20/7/1978 of the Ministry of Food and Foodstuffs);
- In September /1986: the name of the General corporation was changed into Region II Food Corporation (Tổng công ty được đổi tên thành Tổng công ty Lương thực khu vực II) (Document No. 493 QĐ/TC dated 09/9/1986 of the Ministry of Food);
- In November /1987: The Council of Ministers (which is now called the Government) made a decision on the establishment of Vina Food Corporation (Tổng công ty Lương thực Trung ương) (Vinafood) (Document No. 210/HĐBT dated 07/11/1987) under the control of the Ministry of Agriculture and Food Industry on the basis of the reorganization of Region I Food

Corporation (Tổng công ty Lương thực khu vực I), Region II Food Corporation (Tổng công ty Lương thực khu vực II), Central Region Food Corporation (Tổng công ty Lương thực khu vực Miền Trung), Food Export-Import Company, Package Materials Corporation No. II and rice wheat flour milling factories. At that time, the General Corporation became a representative agency of the Central Food Corporation located in Ho Chi Minh City (Document No. 417/NN-CNTP dated 30/11/1987 of the Ministry of Agriculture and Food Industry

- In January 1990: the Government decided to re-establish the Central Food II Corporation (VINAFOOD II) under the control of the Ministry of Agriculture and Food Industry (Document No. 19 NN-TCCB/QĐ dated 18/01/1990 the Ministry of Agriculture and Food Industry);
- In May 1995: The Prime Minister issued a decision on the Establishment of Vietnam Southern Food Corporation Limited on the basis of the consolidation of the Central II Food Corporation (Tổng công ty Lương thực Trung ương II), the Central III food Corporation (Công ty Lương thực Trung ương III) and Food Business entities located in from Quang Nam Province- Da Nang City to companies located in the south (Document No. 311/QĐ/TTg dated 24/5/1995 of the Prime Minister). The General Corporation is also known as the General Corporation 91 (Special ranking) because it was form based on an experimental model for forming Business Group as described in Document No. 91-TTg dated 07/3/1994 of the Prime Minister;
- In July 2003: General corporation began to perform the arrangement transformation of OSEs and an experiment of the organization of activities after the parent company- Subsidiary company Model of the Government (Document No. 136/2003/QĐ-TTg dated 10/7/2003 of the Prime Minister);
- In December 2005: the Prime Minister issued the Document No. 333/2005/QĐ-TTg dated 14/12/2005 on the establishment of Vietnam Southern Food Corporation Limited to organized after the parent company- Subsidiary company Model; the Document No. 125/2006/QĐ-TTg dated 30/5/2006 promulgating the Charter of organization and operation of Vietnam Southern Food Corporation Limited after the parent company- Subsidiary company Model. General corporation registered for business, had a seal inscribed and officially went into operation after the said model as from;
- With the Decree number 25/2010/ND-CP dated 19/3/2010 of the Government on the transformation of state companies into single-member limited liability compny and management of state –owned single-member limited liability; Vietnam Southern Food Corporation Limited was transformed after the State-owned one-member limited liability company mode according to the Document No. 979/QĐ-TTg dated 25/6/2010 of the Prime Minister ; and since 30/3/2011 until now, General corporation registered after the new model has operated under the name of the one-member limited liability company - Vietnam Southern Food Corporation ;
- On 20/12/2012, the Prime Minister issued the Document No. 1909/QĐ-TTg on approval of the project for reorganization of Vietnam Southern Food Corporation Limited in the period of 2012-2015 so that the general corporation can focus on its main lines of business and industries which can serve directly the main business lines;
- Calculated up to 31/03/2015, Vietnam Southern Food Corporation Limited consists of 14 entities belonging to the parent company and 01 office of the General corporation, 14 subsidiary companies (03 LLCs, 11 joint stock companies), 17 associate companies and long-term invested companies including less than 7,300 officials, employees Vietnam

Southern Food Corporation Limited has a Head office in Ho Chi Minh City and business and produces places scattered all the country from Da Nang City to Ca Mau City, especially gathered in the provinces of the Mekong Delta, where most of the Vietnam's rice for export is produced.

- In addition to the increase in the size and scale of production and business, Vietnam Southern Food Corporation Limited has engaged into many fields and lines such as: food processing, export and import of food, agricultural products of which rice is the main good. The General corporation also engaged in trading of other goods such as ready-made food, wheat flour, packages, anchovy fish and other businesses and services permissible by the law;
- Over nearly 40 last years, Vietnam Southern Food Corporation Limited has made dramatic leaps in many aspects, has become one of the largest companies engaging in business of rice in the world, exporting about 2,8 – 3,0 million tons of rice a year, reaching the yearly export turnover of more than 1 billion USD, and a revenue of more than 30,000 billion dong, making an important contribution in the sale of rice for farmers; investing in the production and business capacity, developing the domestic market, participating in keeping market prices stable, ensuring the national food security to contribute to the socio-economic development of the country;
- Currently Vietnam Southern Food Corporation Limited has been organized and operated according to the Charter approved by the Government in the Decree number 10/2014/NĐ-CP dated 13/02/2014 (effective from 01/4/2014);
- The Certificate of Registration of Business was numbered 4106000338 dated 20/11/2009 which has now been changed into : 0300613198;

The initial registration is made on : 08/02/2007 in the Business Registration office – Department of Planning and Investment of HCM City (transformed into a company after the parent company-subsubsidiary company model)

Registration for the 1st amendment was made on : 02/04/2008 (supplement of new business lines)

Registration for the 2nd amendment was made on : 04/3/2009 (Addition of 2 new business places)

Registration for the 3rd amendment was made on : 07/07/2009 (Addition of 2 new business places)

Registration for the 4th amendment was made on : 20/11/2009 (supplement of new business lines)

Registration for the 5th amendment was made on : 30/3/2011 (transformed into a one-member limited liability company model)

Registration for the 6th amendment was made on : 18/02/2014 (change of the legal representative and of the business line codes)

Registration for the 7th amendment was made on: 23/5/2014 (change of the legal representative)

Registration for the 8th amendment was made on: 09/01/2015 (change of lines of business according to the Charter as stated in the Decree 10/2014/NĐ-CP dated 13/02/2014 of the Government)

Registration for the 9th amendment was made on: 05/01/2016 (change of the address of the head office according to the Document No. 5233/QĐ-BNN-QLDN dated 17/12/2015 of The Ministry of Agriculture and Rural Development on the relocation of the head office of Vietnam Southern Food Corporation Limited). Former address: 42 Chu Mạnh Trinh Street, Bến Nghé Ward, District 1, Ho Chi Minh City. New address: 333 Trần Hưng Đạo Street, Cầu Kho Ward, District 1, Ho Chi Minh City

Registration for the 10th amendment was made on: 26/10/2017 concerning the change of the legal representative of the company.



Picture of the head office at: 333 Trần Hưng Đạo Street, Cầu Kho Ward, District 1, Ho Chi Minh City.

2. Business lines

According to the Certificate of Registration of Business number : 0300613198 issued by the Business Registration office – Department of Planning and Investment of HCM City on 08/02/2007 , which was registered for the 10th amendment on : 26 tháng 10 Year 2017, the main activities of the General Corporation includes: procurement, storage, processing, wholesale, retail, reserves, circulation of food, processed food, agricultural products, export and import of food, agricultural products

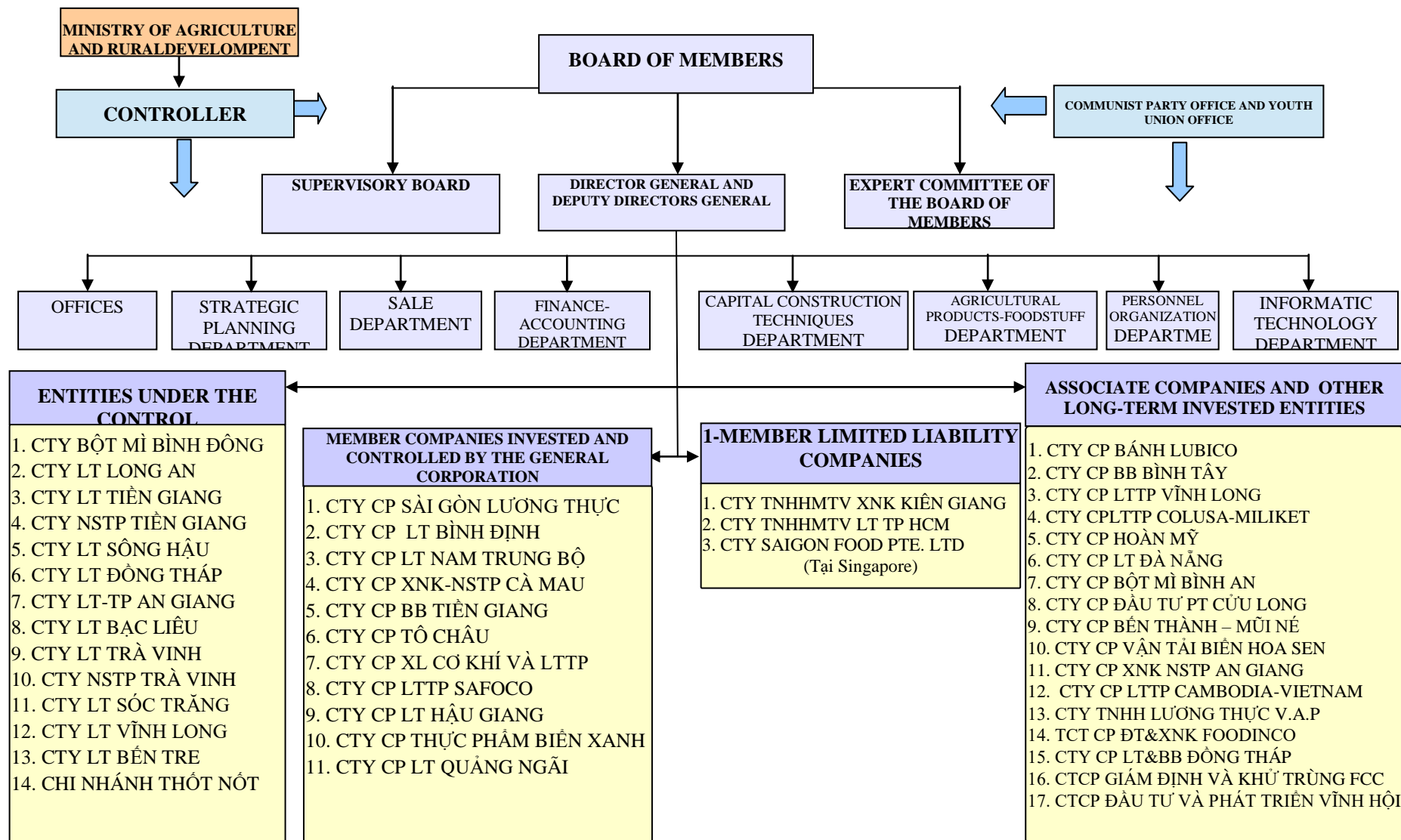
Activities relating to main business line:

Processing foodstuff for cattle, aquaculture and processing sea products. Production and trading of packing materials, raw material of packing manufacturing; production and trading of rice paper; management and exploitation of *Tra Noc* Sea port – a domestic port, delivery and transportation of goods; agent specializing in transporting goods by sea; retails in specialized general groceries, convenience stores; business of services relating to plating trees, raising animal, post-harvest services and dealing with seeds for tree preeding purposes; business of machine, agricultural equipments and spare parts for agricultural machinery; business of fertilizers, pesticides and other chemicals for use in agriculture.

3. Organizational structure

The organizational structure of VINAFOOD II insclude: Board of Members, Management Board, Controller, Supervisory Board, functional departments, member companies and affiliates..

Organization Chart of The Single-Member Limited Liability Company Vietnam Southern Food Corporation



Nguồn: VINAFOOD II

Board of Members

- The Board of Members acts as the direct representative of the owner in the General Corporation; the Board of Members consists of 05 (five) members, including the Chairman and Board Members who may be appointed, dismissed, removed, awarded, disciplined by the Minister of Agriculture and Rural Development. The Chairman is a specialized member, holding neither the Directorship General title nor other management titles in the General Corporation; the Director General is a member in the Board. The Term of office of the Chairman and other Board members shall not be for more than 05 (five) years. The Chairman, and other Board members may be reappointed or replaced.

Controller

- The appointment, dismissal, signing or termination of employment contract with the Controller of the General Corporation is made by the owner of the General Corporation (that is the Ministry of Agriculture and Rural Development). The Ministry of Agriculture and Rural Development can appoint maximum 03 specialized or non specialized controllers of which there is 01 controller responsible for all the tasks of the controllers
- The Controller is responsible to review the legality, truth and due care of the Board of Members and of the Director General of the General Corporation in the implementation of the owner's rights in managing production, business and investment activities of the General Corporation.

Director General

- The Director General shall be a member in the Board of Members of the General Corporation. The Director General is the legal representative of the General Corporation, who manages daily affairs of the General Corporation in compliance with targets, plans and resolutions or decisions given by the Board of Members in consistency with the Charter of the General Corporation; he is responsible to report to the Board of Members about the implementation of powers and duties vested in him
- The Minister of Agriculture and Rural Development has the right to appoint, re-appoint, dismiss, appoint another person to replace any Director General, awarding, taking discipline measures toward, determining the remuneration or salary and other benefits for him on the recommendation of the Board of Members. The term of office of a Director General shall not be for more than 05 (five) years. A Director General is eligible to be-reappointed.

Deputy Directors General

- The General Corporation has 04 (four) Deputy Directors General the appointment, reappointment, dismissal, renewal or termination of employment contracts with whom, awards or disciplinary measures against whom shall be determined by the Board of Members on the recommendation of the Director General.
- Deputy Directors General shall assist the Director General to supervise and direct certain activities as assigned by the Director General and shall be responsible to report to the Director General for the duties assigned to them under the law.

Chief Accountant

- A Chief Accountant is appointed for a term of office of not more than 05 (five) years, and may be reappointed, dismissed by the Board of Members, who also determine awards or disciplinary measures to be taken against him or her on the recommendation of the Director General.
- The responsibilities of a Chief Accountant is to supervise and manage the accounting of the General Corporation, to assist the General Corporation in supervising the compliance of the General Corporation in finance with the laws on finance, accounting. He must be responsible to report to the Director General, to the Board of Members and before the law about duties or tasks assigned or delegated to him.
- Nevertheless, before 31/3/2015, no title of Chief Accountant existed in the General Corporation, except for the title of Chief Head of the Finance and Accounting Department.

Supervisory Board

- Supervisory Board is established by the Board of Members. This Board is under the control of the Board of Members. The responsibilities of a Supervisory Board is to assist the Board of Members in reviewing, supervising production and business activities and to manage and operation of daily affairs of the General Corporation so that the Corporation can detect, prevent, mitigate and remedy any errors, risks which may take place in production and business of the General Corporation in a timely manner.

Functional Departments: Professional departments

- Professional departments in the General Corporation have the functions to give advice, assistance to the Board of Members, the Director General in managing, directing activities of the General Corporation, performing works as assigned by the Director General. Such Departments shall be responsible for directly steering, operating, inspecting, supervising professional activities toward member entities under the control of the General Corporation in each professional fields.

4. List of parent companies, subsidiary companies, jointventure companies, and associate companies of the General Corporation

4.1. The General Corporation's parent company:

Office of the General Corporation and its affiliates.

4.2. List of affiliates, subsidiary companies and joint venture companies, associate companies of the General Corporation:

List of affiliates, subsidiary companies, associate companies of the General Corporation at 31/03/2015.

Table 1: List of affiliates, subsidiary companies, associate companies of the General Corporation at 31/03/2015

No.	Name of companies	Address	Type of company	State-owned capital percentage (%)
I	PARENT COMPANY			
1	Office of the General Corporation	42 Chu Mạnh Trinh, Dist 1, Bến Nghé Ward , HCM City	Single-Member LLC	100
2	Binh Dong wheat Flour Company	277A Bến Bình Đông, Dist. 8, HCM City	Branch of the General corporation	100
3	Long An Food company	10 Cử Luyện, Ward 5, Tân An Town, Long An Province	Branch of the General corporation	100
4	Tiền Giang Food Company	256 KP2, Ward 10, My Tho City, Tien Giang Province	Branch of the General corporation	100
5	Tien Giang Agricultural Product and Food Company	Bình Hòa Hamlet, Hòa Hưng Commune, Cái Bè District, Tiền Giang Province	Branch of the General corporation	100
6	BenTre Food Company	26 Hùng Vương, Ward 1, Ben Tre City, Ben Tre Province	Branch of the General corporation	100
7	Vinh Long Food Company	23 Hưng Đạo Vương, Ward 1, Vĩnh Long City, Vĩnh Long Province	Branch of the General corporation	100
8	Trà Vinh Food Company	102 Trần Phú, Trà Vinh Town , Trà Vinh Province	Branch of the General corporation	100
9	Tra Vinh Agricultural Product and Food Company	Vĩnh Yên Hamlet, Long Đức Commune, Trà Vinh Town, Trà Vinh Province	Branch of the General corporation	100
10	Song Hau Food company	Trà Nóc Industrial Zone, Cần Thơ	Branch of the General corporation	100
11	So Trang Food company	76 Lê Duẩn, Khóm 1, Ward 3, Sóc Trăng City, Sóc Trăng Province	Branch of the General corporation	100
12	Bac Lieu Food company	A13/150 Võ Thị Sáu, Bạc Liêu City, Bạc Liêu Province	Branch of the General corporation	100
13	Dong ThapFood company	531 National Road 30, Mỹ Tân Commune, Cao Lãnh City, Đồng Tháp Province	Branch of the General corporation	100



14	An Giang Food and Foodstuff company	6 Nguyễn Du, Long Xuyên City, An Giang	Branch of the General corporation	100
15	Branch of the Single-Member Limited Liability Company - Vietnam Southern Food Corporation Limited – in Thốt Nốt	Area of Thới Hòa 1, Thới thuận Ward , Thốt Nốt, Cần Thơ City	Branch of the General corporation	100
II	SINGLE-MEMBER LIMITED LIABILITIES COMPANIES			
1	Ho Chi Minh City Food Company Ltd	57 Nguyễn Thị Minh Khai, District 3, HCM City	Single-Member LLC	100
2	Kien Giang Export-Emport company Ltd.	85 Lạc Hồng, Vĩnh Lạc Ward, Rạch Giá City, Kiên Giang Province	Single-Member LLC	100
3	SAIGON FOOD PTE. LTD. (Saigon Food Company Ltd.)	6 Temasek Boulevard, 29 th Floor, Suntec Tower Four, Singapore	Single-Member LLC	100
III	JOINT STOCK COMPANIES IN WHICH THE GENERAL CORPORATION HAS THE INFLUENCE			
1	Saigon Food Joint Stock Company	265 Điện Biên Phủ, District 3, Tp. HCM	Joint Stock company	51,00
2	Southern Central Food Joint Stock Company	76 Trần Hưng Đạo, Phan Thiết City, Bình Thuận Province	Joint Stock company	66,27
3	Safoco Food Food Joint Stock Company	7/13 Kha Vạn Cân, P. Linh Tây, Thủ Đức District, HCM City	Joint Stock company	51,30
4	Tien Giang Packing Materials Food Joint Stock Company	Trung Lương Quarter, Ward 10, Mỹ Tho City, Tiền Giang Province	Joint Stock company	60,00
5	Agricultural Product Export-Import Food Joint Stock Company	969 Lý Thường Kiệt, Cà Mau City	Joint Stock company	62,05
6	To Chau Food Joint Stock Company	1553 National Road 30. Ward 1, Cao Lãnh City, Đồng Tháp Province	Joint Stock company	65,40
7	Binh Dinh Food Food Joint Stock Company	557 Trần Hưng Đạo, Quy Nhơn City, Bình Định Province	Joint Stock company	51,00
8	Mechanics Construction and Foodstuff Joint Stock Company	29 Nguyễn Thị Bảy, Ward 6, Tân An City, Long An Province	Joint Stock company	60,00
9	Hau Giang Food Joint Stock Company	869 Trần Hưng Đạo, Ward, Vị Thanh Town, Hậu Giang Province	Joint Stock company	53,28
10	Bien Xanh FoodStuff Joint Stock Company	Khóm 1, Duyên Hải Town, Trà Vinh Province	Joint Stock company	63,47
11	Quang Ngai Food Joint Stock Company	96 Ngô Quyền, Nguyễn Nghiêm Ward, Quảng Ngãi City, Quảng Ngãi Province	Joint Stock company	51,00
IV	OTHER ASSOCIATED AND LONG-TERM INVESTED COMPANIES			
1	Binh Tay Packaging Joint Stock Company	413 Kinh Dương Vương, An Lạc Ward, Bình Tân District, HCM	Joint Stock Company	31,80



		City		
2	Lubico Joint Stock Company	50G Bến Phú Định, Ward 16, District 8, HCM City	Joint Stock Company	20,38
3	Colusa Miliket Foodstuff JSC	1230 Kha Vạn Cân, Linh Trung Ward, Thủ Đức District, HCM City	Joint Stock Company	30,72
4	Vinh Long Food-Foodstuff Joint Stock Company	38 Đường 2/9, Vĩnh Long Town, Vĩnh Long Province	Joint Stock Company	40,00
5	Hoan My Joint Stock Company	2C Lê Quý Đôn, District 3, HCM City	Joint Stock Company	30,00
6	Ben Thanh- Mui Ne Joint Stock Company	Quarter 4, Mũi Né Ward, Phan Thiết City, Bình Thuận Province	Joint Stock Company	35,17
7	Da Nang Food Joint Stock Company	16 Lý Thường Kiệt Street, Đà Nẵng City	Joint Stock Company	29,91
8	Lotus Shipping Joint Stock Company	108 Nguyễn Công Trứ, District 1, HCM City	Joint Stock Company	47,21
9	Cambodia – Vietnam Food-Foodstuff Joint Stock Company (CAVIFOODS)	30 Pasteur, . Phnom Penh City – Cambodia	Joint Stock Company	37,00
10	V.A.P Food Company Ltd	Ward 2, Kiến Tường Town, Long An Province	Joint Stock Company	45,00
11	Cuu Long Investment and Development Joint Stock Company	561 Kinh Dương Vương, An Lạc Ward, Bình Tân District, Ho Chi Minh City	Joint Stock Company	25,00
12	An Giang Agricultural Products and Foodstuff Export-import Joint Stock Company(Afiex)	25/40 Trần Hưng Đạo Street, Long Xuyên City, An Giang Province	Joint Stock Company	20,52
13	Binh An Wheat Flour Joint Stock Company	2623 Phạm Thế Hiển Street, Ward 7, Hồ Chí Minh City	Joint Stock Company	19,92
14	Foodinco Investment and Trading Joint Stock Group	Road No. 2, Hòa Khánh Industrial Zone, Hòa Khánh Bắc Ward, Liên Chiểu District, Đà Nẵng City.	Joint Stock Company	14,86
15	Dong Thap Food and Packaging Joint Stock company	National Road 30, Group 11, Ward 11, Cao Lãnh City, Đồng Tháp Province	Joint Stock Company	19,72
16	FCC Control and Fumigation Joint Stock Company	45 Đình Tiên Hoàng, Bến Nghé Ward , District 1, HCM City	Joint Stock Company	6,00
17	Vinh Hoi Investment and Development Joint Stock Company	01-05 Trần Hưng Đạo Street, d Nguyễn Thái Bình War, Dist. 1, HCM City	Joint Stock Company	8,80

5. Main products and services

Main products are rice, monosodium glutamate, soya sauce, noodles, confectionaries, etc. Vietnam Southern Food Corporation Limited, with its functions and duties, has proactively participated in the task of maintaining the stability of prices of food and foodstuffs, has met the daily necessities of people through its system of 88 convenience stores located all the country from Da Nang City to Ca Mau City. In which, there are more than 47 stores located and distribution centers located in Ho Chi Minh City.



Vietnam Southern Food Corporation Limited provides a variety and abundance of processed products such as instant noodles, instant porridge, instance vermicellin, instant Pho ..., and seasoning products such as soya sauce, chilli sauce, soup powder, vegetarian sauces.... Especially, such products are produced with many different tast and flavour to meet the taste of consumers so that consumers can be served better and better in the present time and in future.

The domestic market is the main market for consumption of most of processed products and foodstuffs of Vietnam Southern Food Corporation Limited, accounting for more than 80%- 90% of the sale through a

distribution network covering all country, the South region, the Central region and the North region, with more than 400 distributors and agencies in Vietnam. All the said products of the General products can be found in large supermarkets and hipermarkets in the country such as Big C, Metro, Co.op Mart, Citimark, Maximart..., Furthermore, these products have been exported into many countries in the worlds such as: the United States, the Philippines, Malaysia, Singapore, Taiwan, Hongkong, Japan, Korea, France, Laos, Cambodia, and so on.



Pictures of chain of retail stores

Production and sale of packaging materials is a supporting industry for the rice export and domestic consumption of rice of the General corporation. The consumption markets for packaging materials are always stables because companies always need to buy and store packaging materials to meet their business and production demands. The General corporation produces a wide range of packaging materials to meet demands of customers in a timely manner, with the good quality and sufficient quantity to satisfaction of customers. The yearly sales has reached about 50,000 units, with a revenue of more than 170 billion dong a year.

Some of rice products produced by the General corporation for wholesale.

Gạo Thơm Bông Bờ



Công Ty Lương Thực Sông Hậu

Bao Gạo thông dụng



Công Ty Lương Thực Sông Hậu

Gạo Thơm



Công Ty Lương Thực Sông Hậu

Gạo CS 2000



Công Ty Lương Thực Sông Hậu

Gạo Trắng



Công ty Lương thực Tiền Giang

Gạo Thiên Nga



Công ty Lương thực Tiền Giang

Gạo Nàng Thơm Chợ Đào



Công ty Lương thực Tiền Giang

Gạo Tài Nguyên



Công ty Lương thực Tiền Giang

Gạo Tài nguyên



Công ty Lương thực Bạc Liêu

Gạo Một bụi đỏ Hồng dân



Công ty Lương thực Bạc Liêu

Gạo Hương dứa



Công ty Lương thực Bến tre

Gạo thơm Ramsar



Công ty Lương thực Đồng tháp

Gạo Nếp

Nếp Dẻo



Công Ty Lương Thực Sông Hậu

Nếp Xanh



Công Ty Lương Thực Sông Hậu

Bột mì

Bột mì Cảnh Mai



Công ty Cổ phần Bột mì Bình An – Vinabomi

Bột mì Hoa Mai



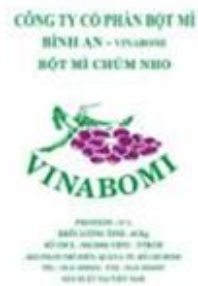
Công ty Cổ phần Bột mì Bình An – Vinabomi

Bột mì Hoa Tulip



Công ty Cổ phần Bột mì Bình An – Vinabomi

Bột mì Chùm Nho



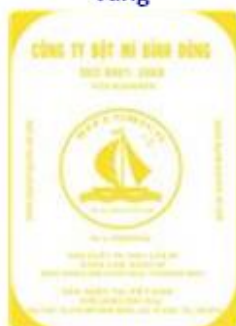
Công ty Cổ phần Bột mì Bình An – Vinabomi

Bột mì thuyền buồm xanh



Công ty Bột mì Bình Đông

Bột mì thuyền buồm vàng



Công ty Bột mì Bình Đông

Bột mì thuyền buồm nâu



Công ty Bột mì Bình Đông

Bột mì nhãn hiệu hương dương



Công ty Bột mì Bình Đông

6. Existing status of labor and plan of labor arrangement

6.1. Existing status of labor

At 31/03/2015, the total number of labors named in the payroll of the Parent company - Vietnam Southern Food Corporation Limited is 3.111 persons, including:

Table 2: Status of labor in VINAFOOD II

No.	Items	Number of labors (persons)	Percentage (%)
I	Gender-based classification	3.111	100,00
1	Male	2.160	69,43
2	Female	951	30,57
II	Employment contract-based classification	3.111	100,00
1	Management employees appointed by the Government	61	1,96
2	Employees signing employment contracts	3.050	98,04
2.1	<i>Indefinite term employment contract</i>	2.021	64,96
2.2	<i>Definite term employment contract</i>	1.029	33,08
III	Qualification-based classification	3.111	100,00
1	Postgraduate	37	1,19
2	University Degrees	959	30,83
3	College Degrees and Intermediate Professional Degrees	680	21,86
4	Technically skilled employees	893	28,70
5	Unskilled employees	542	17,42

Source: VINAFOOD II

General assessment

In consideration of the said data and business lines, it shows that VINAFOOD II has a human source with a relatively good quality. The management staff and employees who have attained university degrees represents more than 30% of the total number of labor. Following is the strengths of the human resource of VINAFOOD II :

- Having employment experience, skills and knowledge necessary for the fields in which they are working. Furthermore, key personnels are entitled to attend courses for professional training in at the yearly interval.
- At the present time, all employees have qualifications (at different training levels to be suitable to works assumed by them) and having long experience (as persons have worked for the company for many years)

- Most of officials and employees are committed to, devote to and pride on the lines of business and the tradition of the General corporation, who are persons aware of the need to observe and comply with the Charter, internal labor rules and regulations on works in the General corporation
- Average income of employees over the last years:
 - ✓ 2012: 5.237.000 dong/a person/a month
 - ✓ 2013: 3.945.000 dong/a person/a month
 - ✓ 2014: 4.447.000 dong/a person/a month
 - ✓ 2015: 5.781.000 dong/a person/a month
 - ✓ 2016: 5.594.000 dong/a person/a month

Personnel policy

The General Corporation focuses on improving working conditions, regimes, policies and building of a good corporate culture; the rotation of officials has been performed in line with the related regulations and planning. So far, VINAFOOD II has had a team of management officials and working employees with experience, devotion, activeness, proactiveness in management and operation of their works. .

It is possible to assess that the potential of human resource of VINAFOOD II is good and the personnel policy of the General corporation has been applied effectively.

6.2. Alternatives for employment

6.2.1. Labor arrangement plan

Following is the employment alternatives of the Parent company -Vietnam Southern Food Corporation Limited như sau:

- The total number of employees at the date of announcement of the enterprise value (14/06/2016) is: 2,525 persons
- The number of employees retired or resigned under the Labor code calculated up to the date of making the equitization plant is: 408 persons
- The total number of employees who will be transferred to and will continue to work for the joint stock company after equitization is: 1,908 persons
 - The number of employees who cannot be arranged jobs after equitization (redundancy) is: 209 persons
 - *The redundancy due to the implementation of the Article 3 of the Decree 63/2015/NĐ-CP is: 177 persons*

including:

- *The number of persons who retired before the retirement date is : 104 persons*

- *The number of persons who were recruited before 21/04/1998 so their employment contracts are required to be terminated is : 73 persons*
- *The redundancy due to the implementation of the Article 4 of the Decree 63/2015/NĐ-CP (persons who were recruited after 21/04/1998 so are required to terminate their employment contract and entitled to severance pay for loss of jobs): 32 persons*

Table 3: Labor arrangement plan of the General Corporation

No.	Items	Quantity (người)
I	Total number of employees on the date of announcement of the enterprise value	2.525
1	Employees who are not subject to employment contract (Chairman, Director General, Deputy Directors General, Controller)	13
2	Employees working under indefinite term employment contract	1.925
3	Employees working under employment contract with indefinite terms from 12 months to 36 months	495
4	Employee working under seasonal employment contract or performing certain works for less than 12 months (with social insurance)	44
5	Employees who were recruited under the regime for State Staff but who have not been transformed into the category of employee required to sign employment contracts (who perform management and operation tasks in affiliates of the General corporation)	48
II	Number of employees who retired or quitted under the Labor Code at the time of making the equitization project	408
III	Number of employee for whom jobs cannot be allocated (redundancy)	209
1	The redundancy due to the implementation of the Article 3 of the Decree 63/2015/NĐ-CP <ul style="list-style-type: none"> ▪ <i>Retired before the retirement age</i> ▪ <i>Recruited before 21/04/1998 so employment contracts with them are required to be terminated</i> 	177 104 73
2	Number of employees are required to terminate employment contracts and entitled to severance pay for loss of jobs	32
III	The total number of employees who will be transferred to and will continue to work for the joint stock company after equitization	1.908
1	The number of employees whose employment contracts remain in effort (including probationary employees)	1.903

2	The number of employees who have taken leave under the social insurance law:	01
	a) sick leave	01
	b) maternity leave	0
	c) occupational accident or occupational diseases	0
3	The number of employees whose employment contracts are temporarily suspended due to:	04
	a) Military service	0
	b) other citizen's services	0
	c) detained or arrested	04

Source: VINAFOOD II

6.2.2. Settlement for the benefits for employees who cannot be engaged any more.

6.2.2.1. Total number of employees before the labor arrangement plan

The total number of permanent employees at the date of announcement of the enterprise value (14/06/2016) is : 2.525 persons, including : 727 female persons.

In which:

- a) The number of employees working under employment contracts is: 2.476 persons
- b) The number of employees who have ceased to work is: 18 persons
- c) The number of employee who are taking leave with pay under the social insurance regulations is: 17 persons
- d) The number of employees who are taking leave without pay is: 09 persons
- e) The number of employees whose employment contract are temporarily suspended due to different causes is: 05 persons

6.2.2.2. Plan for labor use

- a) The number of employees whose engagement will continue after the labor arrangement is : 1.908 persons, of which the number of female employees is : 579 persons.

In which:

- The number of employees who will be employed is : 1.908 persons
- The number of employees to whom re-training courses should be offered before they can be employed again (if any) is : 0 persons
- The number of employees who will be transferred to part-time jobs (if any) is : 0 persons.
- b) The number of employees whose employment contracts will be terminated is: 408 persons.
- c) The number of employees who were recruited for the last time before 21/4/1998 but who cannot be arranged jobs and whose employment contract are required to be terminated is : 177persons, including: 38 female persons

In which:

- The number of employees who will retired before their retirement age is : 104 persons
- The number of employees who have reached the full age for retirement but whose time of contribution for social insurance is not sufficient is : 0 persons
- The number of employees who are required to terminate employment contracts is: 73 persons
- d) The number of employees who were recruited for the last time before 21/4/1998 and later but who cannot be arranged jobs and whose employment contract are required to be terminated is: 32 persons, including : 11 female persons.

6.2.2.3. Estimated expenditure (to act under the Decree 63/2015/ND-CP and the Circular 44/2015/TT-BLDTBXH)

The total estimate of expenditure to pay benefits under the policy for employees' benefits is: 17,163,730,741 dongs.

In which:

- To pay to employees who will retire before their retirement age is: 7, 743,743 dongs
- To pay contributions for the pension fund for the shortage of any months, to pay death gratuity to employees' widows or widowers in respect to employees who have reached the full age for retirement but whose time of paying contributions for social insurance is not sufficient: 0 đồng
- To pay to employees who were recruited for the last time before 21/4/1998 and later but who cannot be arranged jobs and whose employment contract are required to be terminated is : 8.986.603.382 đồng
- employees who were recruited for the last time before 21/4/1998 and later but who cannot be arranged jobs and whose employment contract are required to be terminated is: 433.383.616 dong

Source of expenditure:

The total estimate of expenditure to perform the policy is : **17.163.730.741 dongs**

In which:

- Source: proceeds from IPO, in the event of shortage, an additional sum will be taken from the Fund for supporting the rearrangement and development of enterprises (Article 8 (1) (a) of the Decree 63/2015/NĐ-CP) 16.730.347.125 dongs
- source: From the expenses for production and business of the General Corporation (Article 8 (2) of the Decree 63/2015/NĐ-CP) 433.383.616 dongs

Pursuant to the Article 3 (10) of the Circular number 44/2055/TT-BLDBXH dated 22/10/2015 of the Ministry of Labor, Invalids and Social Affairs providing the Guidance on the

implementation of some articles of the Decree number 63/2015/ND-CP dated 22/7/2015 of the Government stipulating the policy toward redundant employees after the labor arrangement of any State-owned Single-Member Limited company: “ *After a decision on the approval of the reorganization of the company is issued, the company shall review the list of employees whose employment contracts are expected to be terminated and calculate the benefits required to pay to redundant employees, perfecting a plan of labor use and a plan to deal with the redundancy; the company shall publicly announce its plan of labor use and plan to deal with the redundancy within a period of 05 working days so that all the employees can verify, review; then the company shall submit the plan of the labor use and the plan for dealing with the redundancy with relevant authorities for obtaining their approvals*”.

Vietnam Southern Food Corporation Limited will review its list of employees to determine the time for terminating employment contracts and calculating benefits for redundant employees; it will cooperate with the Ministry of Agriculture and Rural Development to review the plan of labor use; will public announce the plan to its employees as required by the laws (at least within 5 working days) so that all employees can review and compare before a perfected plan for labor arrangement is submitted to the The Ministry of Agriculture and Rural Development for its consideration and approval.

6.2.3. Plan for training and re-training employees in the period of 2017-2019

6.2.4. Table 4: Plan for training and re-training employees in the period of 2017-2019

No	Description of training	Number of persons	Expenditure	Amount (dongs)	Target time
1	Financial operation	30	5.000.000 đ/person	150.000.000	2017
2	Labor and salary operation	30	5.000.000 đ/person	150.000.000	2017-2018
3	Low-cost production management	60	5.000.000 đ/person	300.000.000	2018-2019
4	Building raw material areas	30	5.000.000 đ/person	150.000.000	2017-2018
5	Building trade name	30	3.000.000 đ/person	90.000.000	2018-2019
6	Xây dựng văn hóa doanh nghiệp	30	3.000.000 đ/person	90.000.000	2018-2019
7	Informatic technology operation	30	5.000.000 đ/person	150.000.000	2017-2018
	Total	240		1.080.000.000	

7. Enterprise value at the date of valuation of the General corporation

7.1. Value of assets at 31/03/2015

a) According to the Valuation by VVFC :

The Documents of valuation of the Single-Member Limited Liability Company Vietnam Southern Food Corporation were prepared by VVFC [Vietnam Valuation and Finance consultancy Company] :

- Minutes of Valuation of the enterprise value based on the assets of Vietnam Southern Food Corporation Limited at 31/03/2015.
- Document No. 2371/QĐ-BNN-QLDN dated 14/06/2016 of The Ministry of Agriculture and Rural Development on public announcement of the enterprise value for the purpose of equitization of Vietnam Southern Food Corporation Limited.

On 14/06/2016, The Ministry of Agriculture and Rural Development issued the Document No. 2371/QĐ-BNN-QLDN, indicating that at 31/03/2015, the real enterprise value and the real value of State-owned shares in Vietnam Southern Food Corporation Limited as follows

- **The real value of the parent company is: 14,277,102,767,407 đồng**
- **The real value of State-owned shares in the parent company is: 4,980,279,603,923 dongs**

including:

- The real value of the investment of the parent company in Kien Giang Export and Import Company Limited which is 254,234,93,713 dongs.
- The real value of the investment of the parent company in Ho Chi Minh City Food Company Limited which is 294,414,304,737 dongs.

Table 5: Summary of the valuation of the general corporation
Unit: đồng

Description	Book amount	Revaluation value (by VVFC)	Difference
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)=(3)-(2)</i>
A. Assets in use (I+II+III+IV)	12.789.789.368.528	14.277.102.767.407	623.362.999.090
I. non current assets and long-term investment	3.797.975.478.389	4.622.540.117.145	346.453.482.177
1. fixed assets	1.786.677.341.978	2.243.855.575.255	457.178.233.276
a. Tangible fixed assets	1.782.519.010.826	2.239.686.740.242	457.167.729.416
b. Fixed assest acquired by financial lease	0	0	0
c. Intangible fixed assets (not including Value of the rights to the use of land)	4.158.331.153	4.168.835.013	10.503.860
2. Investment real property	16.432.055.632	23.896.367.233	7.464.311.601
3. Long-term financial investment	893.172.167.375	1.250.831.919.810	-120.451.404.143
4. Expenses for unfinished capital construction	467.799.159.758	467.799.159.758	0
5. long-term deposits	0	0	0
6. Long-term prepayments(not including goodwill)	81.566.624.919	83.828.966.363	2.262.341.444
7. Long-term receivables	552.090.177.073	552.090.177.073	0
8. Deferred income tax assets	157.901.654	157.901.654	0
9. other non-current assets	80.050.000	80.050.000	0
II. Current assets và short-term investments	8.222.160.359.844	8.627.944.868.591	19.945.265.536
1. Cash	408.979.485.212	408.979.251.231	-233.981
a. Cash in hand	43.927.076.111	43.927.075.884	-227



b. Cash deposited in bank	365.052.409.101	365.052.175.347	-233.754
c. Cash- in-transit	0	0	0
2. Short-term financial investments	1.600.000.000	1.600.000.000	0
3. short-term receiv ables	1.720.043.257.413	2.047.225.391.235	21.600.000
4. inventories	5.795.479.811.982	5.861.564.469.141	6.585.514.805
5. other current assets	296.057.805.237	308.575.756.984	13.338.384.712
6. expenses for non-business expenditure	0	0	0
III. Value of the Goodwill of the enterprise	0	55.662.714.776	55.662.714.776
IV. Value of the rights to the use of land	769.653.530.294	970.955.066.895	201.301.536.601
B. Not-in –use assets	121.340.217	11.827.888.494	0
I. non-current assets and long-term Investment	121.340.217	121.340.217	0
1. Fixed assets (GTCL)	121.340.217	121.340.217	0
2. Long –term financial investments	0	0	0
3. Expenses for unfinished capital construction	0	0	0
4. long-term deposits	0	0	0
II. current assets and short-term investments	0	11.706.548.277	0
1. Bad debts	0	11.706.548.277	0
2. obsolete inventories	0	0	0
C. Assets available for sale	2.683.888.349	2.683.888.349	0
1. Fixed assets (GTCL) and long-term investments	2.683.888.349	2.683.888.349	0
2. current assets and short-term investment	0	0	0



D. Assets formed from Bonus and Welfare fund (which is not for the purpose of production and business)	1.146.302.083	1.146.302.083	0
TOTAL VALUE OF ASSETS OF THE ENTERPRISE (A+ B+ C+ D)	12.793.740.899.177	14.292.760.846.333	623.362.999.090
In which:			
TOTAL REAL VALUE OF THE ENTERISE (Section A)	12.789.789.368.528	14.277.102.767.407	623.362.999.090
E1. Real debts payable	9.193.902.283.484	9.296.823.163.484	102.920.880.000
In which: the fee for the value of the rights to the use of land must be paid into the State Budget	0	102.920.880.000	102.920.880.000
E2. Source of Non-business Expenditure	0	0	0
TOTAL REAL VALUE OF THE PORTION OF CAPITAL OWNED BY THE STATE I THE ENTERPRISE {A- (E1+E2)}	3.595.887.085.044	4.980.279.603.923	520.442.119.090

Source : Document No. 2371/QĐ-BNN- QLDN dated 14/06/2016 of the Ministry of Agriculture & Rural Development on the public announcement of the enterprise value for the equitization of The Single-Member Limited Liability Company Vietnam Southern Food Corporation Limited.

b) Revaluation by the State Auditing Agency:

To implement the Document No. 1685/TTg-ĐMDN dated 26/09/2016 of the Prime Minister on the auditing and determination of the enterprise value of Vietnam Southern Food Corporation Limited and the Document No. 8283/BNN-QLDN dated 30/09/2016 The Ministry of Agriculture and Rural Development on the Auditing and Determination of the enterprise value, the plan for equitization of Vietnam Southern Food Corporation Limited.

Compared to the Document No. 2371/QĐ-BNN-QLDN dated 14/06/2016, the enterprise value has been adjusted to increase up to 400.202.140.648 dongs. The increased is thanks to the Adjustment by the State Auditing agency of the enterprise value, and the main cause is due to the change of policies and the time of valuation, specifically in respect to the following items:

The revaluation made long-term financial investments results in the increase of 290,257,060,172 dongs (including 287,185,440,172 dongs which is an adjusted sum according to the Decree 59/2011/ND-CP, because at the date of valuation of the enterprise value, the Decree 116/2015/ND-CP was not effective yet), the change of the methods of valuation of warehouse caused an increased of 29,208,207,647 dongs, concerning the prepayment of 62,792, 219,882 dongs and the deposit of 4,450,686,067 dongs held on behalf of the Liquidation Committee of Viet- My Rice Export Joint Venture on the bailment basis, etc...

Document No. 2917/QĐ-BNN-QLDN dated 05/7/2017 of the Minister of Agriculture and Rural Development on modification and supplement to some articles of Document No. 2371/QĐ-BNN-QLDN dated 14/6/2016 of The Ministry of Agriculture and Rural Development on approval of the enterprise value for equitization of the parent company - Vietnam Southern Food Corporation Limited – a Single- Member Limited Liability Company, according to which, at 31/03/2015, the real value of the General corporation and the real value of the portion of capital owned by the State in Vietnam Southern Food Corporation Limited are adjusted as followed:

- **Real value of the Parent company: 14.610.062.002.106 đồng**
- **Real value of the State-Owned share in the parent companyh 5.380.481.744.571 đồng**

Including :

- The real value of the sum invested by the Parent company in Kien Giang Expor and Import Companh Limited at 31/3/2015 which is 254.234.093.713 dongs
- The real value of the sum invested by the Parent company in .Hồ Chí Minh City Food Company Limited at 31/3/2015 which is 294.414.304.737 dongs



The result of the valuation of the parent company - Vietnam Southern Food Corporation Limited at 31/ 03/2015 has been adjusted based on the Report of valuation and dealing with financial matters before public announcement of the enterprise value for equitization of the parent company - Vietnam Southern Food Corporation Limited according to Document No. 148/KTNN-CN VI dated 03/3/2017 prepared by the State Auditing and the Report of Conclusion number 2710/TB-BNN-QLDN dated 31/03/2017 of the Chief Head of the Equitization Steering Committee of Vietnam Southern Food Corporation Limited.

After The Ministry of Agriculture and Rural Development submitted the Plan for equitization of the parent company - Vietnam Southern Food Corporation Limited to the Prime Minister for his consideration and approval (The Report number 6578/TTr-QLDN dated 09/8/2017), pending the approval by the Government, a loss of inventory in Tra Vinh Food Company Limited (which is an entity applying the dependant accounting system of the Parent company - Vietnam Southern Food Corporation Limited) was detected. The loss is the shortage of inventory of 83, 313.9 tons of rice of all kind, equivalent to 662,164,913,589 dongs, and the Investigative police organ- the Ministry of Public Security is determining the degree of damage and is making clear of the liabilities of related persons and an official report will be available soon.

Concerning the financial matters (including the dealing with of loss of assets in Tra Vinh Food company), Vietnam Southern Food Corporation Limited will cooperate with relevant authorities to conduct a 2nd time statement of State-owned capital (during the period when the enterprise is officially transformed into a joint stock company) according to the current laws (in the opinion of the Ministry of Finance in Document No. 1312/BTC-TCDN dated 17/11/2017 about the said loss of assets in Tra Vinh Food Company.

Table 6: Summary of the Adjusted valuation of the value of the General Corporation
Unit: Dong

Chỉ tiêu	Số liệu sổ sách kế toán	Số liệu xác định lại của VVFC	Số điều chỉnh theo KTNN	Chênh lệch
(1)	(2)	(3)	(4)	(5)=(4)-(3)
A. Assets in use (I+II+III+IV)	12.789.789.368.528	14.277.102.767.407	14.610.062.002.106	332.959.234.699
I. non-current assets and long term investments	3.797.975.478.389	4.622.540.117.145	4.954.504.609.751	331.964.492.606
1. fixed assets	1.786.677.341.978	2.243.855.575.255	2.273.966.160.338	30.110.585.083
a. Tangible fixed assets	1.782.519.010.826	2.239.686.740.242	2.269.797.325.325	30.110.585.083
b. Fixed assest acquired by financial lease	0	0	0	0
c. Intangible fixed assets (not including Value of the rights to the use of land)	4.158.331.153	4.168.835.013	4.168.835.013	0
2. Investment real property	16.432.055.632	23.896.367.233	23.896.367.233	0
3. Long-term financial investment	893.172.167.375	1.250.831.919.810	1.541.088.979.982	290.257.060.172
4. Expenses for unfinished capital construction	467.799.159.758	467.799.159.758	467.799.159.758	0
5. long-term deposits	0	0	0	0



6. Long-term prepayments(not including goodwill)	81.566.624.919	83.828.966.363	97.270.046.883	13.441.080.520
7. Long-term receivables	552.090.177.073	552.090.177.073	550.245.943.904	-1.844.233.169
8. Deferred income tax assets	157.901.654	157.901.654	157.901.654	0
9. other non-current assets	80.050.000	80.050.000	80.050.000	0
II. Current assets và short-term investments	8.222.160.359.844	8.627.944.868.591	8.640.026.521.238	12.081.652.647
1. Cash	408.979.485.212	408.979.251.231	408.979.251.231	0
a. Cash in hand	43.927.076.111	43.927.075.884	43.927.075.884	0
b. Cash deposited in bank	365.052.409.101	365.052.175.347	365.052.175.347	0
c. Cash- in-transit	0	0	0	0
2. Short-term financial investments	1.600.000.000	1.600.000.000	1.600.000.000	0
3. short-term receiv ables	1.720.043.257.413	2.047.225.391.235	2.059.063.623.242	11.838.232.007
4. inventories	5.795.479.811.982	5.861.564.469.141	5.861.807.889.781	243.420.640
5. other current assets	296.057.805.237	308.575.756.984	308.575.756.984	0
6. expenses for non-business expenditure	0	0	0	0
III. Value of the Goodwill of the enterprise	0	55.662.714.776	57.777.174.277	2.114.459.501
IV. Value of the rights to the use of land	769.653.530.294	970.955.066.895	957.753.696.840	-13.201.370.055



B. Not-in –use assets	121.340.217	11.827.888.494	121.340.217	-11.706.548.277
I. non-current assets and long-term Investment	121.340.217	121.340.217	121.340.217	0
1. Fixed assets (GTCL)	121.340.217	121.340.217	121.340.217	0
2. Long –term financial investments	0	0	0	0
3. Expenses for unfinished capital construction	0	0	0	0
4. long-term deposits	0	0	0	0
II. current assets and short-term investments	0	11.706.548.277	0	-11.706.548.277
1. Bad debts	0	11.706.548.277	0	-11.706.548.277
2. obsolete inventories	0	0	0	0
C. Assets available for sale	2.683.888.349	2.683.888.349	2.683.888.349	0
1. Fixed assets (GTCL) and long-term investments	2.683.888.349	2.683.888.349	2.683.888.349	0
2. current assets and short-term investment	0	0	0	0
D. Assets formed from Bonus and Welfare fund (which is not for the purpose of production and business)	1.146.302.083	1.146.302.083	1.146.302.083	0



TOTAL VALUE OF ASSETS OF THE ENTERPRISE (A+ B+ C+ D)	12.793.740.899.177	14.292.760.846.333	14.614.013.532.755	321.252.686.422
In which:				
TOTAL REAL VALUE OF THE ENTERPRISE (Section A)	12.789.789.368.528	14.277.102.767.407	14.610.062.002.106	332.959.234.699
E1. Real debts payable(less Bonus and Welfare fund)	9.193.902.283.484	9.296.823.163.484	9.229.580.257.535	-67.242.905.949
In which: the fee for the value of the rights to the use of land must be paid into the State Budget	0	102.920.880.000	102.920.880.000	0
E2. Source of Non-business Expenditure	0	0		0
TOTAL REAL VALUE OF THE PORTION OF CAPITAL OWNED BY THE STATE I THE ENTERPRISE {A- (E1+E2)}	3.595.887.085.044	4.980.279.603.923	5.380.481.744.571	400.202.140.648

Source: Document No. 2917/QĐ-BNN-QLDN dated 05/7/2017 issued by the Minister of Agriculture and Rural Development regarding the modification and supplement to some articles of the Document No. 2371/QĐ-BNN-QLDN dated 14/6/2016 of The Ministry of Agriculture and Rural Development on the approval of the enterprise value for equitization of the Parent company - Vietnam Southern Food Corporation Limited – a Single-Member Limited Liability Company.

Issues needing attention

The result of the said valuation of the enterprise may be influenced by the following matters:

7.1.1. Concerning land:

The General Company made alternatives for the use of land after equitization and sent it to the People's Committees of provinces /cities; however, at the date of valuation of the enterprise value, there are only 10% provinces giving official answers about the Alternatives of the use of land after equitization (including the People's Committees of Lam Dong Province, Ben Tre Province, Binh Dinh Province, Can Tho Province, Tra Vinh Province, Dong Thap Province, An Giang Province, Hau Giang Province, Vinh Long Province, and Bac Lieu Province). The remaining local governments only issued official letter about the arrangement and dealing with of buildings and land based on the Decision 9/2007/QĐ-TTg dated 19/01/2007 of the Prime Minister.

Concerning the buildings and land which are subject to the collection of fee for the use of land and payment of tax for the sale or transfer of the right to the use of land, during the process of first-time valuation of the enterprise value, the Valuation consulting company only temporarily calculated the enterprise value base on the book value. On 06/10/2016, the General Corporation sent official letters to the local governments of 7 provinces including Tien Giang Province (Document 2377/TCT/KT-XDCB), Cần Thơ City (Document 2374/TCT/KT-XDCB), Vĩnh Long Province (Document 2375/TCT/KT-XDCB), Bến Tre Province (Document 2378/TCT/KT-XDCB), Trà Vinh Province (Document 2373/TCT/KT-XDCB), Sóc Trăng Province (Document 2372/TCT/KT-XDCB) and Bạc Liêu Province (Document 2376/TCT/KT-XDCB) to request determinations of the land price concerning the buildings and land which are subject to the collection of fee for the use of land and payment of tax for the sale or transfer of the right to the use of land so that the Corporation can have good grounds to make adjustment to the enterprise value for the 2nd time.

Up to 31/12/2017, the provinces issuing documents in which the land price is determined include: Tra Vinh Province (Document 4487/UBND-NN dated 20/12/2016), Ben Tre Province (Document No. 6004/UBND-TCĐT dated 10/11/2016), Soc Trang Province (Document 1750/UBND-KT dated 14/11/2016), Vinh Long Province (Document 1085/QĐ-UBND ngày 22/05/2017) and Tien Giang Province (Document 2894/QĐ-UBND dated 03/10/2017).

There are 02 provinces having not given any opinion about the land price, namely:

- As for Bac Lieu Province, the People's Committee of Bac Lieu Province had the Document No. 4287/UBND-KT dated 25/12/2016 sent to The Ministry of Agriculture and Rural Development and to Vietnam Southern Food Corporation Limited, requesting the Ministry of Agriculture and Rural Development to direct the General Corporation to hire a valuation consulting company to make a valuation to submit to the People's Committee of Bac Lieu Province for it to consider and determine the land price. So far, the General Corporation has not received any direction letter from The Ministry of Agriculture and Rural Development so the General corporation has not hired any valuation consulting company to value the land price in respect to its promises in Bac Lieu Province.
- As for Can Tho City: The Department of Natural Resources and Environment of Can Tho City issued and sent the document 3942/STNMT-KHTC dated 13/12/2016 to Vietnam Southern Food Corporation Limited, which has premises in Can Tho City- Thot Not 2 Rice Processing Export Factory which will be auctioned after the equitization, so the determination of specific land price will be determined in an auction of the rights to the land use. However, the Government issued a

document 342/TTg-V.I dated 07/03/2017 requesting to temporarily discontinue the purchase and sale of any property found on the land and the transfer of the rights to the use of land, so the General corporation cannot conduct the auction yet.

As for buildings or plots of land about which the People's Committees of Provinces/ City has not given any opinion about the plan for the use of land after the equitization, the value of such buildings and plots of land will be temporarily determined based on land lease under the Law on Land and related documents of guidance. After the Committees of Provinces / Cities give their opinions about a plan for the use of land after equitization and about the land price, the value of the rights to the use of land in respect to the buildings and plots of land which are allocated with the collection of the fee for the use of land and in respect to the buildings and plots of land concerning which the local government and the Ministry of Finance have unanimously agreed about the plan for sale of buildings and transfer of the rights to the land use (but the sale and transfer has not been conducted yet), will be added to the enterprise value at the time of valuation of the state-owned capital for the 2nd time

Up to the date of valuation of the enterprise value (31/03/2015), there are 146 buildings and plots of land located in 15 provinces and cities in Vietnam, with a total area of 3,405,950.7 m² (1st-time Addendum of the plan for equitization) under the management and use by Vietnam Southern Food Corporation Limited. At the date of making the plan for equitization, the General corporation had 14 buildings and land including a plot of land of 697m² used by a Rice Paper Production Factory and an area of 2,247.2 m² being used by My Phuoc Rice Mill Factory – Tien Giang Food Company Ltd with a total of area of 1,266,552,5m² (2nd – Time Addendum of the Plan for equitization), which were all transferred and transmitted by the General corporation to the local government to manage and use, and such local governments have taken them back for their use according to their land planning .

Up to the date of making the Plan for equitization, concerning 132 premises (174 plots of land) which the General corporation will continue manage and use after the equitization in 13 provinces/ city, the People's Committees of the provinces/ cities where there are such buildings and plots of land, have issued their official letters to give their opinion about the Plan for the use of land after equitization in respect to 115/132 buildings and plots of land (157/174 plots of land) located in 12/13 provinces/ cities, but there has not been any official answer about the remaining 17/132 buildings and plots of land (17 /174 plots of land) located in Ho Chi Minh City yet.

The General corporation received the official opinions from Provincial People's Committees about 115 buildings and land (157 plots of land), the approval from Provincial People's Committees for allocation to the General corporation of 21/115 buildings and land (40/157 plots of land) with collection of the fee for the use of land or their agreement about the sale and transfer of the rights of the use of land in respect to a remaining total area of land of 172,813.9 m² at the book value of 69,055,77,983 dong (3rd –Time Addendum to the Plan for equitization). At the date of valuation of the enterprise value, the value of such buildings and plots of lands were temporarily calculated based on the book value which value was temporarily included into the result of the valuation of the enterprise value because the full value of the rights of the use of land has not been determined yet according to the laws. The real value of the rights to the use of land for these property will be determined later in line with the regulations and then will be added to the enterprise value at the time of valuation of the State-owned capital for the 2nd time.

7.2.2. State-owned capital in the enterprise and the enterprise value

The State-owned capital in the enterprise and the enterprise value may be subject to any change when the enterprise value is determined for the 2nd time (at the time when the enterprise is

officially transformed into a joint stock company), and at that time, the enterprise value may be decreased due to the following causes:

a) The re-valuation of the values of long-term investments under the Deree 116/2015/ND-CP so the enterprise value may be adjusted to decrease about 287,185,440,175 dongs.

b) The disposal of a portion of capitals in 02 equitized entities totalling 144,929,398,450 dongs, namely: Kien Giang Export and Import Company Limited (254,234,093,713 dongs – 211,848, 000,000 dongs) and Ho Chi Minh City Food Company Limited (294,414,304,737 dong-191,871,000,000 dongs)

Thus, the real value of the State-owned capital at the time of making the Plan for equitization is as follows: = 5,380,481,74,571 – (294,414,304,737,191,871,000,000)-(24,234,093,713- 211,848,000,000) – 287,185,440,172 = 4,948,366,905,949 dongs. The adjustment to the real capital in the parent company will be conducted at the time when the valuation of the State-owned capital is performed for the 2nd time

c) Additionally, the real value of the State-owne capital in the enterprise when revalued will increase from 3,595. 88 billion dongs (at the book value) up to 5,380.48 billion dongs.

This increased adjustment mainly resultes from the difference in the views of points in selection of the time for applying the related government regualtions, for example: some matters were dealt with by the corporation during the stage 2, but the State Auditing included them into the increased adjustment in the stage 1 with 4 items which were adjusted to decrease down to at least 392,639 billions dongs (as mentioned in Document No. 38/TCT-HĐTV dated 27/3/2017 of the Board of Members of Vietnam Southern Food Corporation Limited) and such act threatens the risk of decreasing the state-owned capital when the enterprise value is determined for the 2nd time. Concering debts due from KonTum Think Phat Joint Stock Group, this Group still owes Vinh Long Food Company Lted a sum of 77,481, 437,313 dongs; however, according to the conclusion of the People’s Court of Vinh Long Province in the Judgement number 03/2017/HSST, it is Vinh Long Food Company Ltd that owes Think Phat Kontum Joint Stock Group a sum of 264,698,000 dongs. The General Corporation is appealing against this judgement. The case of debts and loss is still being dealt with by relevant authorities and no final conclusion about the objective and subjective causes is given yet.

d) sums of taxes and proceeds from sale of property and from transfer of the rights to the use of land which were paid into the State Treasury already, etc.

7.1.2. Receivables and payables

Total receivables to total payables ratio based on the reconciliaton: At the time of making the minutes of determination of the enterprise value, the percentage of receivables of non-reconciliation is 23.4%, and the percentage of payables of non-reconciliation is 0.3%

The valuation of the enterprise value demonstrates that Vietnam Southern Food Corporation Limited has debts due from parties totalling 1,042,900,202,260 dongs. Following is the details on these debts:

No.	Debtors/ Customers	Amounts due from debtors (Đồng)
A1	Debts due from debtors (which are being considered and investigated by th relevant authorities in respect to Vo Thi Thu Ha Export and Import company Ltd, Think Phat Kon Tum Joint Stock Group, Hau Giang Food Joint Stock Company) by	437.000.796.953



1.1	Office of the General Corporation	28.000.000.000
1.2	Vinh Long Food Company	226.648.285.845
1.3	Bac Lieu Food Company	69.268.575.876
1.4	Soc Trang Food Company	43.423.519.169
1.5	An Giang Food and Foodstuff Company	2.893.900.125
1.6	Dong Thap Food Company	66.766.515.938
A2	Debts due from debtors (the courts issued judgements which are being enforced) by	31.322.555.258
2.1	Binh Dong Wheat Flour Company	96.923.032
2.2	An Giang Food and Foodstuff Company	21.996.106.124
2.3	Tra Vinh City Agricultural Product company	9.229.526.102
A3	Debts due from debtors (Claims were filed with the Court and pending the court judgement) by	9.435.882.393
3.1	Long An Food Company	243.171.500
3.2	Vinh Long Food Company	2.218.806.514
3.3	Soc Trang Food Company	5.957.565.050
3.4	Tra Vinh City Agricultural Product company	1.016.339.329
A4	Debts due from debtors (data of which are being collected for filing to the Court) by	62.000.000
4.1	Binh Dong Wheat Flour company	62.000.000
A5	Debts due from customers (who ceased business but they have not completed the procedure for closing the tax code/ from customers who left their residence/ from customers who have no any property to enforce the judgement) by	13.602.021.199
5.1	Office of the General Corporation	121.811.704
5.2	Tra Vinh City Agricultural Product company	1.206.865.283
5.3	Tien Giang Food Company	3.122.377.000
5.4	Bac Lieu Food Company	9.050.967.212
5.5	Soc Trang Food Company	100.000.000
A6	Debt due from other parties (Cuba)	551.476.946.457*
I	Office of the General Corporation	551.476.946.457
	Total debts due from parties	1.042.900.202.260

(*): Concerning the debt due from the country of Cuba: This is a debt unpaid for the sale of rice to Cuba under the term of payment on account which were incurred over the years 1993- 1996 with a total unpaid sum being 551,476,946,457dongs (equal to USD 25,614, 349. 58) for which the Government prepaid by using the State Budget. At the present time, the General Corporation still monitor this debt which is known as a receivable from the country of Cuba and which must be paid into the State Budge when received. Vietnam Southern Food Corporation Limited made the Document No. 1315/TCT-TCKT dated 17/5/2016 requesting the Government to exclude this sum from the debts due from from, and not to include this sum in the enterprise value of the General corporation at the time of 31/3/2015, and this unpaid debt should be monitored on the off-balance sheet. How to deal with this debt will be up to the decisive opinion of the relevant authorities at the time of valuation of the State-owned capital for the 2nd time.

(*): A1: concerning Debts due from debtors (which are being considered and investigated by th relevant authorities in respect to Vo Thi Thu Ha Export and Import company Ltd, Think Phat Kon Tum Joint Stock Group, Hau Giang Food Company)

- The Office of the General Corporation must claim from Hau Giang Food Joint Stock Company a sum of 28,000,0000 dongs:

This is a debt relating to the guaranty and payment of debts by the General corporation on behalf of Hau Giang Foo Joint Stock company (in which the General corporation paid capital contribution). This debt arised from the case between Hau Giang Food Joint Stock Company versus Vo Thi Thu Ha Commercial Export and Import company limited and its subsidiaries. So far the People's Procuracy issued an indictment on 11/07/2017 about this case and the parties to the case are waiting the trial of the court.

- Vinh Long Food Company must collect a total debt of 226,648,285,845 dongs from the following parties:

+ Debt due from Vo Thi Thu Ha Commercial Export and Import company limited : a sum of 83,918,018,232 dongs (relating to 10 sale contracts)

+ Debt due from Hoa Tan Loc company limited : a sum of 52,539,330, 300 dongs (relating to 9 sale contracts)

+ Debt due from Binh Loi Investment company limited : a sum of 12,709,500,000 dongs (relating to 02 contracts for purchase and sale)

+ Debt due from Think Phat KonTum Joint Stock company : a sum of 77,481,437,313 dongs (relating to 04 contracts for purchase and sale)

These are debts arising from the contracts for purchase and sale of rice with prepayments but customers failed to deliver the goods as agreed in the contracts. Vinh Long Food Company took action against the said companies with the Court, and the Investigative police department of the Ministry of Public Security is investigating causes relating to such violation. Whether the debts can be collected depends upon the decisions of the authorities.

- Bac Lieu Food Company must collect a total debt of 69.268.575.876 dongs from the following parties:

+ Debt due from Vo Thi Thu Ha Commercial Export and Import company limited : a sum of 9,541,618, 126 dongs.

This debt arised from the sale of rice to the said customer, but the customer fails to pay off. This debt is considered as a doubt debt. The Company filed a petition to the Court, and the Investigative police department of the Ministry of Public Security is investigating causes relating to such violation. Whether the debts can be collected depends upon the decisions of the authorities.

+ Debt due from Hau Giang Food Joint Stock company: a sum of 59, 726, 957,7500 đồng.

This debt arised from the contracts for purchase and sale of rice with prepayments but customers failed to deliver the goods as agreed in the contracts, resulting in a doubt debt. The company took action against Hau Giang Food Joint Stock Company with the Court

- Soc Trang Food Company must collect a total debt of 43,423,519,169 dongs from the following parties:

+ Debt due from Vo Thi Thu Ha Commercial Export and Import company limited a sum of 26, 124, 950, 419 dong.

This debt arised from the contracts for purchase and sale of rice , The company took action against the debtor with the Court . On 07/7/2016, Thu Hà company sent a document number 31/2016/VTTH confirming the debt and stating that it will pay off the debt as written in the judgement enforceable in the Civil Case Enforcement organ of Phu Nhuan District.

+ Debt due from Hau Giang Food Joint Stock company :a sum of 17, 298, 568,750 dongs .

This debt arised from the contracts for purchase and sale of rice . The company brought action against the debtor with the People's Court of Soc Trang Province. At the present time, the case records have been forwarded to the Civil Case Judgement Enforcement Organ of Vi Thanh City- Hau Giang Province for this organ to verify the conditions for enforcing the judgement.

- An Giang Food and Foodstuff Company must collect from Hoa Tan Loc Company Ltd :a sum of 2,893,900,125 dongs

This debt arised from the contracts for purchase and sale of rice. The Company brought a civil action against Hoa Tan Loc Company Ltd with the People's Court of Lap Vo District. On 30/12/2015, the People's Court of Lap Vo District held a first instance trial and made a judgement ordering that Hoa Tan Loc Company pay money to the company.

- Dong Thap Food company must collect from the following parties a total sum of 66, 766, 515,938 dongs, namely:

+ Debt due from Vo Thi Thu Ha Commercial Export and Import company limited a sum of 27, 175,890, 938 dongs

This debt arised from the contracts for purchase and sale of rice. The Company brought a civil action against this debtor with the Court, and the Investigative police department of the Ministry of Public Security is investigating causes relating to such violation. Whether the debts can be collected depends upon the decisions of the authorities

+ Debt due from Tan Hoa Loc Company Ltd :a sum of 26, 090, 625,000 đồng.

This debt arised from the contracts for purchase and sale of rice. The Company brought a civil action against Hoa Tan Loc Company Ltd with the Court, the Investigative police department of the Ministry of Public Security is investigating causes relating to such violation. Whether the debts can be collected depends upon the decisions of the authorities

+ Debt due from Hau Giang Food Joint Stock Company :a sum of 13, 500,000,000 dong.

This debt arised from the prepayment by the company for buying rice but the seller fails to deliver the goods, resulting in a bad debt. The Company brought a civil action against Hau Giang Food Joint Stock Company with the Court. On 30/6/2016, the Civil Case Judgement Enforcement Organ of Hau Giang Province issued a decision number 21/QĐCTHA saying that there is no condition to enforce the debt judgement against Hau Giang Food Joint Stock Company (with the reason that the organ has not obtained sufficient information about assets and income of Hau Giang Food Joint Stock Company)

(*): A2. Debts due from debtors (the courts issued judgements which are being enforced) by

- Binh Dong Wheat Flour Company must collect from Dai Tan Private Enterprise a sum of 96, 923,032dong.

This debt arised from the sale by the company of wheat flour to the said customer, but the customer fails to pay off, resulting in a bad debt. The Company brought a civil action against Dai Tan Private Enterprise with the Court and the Court issued a Decision No. 128/QDCNSTT dated 27/10/2008 recognizing the agreement between the parties to the case. On 27/12/2016, the Civil Case Judgement Enforcement Organ of Cai Rang District- Can Tho City issued a document saying “ at the present time, Dai Tan Private Enterprise has no asset to be used to enforce the judgement”.

- An Giang Food and Foodstuff Company must collect from the parties a total sum of 21, 996, 106, 124 dong, namely:

+ Debt due from Nguyen Thanh Hung Household raising fish: a sum of 1, 200,000,000 dong

This debt arised from the sale of animal feed but the customer fails to paid off the price, resulting in a bad debt. The Company brought a civil action against this customer with the People’s Court of Cho Moi District. On 07/5/2013, The SubDepartment of Enforcement of Civil Case Judgment of An Giang Province issued a decision of enforcement of the civil case judgment at the request of the company. On 26/9/2013, the Civil Case Judgement Enforcement Organ issued a decision to return the petition for enforcement of the judgement to the company with the reason that the defendant has no asset or property which can be used to pay the judgement debt.

+ Debt due from ACOMFIS SJC :a sum of 20, 796,106, 124 dong:

The debt arised from the sale of catfish, but the customer fails to pay off the price, resulting in a bad debt. The Company brought a civil action against the buyer with the court. The Civil Case Judgement Enforcement Organ received the case and seized property (11 plots of land) from the debtor to secure the payment to the Company. So far, the Civil Case Judgement Enforcement Organ

successfully conducted a public auction of the said plot of land; as a result, the company collected a sum 14,433,791,993 dong. The company is investigating to determine whether the customer has any other assets which can be used to pay the remaining debt or not to inform the Civil Case Judgement Enforcement Organ.

- Tra Vinh City Agricultural Product company must collect from the following parties a total sum of 9, 229, 526, 102 dong, namel:

+ Debt due from Dong Tam Farm Private Enterprise :a sum of 2,526,596, 065 dong.

This debt arised from the sale of animal feed for aquaculture. The company brought a civil action against Dong Tam Private Enterprise with the court. However, the name of Dong Tam Privat Enterprise has now been deleted from the Register companies and in the National System of Business Registration under the certificate of business registion records number 121/DKKD dated 30/6/2015 from the Department of Planning and Investment of Vinh Long Province. On 15/01/2016, The Subdepartment of Civil Case Judgement Enforcement of Tran De District, Soc Trang Province issued a Document No. 215/QĐ-CCTHA concerning the enforement of the judgement at the request of the petitioner. The Subdepartment of Civil Case Judgement Enforcement of Tran De District, Soc Trang Province is conducting the seizure of assets of the defendant. At the present time, the company continues to investigate to determine whether this customer has any other assets which can be used to enforce the judgement or not to inform the The Subdepartment of Civil Case Judgement Enforcement.

+ Debt due from Võ Văn Lập: a sum of 678,75, 366 dong.

This debt arised from the sale of animal feed for aquaculture. The company brought a civil action against the debtor with the court, On 29/7/2014, The People's Court of Tra Vinh City issued a Document No. 32/2014/QĐST-KDTM ordering that Mr. Loc must pay to the Company all the sum owed by him and The Chief Head of The Subdepartment of Civil Case Judgement Enforcement of Tra Vinh City issued a Decision Number 27/QĐ-CCTHA dated 6/10/2014 to enforce the judgement.

+ This debt arised from the sale of animal feed for aquaculture, the company brought a civil action against the debtor with the People's Court of Tra Vinh Province. On 10/02/2015, the Subdepartment of Civil Case Judgement Enforcement of Tra Vinh City issued a Document No. 583/QĐ-CCTHA on the enforcement of the judgement number 14/QĐST-KDTM dated 03/12/2014 of People's Court of Tra Vinh City.

+ Debt due from Vo Van Tung : a sum of 822,545, 456 dong.

This debt arised from the sale of animal feed for aquaculture, the company brought a civil action against the debtor with the People's Court of Tra Vinh City . On 20/01/2016, the Subdepartment of Civil Case Judgement Enforcement of Tra Vinh City issued a Document No. 37/QĐ-CCTHA on the enforcement of the judgement at the request of the company.

+ Debt due from Pham Van Tu Phạm Văn Tú: a sum of 1,392, 499,021 dong.

This debt arised from the sale of animal feed for aquaculture, the company brought a civil action against the debtor with the People's Court of Tra Vinh City. On 05/01/2015, the Subdepartment of Civil Case Judgement Enforcement of Mang Thít District, Vinh Long Province issued a Document No. 247/QĐ-CCTHA on the enforcement of the judgement Number 33/2014/QĐST -KDTM dated 11/8/2014 People's Court of Tra Vinh City at the request of the company.

+ Debt due from Uy Loi Trading and Service Company Ltd a sum of 1,580,440,000 dong.

This debt arised from the sale of animal feed for aquaculture, and the company brought a civil action against the debtor with the court. On 20/01/2016, the Subdepartment of Civil Case Judgement Enforcement of District 7 issued a decision number: 942/QĐ-CCTHA on the enforcement of the judgement at the request of the company; On 01/02/2016 the Subdepartment of Civil Case Judgement Enforcement of District 7 and the People's Committee of Tan Phong Ward, District 7 issued a Minutes on the condition of enforcement of the judgement debt against Uy Loi Trading and Service Company Ltd. However, this company has ceased its business and its office is unknow. .

+ Debt due from Nguyen Van Moi : a sum of 178,316,047 dongs.

This debt arised from the sale of animal feed for aquaculture, the company brought a civil action against the debtor with the court. On 15/6/2015, the People's Court of Tra Vinh City issued a Document No. 34/2015/QĐST-KDTM on recognizing the agreement between the parties. The Court orders that Mr. Moi must pay the Company all the said sum.

+ Debt due from Nguyen The Dinh: a sum of 1,607,692,660 dongs.

This debt arised from the sale of animal feed for aquaculture, and the company brought a civil action against the debtor with People's Court of Tra Vinh City. The Court ordered that the defendant must pay the principal amount plus interest to the Company. On 24/03/2016, the Subdepartment of Civil Case Judgement Enforcement of Tieu Can District issued a Document No. 01/QĐ-CCTHADS on Temporary Suspension of the defendant of exit from Vietnam and a Document No. 27/QĐ-CC THADS dated 25/4/2016 on the fact that there are not sufficient conditions for enforcing the judgement.

+ Debt due from Le Minh Chien a sum of 151,197,133 dongs.

This debt arised from the sale of animal feed for aquaculture, and the company brought a civil action against the debtor with People's Court of Tra Vinh City. The Court ordered that the defendant must pay the principal amount plus interest to the Company. On 23/12/2014 the Subdepartment of Civil Case Judgement Enforcement of O Mon District issued a Document No. 433/QĐ-CCTHA on the enforcement of the judgement at the request of the company. On 22/6/2015 the Subdepartment of Civil Case Judgement Enforcement of O Mon District issued a Document No. 51/QĐ-CCTHA on returning the petition for enforcement of the judgment to the Company.

+ Debt due from Phan Van Dung: a sum of 127, 047,014 dongs

This debt arised from the sale of animal feed for aquaculture, and the company brought a civil action against the debtor with People's Court of Tra Vinh City. The Court ordered that the defendant must pay the principal amount plus interest to the Company. On 12/10/2015, the Subdepartment of Civil Case Judgement Enforcement of Tieu Can District issued a Document No. 18/QĐ-CCTHA on the enforcement of the judgement Number 36/2015/QĐST-KDTM of the Peole's Court of Tra Vinh City at the request of the company.

(*): Debts due from debtors (Claims were filed with the Court and pending the court judgement) :

- Long An Food company must company must collect from the following party a sum of 243, 171,500 dongs, namely:

+ Debt due from Phuong Hue Company Ltd: a sum of 243,171,500 dongs.

This debt arised from the purchase of rice. The delivery of goods and payment were done by the paries. However, with the reason that the value added tax imposed on the purchased goods is reduced under

the Circular 219/TT-BTC, the Company requested the customer to refund the extra sum but the customer fails to return it to the company. At the present time, the People's Court of Soc Trang Province issued a Decision number 03/2016/QĐST-PS to open the bankruptcy proceedings for Phuong Hue Company.

- Vinh Long Food company must collect from the following parties a total sum of 2,218,806,514 dongs, namely:

+ Debt due from Hoan My Joint Stock Company : a sum of 1, 588,806, 514 dongs.

This debt arised from the purchase and sale of rice, and the company brought a civil action against the debtor with People's Court of District 3- HCM City. On 28/12/2016, the Subdepartment of Civil Case Judgement Enforcement of District 3 issued a Decision number 417/QĐ- CCTHADS on the enforcement of the Judgement.

+ Debt due from Hoa Thuan Private Enterprise : a sum of 630,000,000 dongs.

This debt arised from the purchase and sale of corn. bắp hạt. the company brought a civil action against the debtor and the Court is handling the case. On 11/05/2017 the Subdepartment of Civil Case Judgement Enforcement of Chư Pưh District, Gia Lai Province issued a Document No. 06/QĐ-CCTHADS to seize the rights of the use of land and assets found on the land from Hoa Thuan Private Enterprise to ensure the enforcement of the judgement.

- Soc Trong company must collect from Phuong Hue Company limited a sum of 5,9957,565,050 dongs.

This debt arised from the company's prepayment for purchase of goods and taxes under the Circular 219/TT-BTC of the Ministry of Finance. On 16/6/2015 the company brought a civil action against the customer with the People's Court of Soc Trang City. Now the People's Court of Soc Trang City has issued a Decision Number 03/2016/QĐST-PS to the bankruptcy proceedings for Phuong Hue Company.

- Tra Vinh Agricultural Product company must collect from the following parties a total sum of 1,016,339,329 dongs, namely:

+ Debt due from Nguyen Van Nop: a sum of 340,256,500 dongs.

This debt arised from the sale of animal feed for aquaculture, and the company brought a civil action against the debtor with People's Court of Tra Vinh City. On 23/5/2017 the Subdepartment of Civil Case Judgement Enforcement of Ke Sach District - Sóc Trăng Province issued a Document No. 696/QĐ-CCTHADS on the enforcement of the judgement at the request of the company. At the present time, the company continues to investigate to determine whether this customer has any other assets which can be used to enforce the judgement or not to inform the The Subdepartment of Civil Case Judgement Enforcement.

+ Debt due from Nguyen Van Khiem: a sum of 91.990.000 đồng.

This debt arised from the retail sale of animal feed for aquaculture according to the invoice 0971 dated 26/11/2012. The company brought a civil action against the debtor with People's Court of Tra Vinh Cit, Tra Vinh Province. the Subdepartment of Civil Case Judgement Enforcement of Tran De- Soc Trang Province on returning the petition for enforcement of the judgement to the company. On 30/12/2015 the company file an additional petiton requesting the Subdepartment of Civil Case Judgement Enforcement of Tran De- Soc Trang Province to conduct the enforcement of the Judgement number 38/2014/QĐST-KDTM dated 22/08/2014.

+ Debt due from Loc Hoa Aquaculture Breeding Cooperative : a sum of 182,903,533 dongs.

This debt arised from the sale of animal feed for aquaculture, and the company brought a civil action against the debtor with People's Court of Tra Vinh City. However, the Court suspended the settlement of the case because the defendant did not appear trials many times. On 10/6/2016 the People's Committee of Long Ho District issued a Document number 67/TCHT confirming that this cooperative has ceased its business, becam insolvent and changed its address so it is not impossible to contact it.

+ Debt due from SG Mekong Sea Product Company Limited : a sum of 261,021,360 dongs.

This debt arised from the sale of animal feed for aquaculture under the term of account payment, and the company brought a civil action against the debtor with the People's Court of Tra Vinh City. On 10/5/2016, the People's Court issued a Document No. 01/2016/QĐ-PSST on the annoucement of the bankruptcy proceedings for phá sản Saigon Mekong Sea Product Company Limited .

+ Debt due from Luu Van Ut Hien: a sum of 140, 167,936 dongs.

This debt arised from the sale of animal feed for aquaculture plus interest on the debts, and the company brought a civil action against the debtor with the Court. On 05/5/2016, the Subdepartment of Civil Case Judgement Enforcement of Cau Ke District issued a Document No. 1685/QĐ-CCTHADS on the enforcement of the judgement at the request of the company. However, this customer died now

(*): A4. Debts due from debtors (data of which are being collected for filing to the Court)**- Binh Dong Wheat Flour Company must collect from Dai Thanh Private Enterprise a sum of 62,000,000 dongs:**

This debt arised from the sale of wheat flour, The company has decided to bring a civil action against Mr. Sanh with the Court and has consulted with a lawyer, but the lawyer informed that this enterprise has now been dissolved so it is impossible to sue Mr. Sanh . The Department of Planning and Investment of HCM City issued a Document No. 12629/PĐKKD-KT dated 08/10/2015 and a Document No. 12629/PĐKKD-KT about the dissolution of Dai Thanh Private Enterprise on 12/6/2014.

(*): A5. Debts due from customers (who ceased business but they have not completed the procedure for closing the tax code/ from customers who left their residence/ from customers who have no any property to enforce the judgement)**- Office of the General Corporation must collect from the following parties a total sum of 121,811,704 dongs, namely:****+ Debt due from Phu Cuong Private Enterprise : a sum of 52,997,947 dongs.**

This debt arised from the fee for authorizatón contract, The General has claimed the payment from this custmer many times, but the customer refuses to pay. According to the information from the Website of

the Taxation General Department, Phu Cuong Private Enterprise “has ceased its business but it has not completed the formality for closing its tax code yet”

+ Debt due from Thanh Phat Company Ltd : a sum of 68,813,757 dongs

This debt arised from the fee for authorizat on contract. According to the Document No. 394/CT-KTT2 from the Taxation Department of Tien Giang Province, the debtor has ceased its business since 01/2014 but it has not made the formality to close its tax code yet.

- Tra Vinh Agricultural company must collect from the following parties a total sum of 1,206,865,283 dongs, namely:

+ Debt due from Nguyen Van Thanh : a sum of 410,715,403 dongs.

This debt arised from the sale of animal feed for aquaculture, and the company brought a civil action against the debtor with the People’s Court of Tieu Cau District, Tra Vinh Province. The Court of Tieu Cau District remitted all records of the case to the People’s Court of Tra Vinh City to deal with under the law. On 29/06/2017, People’s Court of Tra Vinh City issued a notice number 09/TT-TA on a meeting of the parties for the court to check sums paid and received by the parties to the case, public disclosure of evidences and performance of a mediation between the parties.

+ Debt due from Andalossia Company: a sum of USD 28,482,.4 equal to 639,429,880 dongs.

This debt arised from frozen fish fillets for export. On 22/8/2015, the Company contacted and asked for the help from Vietnam Association of Seafood Exporters and Producer (VASEP) in confirming the status of this debtor. The Vietnam Pangasius Association sent a document number: 33/HHCTVN.15-VP to answer about the verification of the status of this company (saying that since January 2015 until now the debtor company has not made any transactions with any export enterprise in the Mekong Delta).

+ Debt due from Loi Thanh Mechanics Factory: a sum of 156,720,000 dongs.

This debt arised from a prepayment by Tra Vinh Food Company for a bid package: conveyor belt belonging to the Project for building Tra Vinh Feed For Aquaculture Production Factory under the contract number 25/HDKT -2008 dated 30/05/2008. The debtor company gave the Taxation Subdeppattment of Sa Dec City- Dong Thap Province a notice requesting to close its tax code and it ceases business.

- Tien Giang Food Company must collect from Hong Gam Private Enterprise a sum of 3,122,377,000 dongs

This debt arised from a prepayment, but the seller did not deliver the goods, resulting a bad debt. The company brought a civil action against the debtor with the People’s Court of My Tho City. The Subdepartment of Civil Case Judgement Enforcement of My Tho City issued a Document to decide to on the enforcement of the judgement, but at the present time, it is impossible to enforce the judgement because Hong Gam Private Enterprise has alleged that the conditions for enforcing the judgment does not met. Now the People’s Court of Tien Giang Province conducted the appellate proceedings. .

- Bac Lieu Food Company must collect from the following parties a total sum of 9,050,967,212 dongs, namely:

+ Debt due from Hiep Tai Trading, Export and Import Company Ltd: a sum of 9,017,732,212 dongs

This debt arised from the purchase and sale of rice, and the company brought a civil action against the debtor with the court. The Subdepartment of Civil Case Judgement Enforcement of Cao Lanh City

issued a decision Number 18/QD-CCTHA dated 13/01/2015 to return to the company the petition requesting an enforcement of the judgement with the reason that the judgement creditor has the right to request an enforcement of the judgement from the date he knows that the judgement debtor have property to pay debt. Until now, the company has not provided any evidents to prove that the judgement debtor has sufficient property to pay for the judgement debt.

+ Debt due from the People’s Committee of Ninh Quoi A Commune: a sum of 5,500,000 dongs.

This debt arised from the prepayment by the company for buying rice seeds for farmers. On 25/5/2015, the People’s Committee of Ninh Quoi Commune issued a document number 15/CV-UBND confirming “ the said households are faced with difficulties so they left the home to come to HCM City to work, and we cannot contact them; furthermore, no property of these two household are left”

+ Debt due from Vietnam Foodstuff Joint Stock Company: a sum of 27,735,000 dongs.

This debt arised from the prepayment by the company for buying goods. The seller has fled away. On 30/12/2015 the Taxation Department of Binh Duong sent a notice number 15137/CT-KTT2 informing that Vietnam Foodstuff Joint Stock Company ran away and has still owed tax to the Government in the amount of 5,039,155,970 dongs.

- Soc Trang Food company must collect from Thanh Phuoc Private Enterprise a sum of 100,000,000 dongs.

This debt arised from the prepayment by the company for buying rice, but the seller cancelled the contract and did not refund all the money received from the company. This debt has existed for more than 5 years. The seller ceases its business and left from the residence. On 02/02/2015, the Company sent a document number 19/LTST-TCK to the Taxation Subdepartment of Thoai Son District, An Giang Province to request for a confirmation that whether this enterprise ceases its business or not. On 03/02/2015, the Taxation authority confirmed that the authority orders to discontinue the use of invoice issued by Phuoc Thanh Private Enterprise since 30/8/2012.

Concerning the overdue debts, Vietnam Southern Food Corporation Limited is applying for a special mechanism to deal with such debts by the exclusion of such debts from the result of the valuation of the enterprise value, but the relevant authority has not given an answer about this matter. Any decisions of relevant Governmental authorities will be recorded and executed at the time of determination of the State-owned capital for the 2nd time.

Additionally, up to the date of making the plan for equitization, the General corporation had new bad debts in affiliates of the parent company, namely:

- Long An Food company must collect from VAP Food company a new sum of 11,049,991,330 dongs.

This is a sum Long An Food company must collect from V.A.P Food Company Ltd under the Sale contract number 28/HDML-VAP /2015 dated 20/11/2015

The company has sued V.A.P Food company at the People’s Court of Kien Tuong Commune. The Court of Kien Tuong Commune tried the case and announced a first instance judgement number 04.2016/ST-KDTM dated 08/09/2016 ordering that V.A.P Food company Ltd be liable for paying to the company the sum of 11,04,991,330 Dongs

However, V.A.P Food company Ltd did not agreed about the judgement and appealed to the People's Court of Long An Province.

On 07/11/2016, the People's Court of Long An Province heard the case and announce an appellate judgement number 21/2016/KDTM-PT dated 07/11/2016 ordering that A.P Food company Ltd be liable for paying the company the sum owed by him which is 11,049,991,330 dong. Long An Food company submitted to the Subdepartment of Civil Case Judgement Enforcement of Kien An Town a petition requesting an enforcement of the said judgement. Until 31/12/2016, this debt was not collected yet. On 12/5/2017, the Department of Civil Case Judgement Enforcement of Long An Province conducted the seizure of property and assets of V.A.P Food company Ltd for the purpose of enforcing the judgement. On 17/07/2017, Long An Food Company received a document number 01/2017/TB-TLPS dated 30/06/2017 from the Court of Long An Province notifying that the Court had handled a petition requesting the court to open the bankruptcy proceedings for V.A.P. Food Company Ltd. Long An Food Company is waiting the People's Court of Long An Province to settle the records for bankruptcy proceedings of V.A.P Food company Ltd.

- Debts which must be collected by Bac Lieu Food company: a new debt incurred by this company including 14,714,094,322 dong from which 965,592, 066 dong was successfully collected. In which there are large debts namely:

- + Sea Horse company owes a sum of 3,707,704,500 dong. This debt arised from two contracts for sale or rice. However, after receiving the lot of goods, the customer gave the company a notice stating that 5% broken rice contained crop protection chemicals (notice FAD Action) and with this reason, the buyer refused to pay to the company. The parties conduct a negotiation about the way to deal with these goods (with 03 alternatives: All the goods would be destroyed in the U.S.A; or the lot of goods would be returned to Vietnam; or Sale of the lot of goods to Mexico so that the goods could be moved to another place before there is a report of the 2nd inspection); then the company agreed about the 3rd alternative to sell the lot of goods to Mexico. The company has sent emails requiring the buyer to make an account statement but the said buyer has not given any reply. Bac Lieu Food company filed a complaint to Vietnam International Arbitraton Centre in Ho Chi Minh City on 19/09/2016 and on 07/03/2017 the company paid the arbitration fee to Vietnam International Arbitration Centre- Branch in Ho Chi Minh City in the amount of 197,459,000 dong. On 05/7/2017, Vietnam International Arbitration Centre – Branch in Ho Chi Minh City issued summons informing that the case will be heard soon.

- + Chu Tin Private Enterprise: 7,183,695,622 dong owed by this enprise to the company and 10,000,000 dong was collected Bac Lieu Food company signed 02 contract to buy 3000 tons and 2000 tons of Japonica rice. In total, Chu Tin Private Enterprise owes the company 7,173,695,622 dong (1,671,381,552 + 1,517,475,550 + 175,000,000 + 3,809,838,520). So far Chu Tin Private Enterprise has not paid off the said debts. The Generral corporation has authorized Mr. Tran Quoc Thông- the Acting Director of the company to initial an action against the said enterprise and the company sued Chu Tin Private Enterprise at the Peole's Court of Thot Not District, Can Tho City and the case is pending the trial of the court. On 09/11/2016, the People's

Court of That Not District, CanTho City issued a Document No. 39/2016/QĐST-KDTM recognizing the agreement between the parties to the case as follows: the owner of Chu Tin Private Enterprise- Mr. Nguyen Van Chu, is liable for paying Bac Lieu Food Company under the control of Vietnam Southern Food Corporation Limited unpaid sums under the contracts including: the principal debt which is 1,671,381,552 dongs, the penalty for late delivery of goods which is 1,527,475,550 dongs, the difference due to buying goods at a price higher than the price designated in the contract 02-15 which is 232,000,000 dongs together with interest which is 227,787,877 calculated until 20/06/2016 (interest rate as agree by the parties which is 7%/year). So the total sum payable to the company is 3,658,644,979 dongs which continues to bear the rate of interest of 7%/year calculated from 21/06/2016 until the full payment is made to Bac Lieu Food company. On 03/02/2017 the People's Court of That Not District issued a Document No. 01/2017/QAST-KDTM stating that: the defendant Mr. Nguyen Van Chu- the owner of Chu Tin Private Enterprise is liable to pay Bac Lieu Food Company a total sum of 3,997,963,520 dongs. Additionally, the defendant is liable to pay Bac Lieu Food company all sums of interest on the debt of 3,997,9063,520 dong at the interest rate of 7.5% /year, calculated from 24/01/2017 until the date the defendant pays off the said debt. On 01/6/2017, the Subdepartment of Civil Case Judgement Enforcement of That Not District held a meeting to deal with the case and will conduct an investigation of defendant's assets. The company is monitoring the case to collect the debt.

+ Lua Vang Food Joint Stock company owes 3,400,000,000 dong. Bac Lieu Food company signed a contract for buying 500 tons of rice ST 21-5%. After the contract was signed, Lua Vang Food Joint Stock Company performed the contract by delivering the goods in installments. Up to 25/06/2015, 150 tons were delivered but then it did not continue the delivery. Bac Lieu Food company sued Lua Vang Food Joint Stock Company at the People's Court of That Not District, Can Tho City. On 0.09/ 2016, the People's Court of That Not District, Can Tho City issued a decision to recognize the agreement by the parties in the contract as follows: the defendant Lua Vang Food Joint Stock Company is liable to pay the plaintiff Vietnam Southern Food Corporation Limited a principal sum which is 3,400,000,000 dongs and interest which is 339,150,000 dongs, totalling 3,739,150,000 dongs under the economic contract number 11-15 dated 07.04.2015. After the Court's decision became effective, the company requested the subdepartment of Civil Case Judgement Enforcement to cause the decision to be executed so that the company can collect the debt.

- Ben Tre Food company has overdue debts which is 11,082,111,085 dongs, namely:
 - + The customer Marketing Pte Ltd., owes a sum of 316.025.600 đồng.
 - + Ben Tre Food Company sold to the said customer 22 tons of rice branded "VIETNAM BASMATT" on 18/9/2015 under the contract number 18/TTS/15 signed on 24/8/2015 at a value of USD 14,080.00 equal to 316,025,600 dongs, D/A payment term after 07 days from the date the ship comes to the port on the side of the buyer. On 21/9/2015, the said goods arrived at Singapore Port. The customer received the goods but has not paid the money. The company has sent emails to the customer to request payment but neither reply nor money has been received from the

customer. The company is preparing documents and has hired a lawyer to sue this customer

- + The customer Univen Pte Ltd Singapore owes a sum of 10,766,085,485 dongs of which 225,942,600 dongs was collected. The remainder is 10,540,142,885 dongs.

On 27 March 2016, Ben Tre Food company sold this customer 500 tons of rice branded *Ham Chau*, 15% broken under the contract number 01/PT-UN/16 ký dated 23/3/2016 and on 05/4/2016 sold 750 tons of rice branded *Ham Chau*, 15% broken under the contract number 03/BT-UN/16 ký dated 25/3/2016. The total value of the two contracts is USD 513,750 equal to 11,433,506,250 dongs. The method of payment used for two lot of exported goods is L/C within 45 days. On the date of maturity, the buyer's bank refused to pay to the company with the reason that the company could not provide 02 documents as designated in the L/C which cause the L/C invalid. The company invited the customer to Vietnam to negotiate about the payment and the customer came to Vietnam and had a meeting with the company on 29/6/2016. In the meeting, the customer undertook that it would pay an additional 3 USD / tons for the said two lots of goods and the payment would be made by TTr in 5 instalment, it would pay off at the end of September 2016. Up to 08/7/2016, the customer paid USD 30,000 equal to 667,885,446 dongs. On 12/7/2017, the company filed a petition – under a power of attorney number 123/TCT-GUQ dated 6/7/2017 at VIAC, Ho Chi Minh City Branch.

- Tien Giang Agricultural Product and Food Company has a dispute with Asia Refrigeration Industry Company Limited (ARICO) about the Exchange-rate difference of 2,190,433,557 dongs concerning to a bid package for Refrigeration Equipments concerning which the estimate of the project was approved under the Document No. 49/QĐ-HĐTV dated 17/6/2016, stating that “ an additional estimate for the Exchange-rate difference of 2,190,433,557 dongs of the bid package will be approved by the General Corporation when obtaining the consent of the relevant authority. This is to authorize the Director General of the General Corporation to direct the functional departments of the General corporation together with Tien Giang Agricultural Product and Food Company to prepare a document for obtaining the opinion of the relevant authority about the value of this difference”. Though the General corporation has focused to deal with this matter in many meetings, it is not dealt with. For this reason, the General corporation is also preparing documents to respond to a risk of a suit. Thus, In the opinion of the General corporation, if ARICO takes an action with the court, the General corporation has many disadvantages in the contract for designing the refrigeration equipments because the General corporation did not perform the contract exactly as signed by the parties, so it is possible that the General corporation

cannot avoid a sum of penalty for violation of the contract due to delaying in delivering the space for party B to install equipments.

- Tra Vinh Food company:

After the Ministry of Agriculture and Rural Development submitted the Plan for Equitization of the Parent company Vietnam Southern Food Corporation Limited (Report numer 6578/TTr-QLDN dated 09/8/2017) to the Prime Minister, during the time pending the approval of the Government, a new matter was detected in Tra Vinh Food Company (which is a dependent accounting unit of Vietnam Southern Food Corporation Limited). The matter is that 83,313.9 tons of rice of all kinds was lost, equal to a loss of 662,164,913, 589 dong. However, the said loss does not cause any influence on the result of valuation of the enterprise value. The Investigative police- Ministry of Public Security is investigating the case to make clear responsibilities of the parties in this case to have an official conclusion.

Concerning the financial matters (including the dealing with of the loss in Tra Vinh Food Company), Vietnam Southern Food Corporation Limited will cooperate with relevant authorities to perform the determination of the State-owned capital in the enterprise for the 2nd time (which is an official period in which the corporation will be transformed into a joint stock company) under the current laws (according to the opinion of the Ministry of Finance in the Document No. 1312/BTC-TCDN dated 17/11/2017 about the loss of asset happened in Tra Vinh Food Company).

7.1.3. Concerning not-in-use assets or assets available for sale determined at 31/03/2015, which do not the conditions for exclusion form the enterprise value

Pursuant to the provisions in:

- The Article 14 (2) of the Decree number 59/2011/ ND-CP is read as follows “*with respect to assets not required to be used, idle stock and assets awaiting liquidation, the enterprise to be equitized shall deal with these assets on its own initiative in accordance with current regulations on financial management (i.e. by liquidation or sale). If by the time of enterprise valuation these assets were not able to be dealt with, except for the assets stipulated in clause 3 of this article, the body authorized to announce the value of the enterprise to be equitized shall consider and makea decision excluding [such assets] from the value of the enterprise and shall transfer them to the following bodies*”
- *The Article 14 of the Decree 59/2011/ND-CP is read as follows: “Assets not permitted to be excluded from the value of the enterprise shall comprise: With respect to assets being buildings and architectural works (comprising underground works and internal roads, fences and courtyards) directly or indirectly used by the enterprise; and assets being machinery, equipment and means of transport in which investment is new and which were commissioned for use within the previous five (5) year period, or which have a residual value in the books of accounts of 50% or more of their prime cost: the enterprise must continue to manage, monitor and deal conclusively with such assets in accordance with the current regime on financial management as at the date of official conversion into ashareholding company”*

Pursuant to the said rules, there are some not-in –use assets and assets available for sale in Vietnam Southern Food Corporation Limited, which do not meet the conditions

for being dealt with under the applicable mechanism, so it needs to have a special mechanism for dealing with the said assets so that the General corporation can exclude them from the value of the enterprise when the enterprise is equitized and can transfer them to a Debt Trading company as follows:

No.	Description of assets	Prime cost (Dong)	Depreciated (Dong)	Residual value (Dong)
A	Two sea products entities requesting a special mechanism for them	603.957.771.570	127.687.248.728	476.270.522.842
I	Tra Vinh Agricultural Product and Food company	178.469.181.350	56.255.699.753	122.213.481.597
1	Buildings, architectural works	90.140.257.043	18.820.756.934	71.319.500.109
2	Machine, equipments	73.622.770.989	31.665.475.167	41.957.295.822
3	Transport vehicles	7.627.493.832	4.925.034.024	2.702.459.808
4	Equipments, tool for the management	148.791.180	104.703.843	44.087.337
5	Other fixed assets	6.929.868.306	739.729.785	6.190.138.521
II	Tien Giang Agricultural Product and Food company	425.488.590.220	71.431.548.975	354.057.041.245
1	Buildings, architectural works	298.955.606.588	32.637.747.356	266.317.859.232
2	Machine, equipments	92.402.719.215	27.837.754.696	64.564.964.519
3	Transport vehicles	7.077.417.090	3.901.959.488	3.175.457.602
4	Equipments, tool for the management	35.600.000	4.862.035	30.737.965
5	Other fixed assets	27.017.247.327	7.049.225.400	19.968.021.927
B	Assets of other entities also requesting a special mechanism	54.569.514.596	23.268.499.253	31.301.015.343
	Total	658.527.286.166	150.955.747.981	507.571.538.185

In which, the details are as follows:

- ❖ For the purpose to diversify its business lines, Vietnam Southern Food Corporation Limited has made investments in projects of 02 clusters of plants for producing sea products in Tien Giang Province and in Tra Vinh Province since 2008 until now, in which
 - a. Project of the Cluster of Food Industry factories and Co Lich Sea Products Factories under the management of Tien Giang Agricultural Product and Food Company, including

- Project of Co Lich Feed For Aquaculture Factory and Office building of the company in Tien Giang Province.
- Project of Co Lich Food Warehouse in Tien Giang Province.
- Project of sea product processing and storage factory in Tien Giang Province.
- Project of area for aquaculture on Dong Giang River Island, in Dong Thap Province
- b.** Projects of investment in Tra Vinh Province under the management of Tra Vinh Agricultural Product and Food Company, including:
 - Project of Cau Quan Sea Product Processing Factory
 - Project of a factory for processing of By-products from cat fish, with a capacity of 70 tons /day.
 - Project of Tieu Cau Sea Product Processing Factory
 - Project of Dormitory for workers

Objectives of the projects: production and export of products from pangasius fish in the close model from breeding- raising- processing – production of fished products.

Since 2009, due to the influence of the crisis of the world economy, seaproduct industry, especially the export of catfish has faced too many difficulties. It is hard for enterprise to raise fund for business because of the Government's restrictions on lending activities of banks; continuous reduction of price for sale of pangasius fish; the low demand of pangasius fish in EU market and U.S.A market, which cause most of aquatic products export enterprise to operate perfunctorily or to cease to operate due to loss.

❖ However, at the Quarter 4/2017, the General corporation made a decision to resume the activities of aquaculture, aquatic product processing and business; this decision receives the support from the Ministry of Agriculture and Rural Development. Aquatic Product units are making plans and step by step to resum their production activity.

❖ Additionally, there a assets not required to be used and assets awaiting liquidation but they do not meet the conditions for exclusion from the value of the enterprise of other companies under the control of the General corporation, including:

Materials which are left after the completion of the upgradation of Binh Dong Wheat Flour Factory; plants, equipments of Rice Paper export factory of Tien Giang Food company; tower framework of aquatic product factories – Feed for Aquaculture Production line for production of An Giang Food company; bread production line of Song Hau Food company; equipments for bread production and a JAC 1.05 tons car of Vinh Long Food company; a house located at 158 Vo Thi Sau Street, Ward 8, Bac Lieu City; Trung Nhut CB Rice Export factory (plants and equipments); Bac Lieu bread production entity (house); Phuoc Long fatory (land, rights to the use of a plot of

land located at Long Thanh Hamlet, Phuoc Long Town, Phuoc Long District (3,207.9 m²); Rights to the use of a plot of land located in Dong Hai District, Bac Lieu Province (176.3 m²) of Bac Lieu Food company; system for waste treatment of a slaughter-house; system for water treatment; Water tower and system of water pipeline (belonging to An Binh Slaughter-house, Ben Tre Province); equipments for bread production belonging to a Food and Foodstuff shop located at 26 Hung Vuong Street, Ward 1, Ben Tre City of Ben Tre Food company.

These assets include excess materials not required to be used, idle stock stored in the warehouses; obsolete and outdate machines and equipments and some bread production chain the use of which is not effectively but which are not easy to be sold, old and downgraded buildings and architectural works, which are not required to be used or low-value buildings which require dismantling so that land can be returned to the local government.

List of assets awaiting liquidation (the procedures for transfer or disposal of which are being conducted)

No.	Description of assets	Prime cost (Dong)	Depreciated (Dong)	Residual value (Dong)
1	Buildings, architectural works	47.912.212.163	32.381.772.341	15.530.439.822
2	Machine, equipments	30.912.611.912	18.843.259.836	12.069.352.076
3	Transport vehicles	2.931.566.890	2.695.088.217	236.478.673
4	Equipments, tool for the management	2.438.324.491	2.223.694.393	214.630.098
5	Other fixed assets	24.670.096.590	5.510.859.569	19.159.237.021
	Total	108.864.812.046	61.654.674.356	47.210.137.690

Lifting crane (Factory No.2), conference room (Factory 1); assets found on the land of the State-owned factory 5, rice cleaning machine with a capacity of 3 tons/hour. Colour separator (TTNS market), electronic conveyer with a capacity of 40 tons/hour (XNTT) of Long An Food company; Rights to the use of lan; warehouses; offices; stone embankments and fences at Binh Duc 2 warehouse of Tien Giang Food company; Vinafood Mark supermarket (building and land); warehouse with a capacity of 300 tons of goods and warehouse with a capacity of 300 tons + offices of factory and some obsolete or old equipments of Dong Thap Food company; *Vam* area in Tra Vinh Province; Tieu Cau Food and Foodstuff shop of Tra Vinh Food company; Vam Tra Vinh Food Processing factory (building, equipments) of Tra Vinh Agricultural Product company; Bakery and bread production establishment including a building and plot of land located at 7K/1-8K/1 Hoa Phu of Vinh Long Food company; Agricultural Raw Materials Shop ; Rights to the use of land, warehouse and equipments in Thot Not 2 Factory, rice separator in Phuoc Long factory of Bac Lieu Food company; Food and Foodstuff shop No. 2, located at 26 Hung Vuong Street, Ward 1, Ben Tre City, of Ben Tre Food company.

The General corporation has completed the approval of the accounts concerning assets which have passed the testing and acceptance for being put into operation.

7.1.4. Other matters:

- At 31/3/2015, the following items were not recorded by the General corporation yet.
 - Guaranty fee receivable from its member company in the amount of 9,710,917 million dongs;
 - Receivable accounts as concluded by the State Inspectors (Document No. 2734/KL-TTCP dated 25/9/2015) in the amount of 9,007.09 million dong;
 - Penalty interest, late payment interest as decided by the courts : totalling 26,789,984 million dongs.

The General corporation will monitor and will include the said receivable in its financial reports and the supplement to the State-owned capital at the time of determination of the State-owned capital for the 2nd time.

- Dealing with the persons responsible for loss: According to the audited financial statements at 31/3/2015 of the General corporation, the accumulative loss up to 31/3/2015 was 1,178,799,139,948 dongs. The General corporation issued the Document No. 102/TCT-HĐTV dated 02/6/2016 giving explanation on the causes of loss. The dealing with of collective and individual responsibilities of the related persons are being considered by relevant authorities. In case of compensation to any party (if any), such compensation will be determined at the time of determination of the State-owned capital for the 2nd time.
- At the time of determination of the value of the enterprise, the Taxation Regulatory Authority has not audited the taxes payable by the General corporation yet. For this reason, any difference concerning the tax liability to the Government, if any, will be adjusted at the time of determination of the State-owned capital for the 2nd time.

Concerning any amount of value –added tax which may be returned from the Ministry of Finance for the purpose to perform the project of a food warehouse with a capacity of 1 million tons, the Parent company- the General corporation has requested a permission for the General corporation to continue to use the capital source which is the amount of value –added tax refunded from the Ministry of Finance for the investment in the next works of the same project for which the fund is provided from the State Budget, but the General corporation still ensure the structure of fund sources at the same project (*the capital of the General corporation (Capital taken from the State Budget, which capital will be disbursed from the account of fund temporarily held by the General corporation which granted by the Minister of Finance); Capital of the General corporation (equity capital); loans (from banks)* and the General corporation issued a Document No. 549/TCT-TCKT dated 24/3/2017 concerning the dealing with of the amount of value-added tax to be refunded by the State Budget with respect to projects but the refund of value-added tax amount is only made at the stage 2.

. Concerning the matters mentioned by the State Auditors with respect to the result of the determination of the value of the enterprise, the General corporation has dealt with some matters. The General corporation will continue to deal with the remainder when determining the accounts in the stage 2.

8. Main assets of the enterprise
8.1. Status of fixed assets at 31/03/2015

No.	Type of assets	Book value		
		Prime Cost	Depreciated	Residual value
1	2	3	4	5
A	Assets in use	2.926.288.796.740	1.143.769.785.914	1.782.519.010.826
1	Buildings, architectural works	1.473.304.821.486	458.500.775.618	1.014.804.045.868
2	Machine, equipments	1.271.070.808.687	574.262.512.006	696.808.296.681
3	Transport vehicles	130.181.672.214	81.316.026.410	48.865.645.804
4	Equipments, tool for the management	37.104.418.673	23.620.681.767	13.483.736.906
5	Other fixed assets	14.627.075.680	6.069.790.113	8.557.285.567
B	Not-in-use assets	1.019.620.000	898.279.783	121.340.217
1	Buildings, architectural works	-	-	-
2	Machine, equipments	1.019.620.000	898.279.783	121.340.217
3	Transport vehicles	-	-	-
4	Equipments, tool for the management	-	-	-
5	Other fixed assets	-	-	-
C	Assets available for sale	44.034.696.190	41.350.807.841	2.683.888.349
1	Buildings, architectural works	-	-	-
2	Machine, equipments	40.700.340.699	38.051.149.315	2.649.191.384
3	Transport vehicles	2.215.013.938	2.200.436.356	14.577.582
4	Equipments, tool for the management	1.029.633.553	1.029.633.553	-
5	Other fixed assets	89.708.000	69.588.617	20.119.383
D	Fixed assets formed from WelfareFund, commendation	1.546.567.485	400.265.402	1.146.302.083

	Fund			
1	Buildings, architectural works	1.321.483.385	252.253.507	1.069.229.878
2	Machine, equipments	36.556.100	15.826.487	20.729.613
3	Transport vehicles	-	-	-
4	Equipments, tool for the management	-	-	-
5	Other fixed assets	188.528.000	132.185.408	56.342.592
	Total	2.972.889.680.415	1.186.419.138.940	1.786.470.541.475

Source: Report on the determination of the value of enterprise of the Parent company- the General company at 31/03/2015 prepared by VVFC.

8.2. Status of use of land and assets attached to land

8.2.1. Status of land under the management and use by the General corporation

At the time of determination of the value of the enterprise- 31/3/2015- for equitization of the Parent company under the Document No. 5417/QĐ-BNN-QLDN dated 18/12/2014 of The Ministry of Agriculture and Rural Development on the performing the equitization of the Single-Member Limited Liability company- Vietnam Southern Food Corporation Limited, Vietnam Southern Food Corporation Limited is managing 146 buildings, plots of land with a total area of 3,405,950.7 m² in 15 provinces / cities throughout the country. Following is the buildings and plots of land under the management and use of the General corporation in provinces and cities under the control of the Central Government at 31/03/2015 :

In Ho Chi Minh City:

The General Corporation is managing 21 buildings and plots of land with a total area of 96,913.4 m² in which:

- 15 buildings and land under the management of the Office of the General Corporation , with a total area of 38,542.1 m².
- 03 building and land under the management of Binh Dong Wheat Flour company, with a total area of 57,350m².
- 03 building and land under the management of Dong Thap Food company, with a total area of 796.6 m².
- 02 building and land under the management of Song Hau Food company, with a total area of 224.7m².

In Long An Province:

The General Corporation is managing 12 buildings and plots of land with a total area of 367,080.7 m², in which:

- 11 buildings and land under the management of Long An Food company, with a total area of 330,688.7m².

- 01 building and land under the management of Binh Dong Wheat Flour company, with a total area of 36,392 m².

 **In Tien Giang Province:**

The General corporation is managing 20 buildings and plots of land with a total area of 344,819 m², in which:

- Tien Giang Food company manages 19 buildings and plots of land with a total area of 214,363.9 m².
- Tien Giang Agricultural Product company manages 01 building and plot of land with a total area of 130,455.1 m².

 **In Dong Thap Province:**

The General corporation is managing 12 buildings and plots of land with a total area of 348,085.2m², in which:

- Dong Thap Food company manages 10 buildings and plots of land with a total area of 188,020.2 m².
- Tien Giang Agricultural Product company manages 02 buildings and plots of land with a total area of 160,065 m².

 **In An Giang:**

The General corporation is managing 06 buildings and plots of land with a total area of 91,404.1 m², in which:

- An Giang Food and Foodstuff company manages 06 buildings and plots of land with a total area of 91,404.1 m².

 **In Can Tho City:**

The General corporation is managing 09 buildings and plots of land with a total area of 379,079.9 m², in which:

- Song Hau Food company manages 05 buildings and plots of land with a total area of 154,632.3 m².
- Bac Lieu Food company manages 03 buildings and plots of land with a total area of 9,016 m².
- Thot Not Branch manages 01 buildings and plots of land with a total area of 215,431.6 m².

 **In Hau Giang Province:**

The General corporation is managing 01 building and plot of land with a total area of 2,098 m², in which:

- Song Hau Food company manages 01 building and plot of land with a total area of 2,098 m².

 **In Vinh Long Province:**

The General corporation is managing 05 buildings and plots of land with a total area of 62,806.5 m², in which:

- Vinh Long Food company manages 04 buildings and plots of land with a total area of 53,111.6 m².
- Tra Vinh Food company manages 01 building and plot of land with a total area of 9,694.9 m².

 **In Ben Tre:**

The General corporation is managing 18 buildings and plots of land with a total area of 41,760 m², in which :

- Ben Tre Food company manages 18 buildings and plots of land with a total area of 41,760 m².

 **Tra Vinh Province:**

The General corporation is managing 24 buildings and plots of land with a total area of 1,516,706.8 m², in which:

- Tra Vinh Food company manages 17 buildings and plots of land with a total area of 240,558 m²
- Tra Vinh Agricultural Products company manages 07 buildings and plots of land with a total area of 1,276,148.8 m².

 **In Soc Trang Province:**

The General corporation is managing 05 buildings and plots of land with a total area of 52,336 m², in which:

- Soc Trang Food company manages 05 buildings and plots of land with a total area of 52,336 m².

 **Bac Lieu Province:**

The General corporation is managing 08 buildings and plots of land with a total area of 46,454.6 m², in which:

- Bac Lieu Food company manages 08 buildings and plots of land with a total area of 46,454.6 m².

 **In Lam Dong Province:**

The General corporation is managing 01 building and plot of land with a total area of 17,771.5 m², in which:

- Dong Thap Food company manages 01 building and plot of land with a total area of 17,771.5 m².

 **In Binh Dinh Province:**

The General corporation is managing 01 building and plot of land with a total area of 30,278 m², in which:

- Vinh Long Food company manages 01 building and plot of land with a total area of 30,278 m². This is a plot of land leased in an Industrial zone.

 **In DakLak Province:**

The General corporation is managing 01 building and plot of land with a total area of 8,357 m², in which:

- Dong Thap Food Company manages 01 building and plot of land with a total area of 8,357m².

Bảng 7: Total area of land under the management and use by the

No.	Address of land	The area of land (m ²)	Buildings and plots of land	Form of the use of land prior to equitization					Insufficient legal documents
				Receiving the transfer of the rights to the use of land	Area of the land allocated by the government (m ²)		Area of the land leased by the Government (m ²)		
					With collection by the Government of the fee for the use of land	Without collection by the Government of the fee for the use of land	Lump sum payment for the rent	Annual payment for the rent	
1	2	3	4	5	6	7	8	9	10
1	Ho Chi Minh City	96,913.4	23	1,641.0	6,274.5				88,997.9
2	Long An Province	367,080.7	12				36,392.0	30,688.73	
3	Tien Giang Province	344,819.0	20	9,840.8	10,674.0			282,341.0	41,963.2
4	Dong Thap Province	348,085.2	12					348,005.2	80.0
5	An Giang Province	91,404.1	6		48,186.4			43,217.7	
6	Can Tho City	379,079.9	9	9,016.0				370,063.9	
7	Hau Giang Province	2,098.0	1					2,098.0	
8	Vinh Long Province	62,806.5	5		39,288.2			23,518.3	
9	Ben Tre Province	41,760.0	18	3,854.0	92.3			33,777.2	4,036.5



10	Tra Vinh Province	1,516,706.8	24	506,715.8	74,595.7			929,920.6	5,474.7
11	Soc Trang Province	52,336.0	5		35,325.6			17,010.4	
12	Bac Lieu Province	46,454.6	8	6,468.3	688.5			20,968.6	18,329.2
13	Binh Dinh Province	30,278.0	1					30,278.0	
14	DakLak Province	8,357.0	1	8,357.0					
15	Lam Dong Province	17,771.5	1	17,771.5					
	Total	3,405,950.7	146	563,664.4	215,125.2		36,392.0	2,431,887.6	158,881.5

Source: VINAFOOD II

Assessment of the status of the use of land

Over years, the General corporation has used land only for purposes of production and business, fulfilling all financial liabilities to the Government. The General corporation always ensures that the management of land complies with the provisions of the Law on land and regulations of the relevant State authorities. The delivery of land, the issuance of certificates of the rights to the use of land, the registration of change in the management of land in the cadastral records have been performed in line with the process as stipulated by the law.

The policy of the use of land of the General corporation in the next coming years is to use plots land for the proper purposes, to take advantages of plots of land to maximize benefits. The management and use of land shall be performed in line with and according to the regulations of the Government.

8.2.2. Status of re-arrangement of the use of land and dealing with of matters concerning land under the Decision 09/2007/QĐ-TTg

Up to the time of making the Plan for equitization, the General corporation manage and use 132 buildings and plots of land (including 174 plots of land) with a total area of 2,139,398.2 m² in 13 provinces/cities; in which :

- The number of buildings and plots of land subject to re-arrangement under the decision 09/2007/QĐ-TTg is 124/132 buildings and land, with a total area of 1,796,701.6 m²:
- + The number of buildings and land of which the plan for the dealing with the People's Committees of provinces, cities gave opinion about is 107/124 buildings and land with a total area of 1,706,859.3 m², but there are 17 buildings and land with a total area of 89,842.3 m² in Ho Chi Minh awaiting the opinion from the People's Committee of Ho Chi Minh City;
 - + The number of buildings and plots of land of which the plan for the use was approved by the Ministry of Finance is 117/14 buildings and plots of land, with a total area of 1,456,072.6 m², but there are still 07 buildings and land with a total area of 340,629 m² of which the plan for the use has not been approved by the Ministry of Finance (including 06 buildings and 1 and with a total area of 339,302 m² of which the plan for the use is being considered by the Ministry of Finance and 01 building and land located at number 2 Thao Dien, District 2, HCM City, with an area of 1,327 m² about which the General corporation is preparing a document of declaration).
- The number of buildings and land which are not subject to re-arrangement under the Decision 09/2007/QĐ-TTg, is 08 buildings and land with a total area of 342,696.6 m², which are premises leased in industrial zones (including 07 premises) and real property goods (including 01 building).

8.2.3. Plan for the use by the General corporation of land after equitization

At the time of determination of the value of the enterprise- 31/03/2015, there were 146 buildings and plots of land with a total area of 3,405,950.7 m² in 15 provinces and cities throughout the country, under the management and use by Vietnam Southern Food Corporation Limited

Up to the time the plan for equitization was submitted to the Government, there were 14 buildings and plots of land, a plot of land with an area of 697 m² of the Rice Paper Production Factory, and an area of 2,247.2 m² of My Phuoc Rice Mill factory of Tien Giang Food company, with the total area of 1,266,552.5 m² transferred or transmitted by the General corporation to other bodies or to local government to manage and use.

- + The area of land transmitted to the local government is 12,098.2 m².
- + The area of land transferred to other bodies is 1,254,454.3 m².

Thus, the General corporation is now managing and using 132 buildings and plots of land (including 174 plots of land), with a total area of 2,139,398.2 m².

8.2.3.1. Opinions and replies from local government about the plan for the use of land of the General corporation

- There are official letters from the People's Committees of provinces/ cities giving answers about 115/132 buildings and land (157/174 plots of land) with a total area of 2,049,555.8 m². In which
 - + Agreeing with General corporation about the plan for the use of land of the after equitization with respect to 110/115 buildings and land (148/157 plots of land) with a total area of 2,012,287 m².
 - + Not agreeing with the General corporation about the plan for the use of land after equitization with respect to 05/115 buildings and land (09/157 plots of land) with a total area of 37,268.6 m². (The disagreement local government request that the form for the use of land should be converted from the allocation of land with collection of fee for the use of land to the land lease with annual payment of rent).
- The General has not received documents answering the plan for the use by the General corporation of land after equitization with respect to 17/132 buildings and land (17/174 plots of land) in Ho Chi Minh City with a total area of 89,842.3 m². The General corporation has send letters to the People's Committee and relevant departments request a verification of the current status of the use these premises but so far no reply or opinion about these matters has been received. Concerning these buildings and land, the General corporation will perform the Resolution 121/NQ-CP dated 22/11/2017 of the Government requiring that the approval about the plan for the use of land should be obtained before the date the joint stock company is issued a Certificate of Registration of Business for the initial time.

8.2.3.2. Following is the plan for the use of land of the General corporation after equitization with respect to 132 buildings and land (including 174 plots of land):

- After the equitization, 114/32 buildings and land (including 147/174 plots of land) with a total area of 2,016,542 m² will be retained for use.
- After the equitization, the shareholding company will continue to deal with 12 buildings and land (including 19 plots of land) and a portion of the area of a building of Bac Lieu Food company, with a total area of 82,022.4 m², under the Law on land.
- .06 buildings and land (including 08 plots of land) and a portion of the area of premises of An Giang Food Company and a portion of the area of premises of Bac Lieu Food compan, with a total area of 40,833.8 m² will be returned or transmitted to local governments.

Following is the specific Plans for the use of land of the General corporation :

 **In Ho Chi Minh City:**

On 29/02/2016, Vietnam Southern Food Corporation Limited sent the People's Committee of Ho Chi Minh City an official document 689/TCT/KTXDCB to ask for the opinion of the People's Committee about the General corporation's plan for the use of land within Ho Chi Minh City. Up to 31/12/2017 the People's Committee of Ho Chi Minh City has not given any opinion about the plan for the use of land in Ho Chi Minh City. However, the Ministry of Finance, the Ministry of Agriculture and Rural Development, and Steering Committee No. 09, conducted an inspection about buildings and land in Ho Chi Minh City on 23/06/2016, and the Ministry of Finance gave an opinion about 17 buildings and land which were inspected in the Document 14536/BTC-QLCS dated 14/10/2016

The Ministry of Finance issued a Document No. 2212/BTC-QLCS dated 14/10/2016 on the taking back of two buildings and land (02 plots of land) in Ho Chi Minh City: number 72/2B Vo Van Ngan Street (now known as To Vinh Dien Street) Linh Chieu Ward, Thu Duc District, with an area of 8,539.6 m² and 01 building and land (01 plot of land) located at 289 Ben Binh Dong Street, Ho Chi Minh City, with an area of 5,497.9 m². The Document 4075/BTC-QLCS dated 28/03/2017 sent by the Ministry of Finance to the People's Committee of Ho Chi Minh City and the Ministry of Agriculture and Rural Development requested the People's Committee of Ho Chi Minh City to cooperate with the Ministry of Finance (Public Asset Management Agency), the Ministry of Agriculture and Rural Development, and Vietnam Southern Food Corporation Limited, in performance of the handing over and taking over of the buildings and land said above.

On 6/6/2017, the Ministry of Finance, The Center for Land Fund Development and Departments under the control of the People's Committee of Ho Chi Minh City had a meeting, reaching an agreement about a plan for handing over and taking over of buildings and land in September 2017. On 02/01/2018, the Center For Land Fund Development under the control of the Department of Natural Resources and Environment and Vietnam Southern Food Corporation Limited had a meeting and the General corporation will hand over buildings and land in the coming time, and the General corporation will work with the Ministries and Departments of the Central Government to make a proposal for a permission to retain a plot of land where a gasoline station under the management of Binh Dong Wheat Flour Company.

On 30/11/2017, the Steering Committee No. 02 held a meeting and requested that inspection should be performed again with respect to buildings and land which were inspected in June 2016. On 12/12/2017, the Steering Committee No. 09- Department of Finance of Ho Chi Minh City conducted inspections of these buildings and land and it is expected that the Steering Committee No. 09 will hold a meeting to approve the Plan for the use of land of 17 buildings and land proposed by Vietnam Southern Food Corporation Limited in a near future and reports on this matter will be submitted to the Ministry of Finance and to the People's Committee of Ho Chi Minh City for their consideration and approval.

At the present time, the General corporation is managing and using the said 17 buildings and land with a total area of 89,842.3 m² are under the management and use by the General corporation. In which:

- There are 12 buildings and land, with a total area of 32,267.6 m² under the management of the Office of the General corporation. And in future, the Office will continue manage and use 09 buildings and land with a total area of 16,903.3 m² and intends to sell or transfer 01 building and land with an area of 1,327 m² (located at number 2 Thao Dien) and will transmit to the local government 02 buildings and land with a total area of 14,037.3 m².
- Binh Dong Wheat Flour company will continue to manage and use 03 buildings and land with a total area of 57,350m².
- Song Hau Food company will continue to manage and use 02 buildings and land with a total area of 224.7 m².

In Long An Province

The People's Committee of Long An Province issued the Document 1965/UBND-KT dated 02/06/2016 and the Document 4950/UBND-KT dated 31/10/2017 agreeing with the Post-equitization plan for the use of land with respect to 11 buildings and land with a total area of 362,889.7 m² under the management of Vietnam Southern Food Corporation Limited, indicating that the General corporation will continue to use them for product and business purposes, namely:

- Long An Food company will continue to manage and use 10 buildings and land with a total area of 326,497.7 m²
- Binh Dong Wheat Flour company will continue to manage and use 01 building and land with a total area of 36,392 m².

In Tien Giang Province:

The People's Committee of Tien Giang Province issued the Document 2565/UBND-KT dated 13/06/2016 and the Document 5769/UBND-KT dated 30/11/2017 agreeing with the Post-equitization plan for the use of land with respect to 20 buildings and land with a total area of 341,874.8 m² under the management of the General corporation, namely:

- Tien Giang An Food company will continue to manage and use 18 buildings and land (32 plots of land) with a total area of 204,867,4 m² and the Provincial People's Committee has agreed to sell buildings and transfer the rights to the use of land in this property (including 02 plots of land) and to sell 01 plot of land of Rice Paper Factory (totalling 03 plots) with a total area of 6,552.3 m².
- Tien Giang Agricultural Product company will continue to manage and use 01 building and land (01 plot of land) with a total area of 130,455 m².

In Dong Thap Province:

The People's Committee of Dong Thap Province issued the Document 202/UBND-KTN dated 11/04/2016 and Document No. 685/UBND-KTN dated 20/11/2017 agree to permit the General corporation to retain 12 buildings and land (13 plots of land) with a total area of 348,085.2m², namely:

- Dong Thap Food company will continue to manage and use 10 buildings and land (11 plots of land) with a total area of 188,020.2 m²
- Tien Giang Agricultural Product and Food company will continue to manage and use 02 buildings and land (02 plots of land) with a total area of 160,065 m².

In An Giang Province:

On 30/03/2016, the People's Committee of An Giang Province sent the Document 368/UBND-TH to the General corporation, in which the People's Committee has agreed with the General Corporation about the Plan for the use of land. There are 03 plots of land including a total area of 26,519.9 m² concerning which, the Provincial People's Committee requested that the form of the use of land should be changed from land allocation to land lease as follows: one plot of land in CBLT Tan Chau Factory with an area of 2,928 m² and 01 plot of land in the workshop 2 of CBLT Long Xuyen Factory with an area of 75m² and 01 plot of land in CBL Phu Hoa Factory with an area of 23,516.8 m². The General corporation has 06 buildings and land with a total area of 91,404.1 m², namely :

- An Giang Food and Foodstuff company will retain 06 buildings and land with a total area of 69,737.6 m² and will surrender to the local government an area of 21,666.5 m² located in Phu Hoa, Thoai Son, An An Giang under the opinion of the Provincial People's Committee.

In Can Tho City:

The People's Committee of Can Tho City had an opinion about the Plan for the use of land after equitization, and the Document 1789/UBND-KT dated 12/5/2016 shows the People's Committee about the Plan of the General corporation. Especially for the building and land concerning O Mon Rice Processing Factory with an area 5,401 m², this plot of land will transformed from the form of land allocation to the form of land lease.

The General corporation has 09 buildings and land with a total area of 379,079.9 m², including:

- Song Hau Food company will continue to manage and use 05 buildings and land (05 plots of land) with a total area of 154,632.3 m².
- Bac Lieu Food company will with a total area of 7,419 m² and intends to sell the property and transfer the rights to the land use with respect to 01 building and land (01plot of land) with a total area of 1,597m², about which the People's Committee of Can Tho has agreed.
- Thot Not Branch will retain 01 building and land (01plot of land) with a total area of 215,431.6 m².

In Hau Giang Province:

On 17/03/2016 the People's Committee of Hau Giang Province sent the Document 375/UBND-KTTH to the Ministry of Agriculture and Rural Development and to the General corporation, stating that it has agreed about the Plan of the General corporation. The General corporation retains 01 building and land (01plot of land) with a total area of 2,098 m², namely.

- Song Hau Food company will continue to manage and use 01 building and land with a total area of 2,098 m².

 **In Vinh Long Province:**

The People's Committee of Vinh Long Province gave its opinion about the Plan for use of land after equitization. In the Document 1745/UBND-KTN dated 24/05/2016 the People's Committee has agreed about the Plan of the General corporation. The General corporation has 05 buildings and land (14 plots of land) with a total area of 62,807 m², including:

- Vinh Long Food company will retains 03 buildings and land (09 plots of land) with a total area of 52,969.5 m² and intends to sell the property and transfer the rights to the land use with respect to 01 building and land (02 plots of land) with a total area of 142.1 m².
- Tra Vinh Food company will continue to manage and use 01 building and land , đất (03 plots of land) with a total area of 9,695 m².

 **In Ben Tre Province:**

The People's Committee of Ben Tre Province gave its opinion about the Plan for use of land after equitization. In the Document 955/UBND-TCĐT dated 7/3/2016 and Document No. 4791/UBND-TCĐT dated 23/10/2017 the People's Committee has agreed about the Plan of the General corporation . The General corporation has 18 building and land (19 plots of land) with a total area of 41,760 m², namely:

- Ben Tre Food company will continue to manage and use 15 buildings and land (16 plots of land) with a total area of 38,215.6 m² and will surrender to the local government 3 buildings and land (03 plots of land) with a total area of 3,710.1 m² (Da Phuoc Hoi Warehouse, Giong Truon Warehouse, Food and Foodstuff shop of Hamlet 5, Binh Thanh + business of motor bikes).

 **In Tra Vinh Province:**

The People's Committee of Tra Vinh Province gave its opinion about the Plan for use of land after equitization in the Document 1099/UBND-NN dated 8/4/2016 and the in Document No. 4279/UBND-NN dated 20/11/2017. The General corporation has 20 buildings and land (26 plots of land) with a total area of 296,149.1 m², namely:

- Tra Vinh Food company will retains 13 buildings and land (16 plots of land) with a total area of 197,728 m² and intends to sell the property and transfer the rights to the land use with respect to 2 buildings and land (03 plots of land) with a total area of 41,829.2 m², and to surrender to the local government 01 building and land (01 plot of land) with an area of 919.9 m².
- Tra Vinh Agricultural Product and Foodstuff company will continue manage and use 01 building and land (01 plot of land) with an area of 29,254 m² , and intends to sell the property and transfer the rights to the land use with respect to 03 buildings and land (5

plots of land) with a total area of 26,418 m². This plan is agreed by the People's Committee.

 **Soc Trang Province:**

On 17/5/2016 the People's Committee of Soc Trang Province gave the Document 1536/UBND-KT agreeing about the Plan for the use of land after equitization. The General corporation has 04 buildings and land (04 plots of land) with a total area of 46,676 m², including:

- Soc Trang Food company will continue manage and use 04 buildings and land (04 plots of land) with a total area of 46,676 m².

 **In Bac Lieu Province:**

On 17/5/2016 the People's Committee of Bac Lieu Province gave the Document 1536/UBND-KT agreeing about the Plan for the use of land after equitization. The General corporation has 08 buildings and land (11 plots of land) with a total area of 46,454.6 m², namely:

- Bac Lieu Food company will retains 05 buildings and land (06 plots of land) with a total area of 41,797.8 m², and intends to sell the property and transfer the rights to the land use with respect to 03 buildings and land (04 plots of land) with a total area of 4,156.8 m², and to surrender to the local government 01 plot of land including 500m².

 **In Binh Dinh Province:**

On 29/4/2016 the People's Committee of Binh Dinh Province gave the Document 1582/UBND-KT agreeing about the Plan for the use of land after equitization. The General corporation has 01 building and land with an area of 30,278 m², namely:

- Vinh Long Food company will retains 01 01 building and land with an area of 30,278 m².

Table 8: Plan for the use of land of the General Corporation after equitization

No.	Address of building and land reported	Total			Plan for the use of land of the General Corporation after equitization							
					To retain for use					Will sell property and transfer the rights to the use of land to other parties	Will surrender the land to the local government	Note
		Total	Acquisition of land by transfer of the rights to the use of land	Allocation of land with collection of the fee for the use of land	Area of buildings and land leased from the Government (m ²)		Lump-sum payment of rent	Annual payment of rent				
					Number of establishments	Number of plots of land			Area of the land (m ²)			
1	2	3	4	5	7	9	11	13	15	17	19	20
I	Ho Chi Minh City	17	17	89,842.3	74,478		0		74,478	1,327.0	14,037.3	
1	Office of the General corporation	12	12	32,267.6	16,903.3		0		16,903.3	1,327.0	14,037.3	
2	Song Hau Food company	2	2	224.7	224.7				224.7			
3	Binh Dong Wheat Flour company	3	3	57,350.0	57,350.0				57,350.0			
II	Long An Province	11	14	362,889.7	354,572.7			36,392.0	318,180.7	8,317.0		
1	Long An Food and Foodstuff company	10	13	326,497.7	318,180.7				318,180.7	8,317.0		
2	Binh Dong Wheat Flour company	1	1	36,392.0	36,392.0			36,392.0				



III	Tien Gian Province	20	36	341,874.8	119,154.2	8,005.2	4,556.7	41,120.7	145,471.6	142,720.6		
1	Tien Giang Food company	19	35	211,419.7	199,154.2	8,005.2	4,556.7	41,120.7	145,471.6	12,265.5		
2	Tien Giang Agricultural Product and Foodstuff company	1	1	130,455.1	0.0					130,455.1		
IV	Dong Thap Province	12	13	348,085.2	182,522.0				182,522.0	165,563.2		
1	Dong Thap Food company	10	11	188,020.2	182,442.0				182,442.0	5,578.2		
2	Tien Giang Agricultural Product company	2	2	160,065.0	80.0				80.0	159,985.0		
V	An Giang Province	6	9	91,404.1	69,737.6				69,737.6		21,666.5	
1	An Giang Food and Foodstuff company	6	9	91,404.1	69,737.6				69,737.6		21,666.5	
VI	Can Tho City	9	9	379,079.9	377,482.9				377,482.9	1,597.0		
1	Song Hau Food company	5	5	154,632.3	154,632.3				154,632.3			
2	Bac Lieu Food company	3	3	9,016.0	7,419.0				7,419.0	1,597.0		
3	Thot Not Branch	1	1	215,431.6	215,431.6				215,431.6			
VII	Hau Giang Province	1	1	2,098.0	2,098.0				2,098.0			
1	Song Hau Food company	1	1	2,098.0	2,098.0				2,098.0			



VIII	Vinh Long Province	5	14	62,806.5	62,664.4		39,146.1		23,518.3	142.1		
1	Vinh Long Food company	4	11	53,111.6	52,959.5		29,451.2		23,518.3	142.1		
1	Tra Vinh Food company	1	3	9,694.9	9,694.9		9,694.9					
IX	Ben Tre Province	18	19	41,760.0	38,049.9	3,854.0	92.3		34,103.6		3,710.1	
1	Ben Tre Food company	18	19	41,760.0	38,049.9	3,854.0	92.3		34,103.6		3,710.1	
X	Tra Vinh Province	20	26	296,149.1	197,728.0				197,728.0	97,501.2	919.9	
A	Tra Vinh Food company	16	20	240,477.1	197,728.0				197,728.0	41,829.2	919.9	
B	Tra Vinh Agricultural and Foodstuff company	4	6	55,672.0	0.0					55,672.0		
XI	Soc Trang Province	4	4	46,676.0	46,676.0		36,325.6		11,350.4			
1	Soc Trang Food company	4	4	46,676.0	46,676.0		36,325.6		11,350.4			
XII	Bac Lieu Province	8	11	46,454.6	41,797.8				41,797.8	4,156.8	500.0	
1	Bac Lieu Food company	8	11	46,454.6	41,797.8				41,797.8	4,156.8	500.0	
XIII	Binh Dinh Province	1	1	30,278.0	30,278.0				30,278.0			
1	Vinh Long Food company	1	1	30,278.0	30,278.0				30,278.0			
	Total	132	174	2,139,398.2	1,677.2	11,859.2	79,120.7	77,512.7	1,508,746.9	421,324.9	40,833.8	

8.3. Buildings and architectural works at 31/03/2015
Unit :VND

No.	Name of companies	Prime cost	Residual value
1	Office of the General corporation	94,489,166,142	38,624,656,155
2	Song Hau Food company	149,500,093,464	70,629,005,155
3	An Giang Food and Foodstuff company	171,041,837,315	94,997,017,665
4	Bac Lieu Food company	76,215,659,669	48,546,994,345
5	Binh Dong Wheat Flour company	174,539,427,467	57,515,721,017
6	Long An Food company	246,704,094,681	127,961,964,531
7	Tien Giang Food company	298,617,811,344	163,660,995,757
8	Tra Vinh Food company	233,987,940,072	152,702,047,547
9	Dong Thap Food company	178,967,396,841	103,927,807,500
10	Soc Trang Food company	65,610,171,292	50,366,382,963
11	Vinh Long Food company	48,545,615,387	42,651,105,174
12	Tra Vinh Agricultural and Foodstuff company	132,607,179,485	135,106,427,825
13	Tien Giang Agricultural and Foodstuff company	217,646,085,132	171,180,123,023
14	Ben Tre Food company	29,776,103,286	18,630,830,778
15	Thot Not Branch	103,624,619,868	100,136,754,756
	Total	2,221,873,201,444	1,376,637,834,191

Source State Auditing
8.4. Machine and equipments at 31/03/2015
Unit :VND

No.	Name of companies	Prime cost	Residual value
1	Office of the General corporation	103.103.928	37.410.593
2	Song Hau Food company	63.575.852.550	39.747.818.881
3	An Giang Food and Foodstuff company	97.847.855.633	53.950.936.936
4	Bac Lieu Food company	62.011.544.025	35.271.822.593
5	Binh Dong Wheat Flour company	119.321.560.378	26.239.199.988



No.	Name of companies	Prime cost	Residual value
6	Long An Food company	161,020,923,113	100,896,745,260
7	Tien Giang Food company	205,329,722,655	134,939,469,104
8	Tra Vinh Food company	110,797,607,580	72,337,140,699
9	Dong Thap Food company	132,375,504,785	92,140,963,217
10	Soc Trang Food company	52,607,350,432	42,762,767,244
11	Vinh Long Food company	64,619,566,028	52,985,948,551
12	Tra Vinh Agricultural and Foodstuff company	100,205,109,207	57,042,792,679
13	Tien Giang Agricultural and Foodstuff company	92,512,775,033	65,595,114,210
14	Ben Tre Food company	12,239,637,915	9,690,108,482
15	Thot Not Branch	7,508,001,498	7,440,140,772
	Total	1,282,076,114,759	791,078,379,209

Source State Auditing

8.5. Transport vehicles at 31/03/2015

Unit: VND

No.	Name of companies	Prime cost	Residual value
1	Office of the General corporation	16,657,485,335	8,067,381,456
2	Song Hau Food company	28,488,246,932	12,248,479,745
3	An Giang Food and Foodstuff company	3,832,829,235	1,530,257,498
4	Bac Lieu Food company	2,505,235,125	1,077,242,782
5	Binh Dong Wheat Flour company	6,058,950,569	2,542,973,349
6	Long An Food company	7,252,991,705	3,929,593,755
7	Tien Giang Food company	5,702,632,249	2,392,889,800
8	Tra Vinh Food company	16,172,034,033	8,165,476,776
9	Dong Thap Food company	20,319,271,857	12,735,869,623
10	Soc Trang Food company	7,650,227,190	5,709,062,742
11	Vinh Long Food company	3,240,392,100	2,315,780,244
12	Tra Vinh Agricultural and Foodstuff company	12,101,849,240	7,843,238,457



No.	Name of companies	Prime cost	Residual value
13	Tien Giang Agricultural and Foodstuff company	7,077,417,090	3,792,405,804
14	Ben Tre Food company	4,188,790,712	3,031,527,519
15	Thot Not Branch	799,090,909	359,590,909
	Total	142,047,444,281	75,741,770,459

Source State Auditing

8.6. Tools and equipments for management at 31/03/2015

Unit :VND

No.	Name of companies	Prime cost	Residual value
1	Office of the General corporation	1,435,706,121	429,825,590
2	Song Hau Food company	326,791,817	141,479,227
3	An Giang Food and Foodstuff company	210,051,513	43,269,326
4	Bac Lieu Food company	255,544,137	109,006,572
5	Binh Dong Wheat Flour company	4,498,208,944	1,307,944,804
6	Long An Food company	10,662,331,929	5,291,116,394
7	Tien Giang Food company	836,190,716	291,354,638
8	Tra Vinh Food company	1,790,996,323	503,059,738
9	Dong Thap Food company	15,136,486,341	8,280,373,186
10	Soc Trang Food company	531,437,252	409,962,092
11	Vinh Long Food company	254,639,375	132,483,159
12	Tra Vinh Agricultural and Foodstuff company	199,864,787	239,752,818
13	Tien Giang Agricultural and Foodstuff company	35,600,000	30,737,965
14	Ben Tre Food company	127,327,557	44,244,270
15	Thot Not Branch	42,000,000	36,540,000
	Total	36,743,176,812	17,291,149,778

Source State Auditing

8.7. Other fixed assets

Unit:VND



No.	Name of companies	Prime cost	Residual value
1	Office of the General corporation	0	0
2	Song Hau Food company	0	0
3	An Giang Food and Foodstuff company	0	0
4	Bac Lieu Food company	0	0
5	Binh Dong Wheat Flour company	0	0
6	Long An Food company	0	0
7	Tien Giang Food company	4,039,397,298	1,610,991,044
8	Tra Vinh Food company	898,152,000	234,047,412
9	Dong Thap Food company	710,451,283	204,832,463
10	Soc Trang Food company	0	0
11	Vinh Long Food company	0	0
12	Tra Vinh Agricultural and Foodstuff company	679,204,248	377,164,381
13	Tien Giang Agricultural and Foodstuff company	8,280,065,687	6,607,538,778
14	Ben Tre Food company	68,088,047	13,617,609
15	Thot Not Branch	0	0
	Total	14,675,358,563	9,048,191,687

Source State Auditing

8.8. Intangible fixed assets

Unit :VND

No.	Name of companies	Prime cost	Residual value
1	Office of the General corporation	792,727,113,013	791,263,822,164
2	Song Hau Food company	0	0
3	An Giang Food and Foodstuff company	10,299,382,789	10,299,382,789
4	Bac Lieu Food company	9,404,376,133	8,647,856,167
5	Binh Dong Wheat Flour company	80,441,645	0
6	Long An Food company	2,967,909,752	1,388,582,471



7	Tien Giang Food company	36,934,446,386	34,096,873,342
8	Tra Vinh Food company	20,126,014,443	18,021,894,588
9	Dong Thap Food company	6,849,963,307	1,491,610,239
10	Soc Trang Food company	10,542,283,462	10,243,159,478
11	Vinh Long Food company	22,409,551,781	21,759,892,474
12	Tra Vinh Agricultural and Foodstuff company	62,949,145,689	62,529,757,408
13	Tien Giang Agricultural and Foodstuff company	316,665,283	159,113,094
14	Ben Tre Food company	2,249,336,116	2,020,587,639
15	Thot Not Branch	0	0
	Total	977,856,629,799	961,922,531,853

Source State Auditing

9. Production and business activities of the enterprise over years before equitization
9.1. purchases, sales, import turnover, export turnover, revenues, profits in the period of 2013 – 2016
Table 9: purchases, sales, import turnover, export turnover, revenues, profits in the period of 2013 -2016

No	Description	Unit	Year			
			2013	2014	2015	2016
I	PURCHASES					
1	Rice	Tons	1.621.817	2.304.653	1.675.478	1.046.791
2	Aquatic products	Tons	7.662	0	0	
3	Wheat flour	Tons	52.429	86.174	42.959	50.752
II	SALE					
1	Rice :	Tons	1.511.879	1.609.952	1.296.384	806.065
A	Export	Tons	813.271	1.237.081	1.007.137	404.427
B	Domestic	Tons	698.608	372.871	289.247	401.638
2	Aquatic products	Tons	4.420	-	-	
3	Feed for fish	Tons	26.330	-	-	
4	Wheat flour	Tons	53.009	65.915	47.800	41.441
5	Processed foodstuffs	Tons	4.575	3.069	577	593



6	Packaging	Piece	14.065.425	14.285.736	14.650.791	9.703.658
III	EXPORT-IMPOR TURNOVER	Thousand USD	406.126	542.853	392.804	176.784
	In which:					
	Expor turnover	Thousand USD	371.296	526.945	383.480	165.821
	Import turnover	Thousand USD	34.830	15.908	9.324	10.963
IV	REVENUE	Million Dongs	17.538.445	19.028.368	16.153.289	10.109.675
V	PROFITS	Million Dongs	-216.478	-873.332	155.796	161.380

Source: VINAFOOD II

9.2. Raw materials

- Raw materials are rice, wheat flour.... which are bought from Provinces in the Mekong River Delta. After purchased, raw materials are used to make products of rice of all kinds, which are then packaged, stored and sold to the markets in Vietnam or to be exported to other countries.
- Factors which have influence on the price of the input materials:
 - Prices for purchase of raw materials often rise at the beginning of each year because the General Corporation and other enterprise in the same business line usually focus on buying rice in a large amount when farmers begin to harvest rice from the *Winter-Spring rice crop*.
 - The movement of prices also depends on the market demand and supply
- The said rice-crop-based factors have an influence on profits of the General corporation due to the expenses for the storage of rice. However, concerning the procurement of rice, the General corporation has made forecast about the demand and supply of market on rice .

9.3. Expenses

Following is the structure of expense and the ratio of total expenses to revenues of the Parent company Vietnam Southern Food Corporation Limited over the period of 2013-2016:

Table 10: expenses for the period of 2013 – 2016

Đơn vị tính : Million Dongs

No.	Description	2013		2014		2015		2016	
		Value	Ratio of expenses to revenues (%)	Value	Ratio of expenses to revenues (%)	Value	Ratio of expenses to revenues (%)	Value	Ratio of expenses to revenues (%)
	Total revenue	17.538.445		19.028.368		16.153.289		10.109.675	
1	Cost of goods sold	15.748.622	89,79	16.457.459	86,49	13.069.598	80,91	8.390.075	83,00
2	Financial expenses	548.175	3,13	530.956	2,79	523.950	3,24	53.797	0,53
	In which: Interest expense	231.860	1,32	215.425	1,13	233.101	1,44	137.046	1,36
3	Sales expenses	1.165.581	6,65	2.414.754	12,69	2.031.348	12,58	1.248.769	12,35
4	General and administrative expenses	249.840	1,42	474.142	2,49	277.125	1,72	209.680	2,07
5	Other expenses	42.705	0,24	24.386	0,13	95.472	0,59	45.974	0,45
	Total expenses	17.754.923	101,23	19.901.697	104,59	15.997.493	99,04	9.948.295	98,40

Source: Audited Financial Statements of 2013, 2014, 2015 and 2016 of VINAFOOD II

9.4. Revenue

Following is the structure of revenues of the Parent company - Vietnam Southern Food Corporation Limited over the period of 2013 – 2016 :

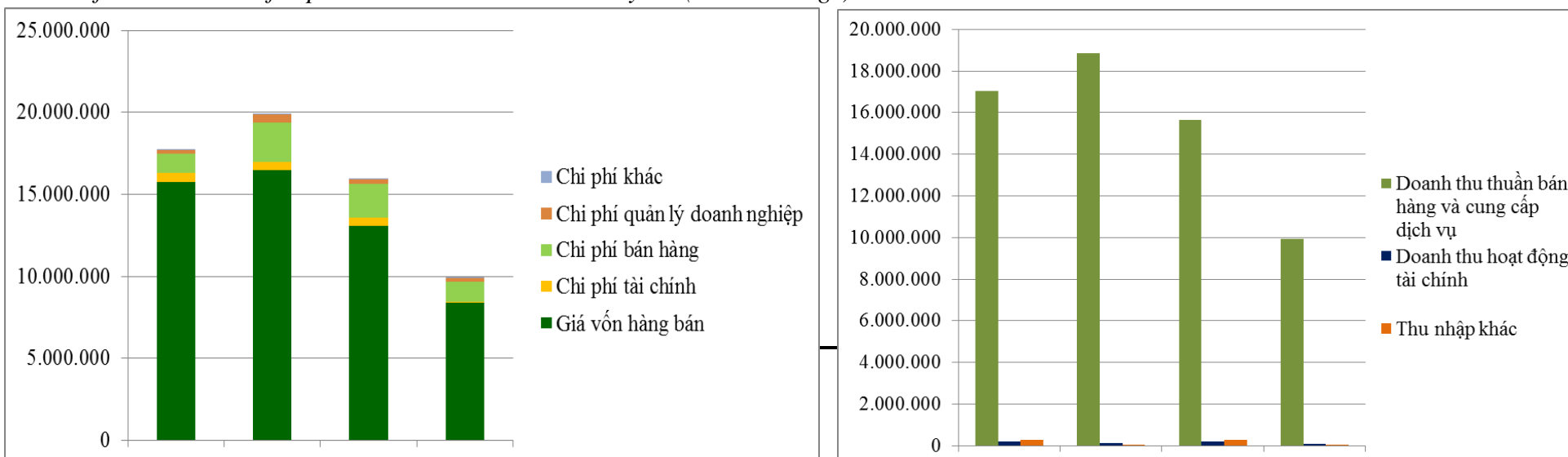
Table 11: Revenue during the period of 2013 - 2016

Đơn vị tính: Million Dongs

No.	Description	2013		2014		2015		2016	
		Value	Percentage (%)	Value	Percentage (%)	Value	Percentage (%)	Value	Percentage (%)
1	Net revenue from sale of goods and supply services	17.030.741	97,10	18.861.620	99,12	15.651.813	96,90	9.951.409	98,44
2	Financial revenue	216.728	1,24	140.106	0,74	214.325	1,33	92.863	0,92
3	Other income	290.976	1,66	26.642	0,14	287.151	1,77	65.403	0,64
	Total	17.538.445	100	19.028.368	100	16.153.289	100	10.109.675	100

Source: Audited Financial Statements of 2013, 2014, 2015 and 2016 of VINAFOOD II

Chart of the structure of expenses and revenue over the year (million dongs)



9.5. Profits and main financial items

Following it the profits realized by the Parent company- Vietnam Southern Food Corporation Limited over the period of 2013 – 2016 :

Table 12: Profits over the period of 2013 - 2016

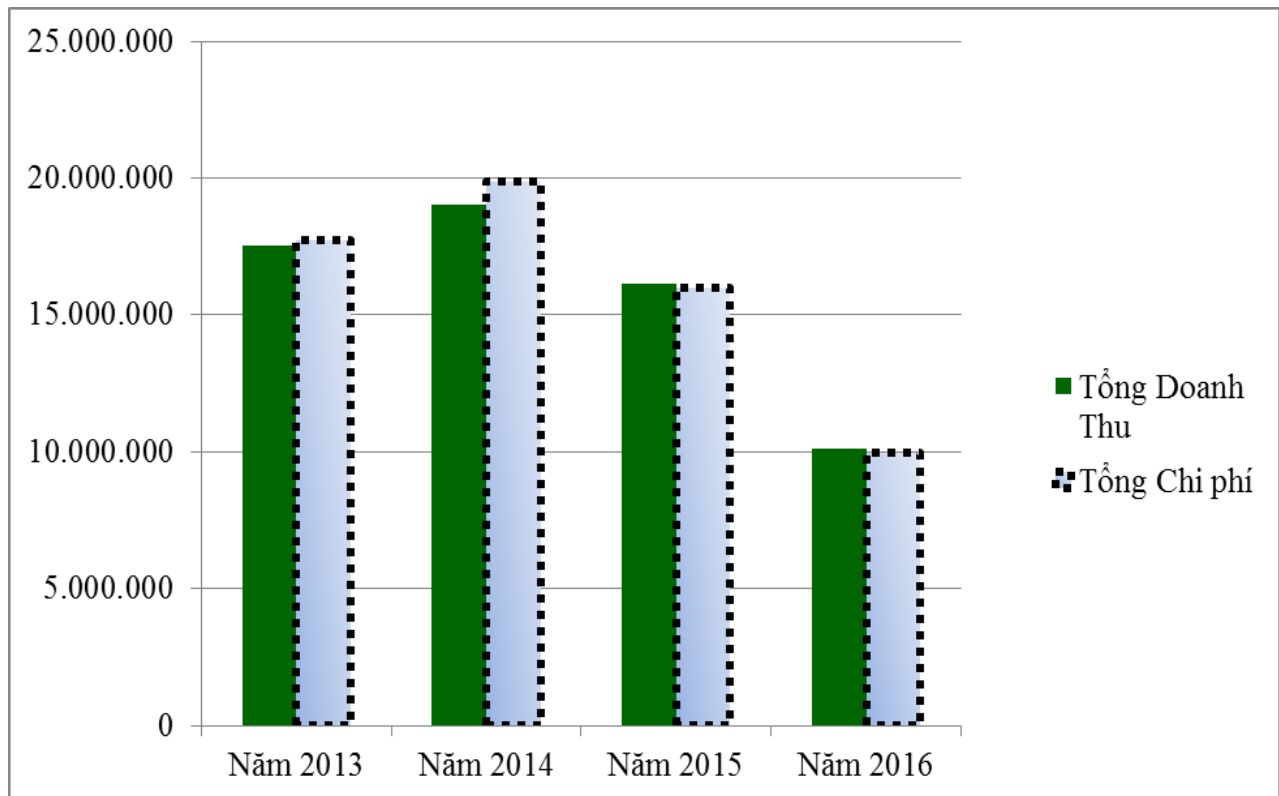
Unit: Million Dongs

Stt	Chỉ tiêu	Year 2013	Year 2014	Year 2015	Year 2016
1	Net Revenue	17.030.741	18.861.620	15.651.813	9.951.409
2	Profits from business operation	(464.749)	(875.587)	(35.883)	141.951
3	Other profits	248.271	2.255	191.679	19.429
4	Profits before tax	(216.478)	(873.332)	155.796	161.380
5	Profits after tax	(229.580)	(873.780)	136.032	156.523

Source: Audited Financial Statements of 2013, 2014, 2015 and 2016 of VINAFOOD II

Chart of the change of revenues, expenses over the years

Unit: Million Dongs



The revenues of the Parent company- the General corporation reduce continuously declined Over the period of 2013-2016 and its profits fell down too. The Parent company – the General corporation recorded its loss for the two consecutive years from 2013 to 2014. The Parent company- the General corporation continued to suffer loss until the 1st Quarter of 2015; however since the 2nd Quarter of 2015, the Parent company- the General corporation has begun to gain profits from its business operation. The accumulative profits before tax of the Parent company – the General corporation during the year 2015 was 155,796 billion Dongs, and the profit before tax of the the Parent company – the General corporation in 2016 was 161,380 billion Dongs.

The main causes of the declination of revenue and the losses over the 2 consecutive years 2013- 2014 is due to the inefficient business operation in aquati products and financial investments. Specifically as follows:

The loss before tax of the Parent company was: - **216,478** billion dongs, in which: 7/14 entities reported on their loss in business which is – 269,054 billion Dongs, especially there were 02 enterprises engaging in aquaculture and aquatic product processs suffering a total loss of - 138. 876 billion Dongs, accounting for 64.15% of the total losses and there were 7/14 entities reporting they gained profits from business operation in the amount of 63.581 billion Dongs, which were adjusted to be consolidated with the loss of the Parent company: - 11,005 billion Dongs. The losses were resulted from:

- Loss on inefficient business operation: - 338,737 billion dongs
- In which: the loss on efficient aquatic line of business:* - 133,184 billion dongs



Provision for doubtful debts which may cause loss :	- 10,915 billion dong;
Provision for financial investment which may cause loss::	- 226,576 billion dong;
Other incomes:	359,billion dong.

In which:

Provided-by –Government Loan interest support for buying rice for temporary reserves:

	<i>73,253 billion Dongs</i>
<i>Dealing with debts not payable or not receivable :</i>	<i>125,887 billion Dongs</i>
<i>Distributed dividend</i>	<i>110,195 billion Dongs</i>
<i>Other</i>	<i>50,415 billion Dongs</i>
Total:	- 216,478 tỷ đồng

(the profit after corporate income tax of the Parent company in 2013 is – 2 29,580 billion Dongs. The increase in loss is due to the dependant companies of the Parent company which submitting their corporate income tax returns to the taxation authorities directly managing such companies, resulting the excess amount of corporate income tax paid by the dependant companies of the Parent company of 15,977 billion Dongs.)

Consideration of the causes of the loss of 2013

Objective causes:

- Performing the duty to buy paddy rice and rice for rice reserves as required by the Government: Before the time of buying rice for the rice reserves purpose, the rice price was low, but when the Government issued the policy and organized the procurement of rice for the rice reserves purpose, under the influence of this policy, the price of paddy and rice rose; when the time limit for buying rice for the rice reserves was expired, the rice price in the country tended to decline again. For this reason, the price of the rice stock is often high; as a result, it is difficult to sell the rice stock, causing large interest expenses when and if it is impossible to sell the rice stock (because the time of storage was long, but the time for financial support provided by the Government is short, maximum a period of 3 months); the amount of bank loan interest over the time when the rice stock could not be sold during the year 2013 was: 36,770 billion dong.
- There has been a change in the regulations on putting aside sums for setting up the provision for financial investments when the Ministry of Finance issued the Circular number 89/2013/TT-BTC dated 28/6/2013, in place of the Circular number 228/2009/TT-BTC dated 07/12/2009, on putting aside sums for provisions for loss on financial investment; as a result, the sum for the provision for financial investments increased by: 115,286 billion Dongs. Although the General corporation had a plan for divestment from 2012, no investors desired to buy investments due to the stagnant market; for this reason, the divestment was not as expected by General corporation; as a result the General corporation must made provisions for bad debts.

- Top Rice Exporting and Importing countries in the world have had changes in their Rice exporting and Importing policies, so the demand of rice from the main market shares has considerably declined while the supply of rice in the world is large. Because of the large rice inventories of Thailand and of India, the competition on the world's rice market has become fiercer, so the sold quantity of rice and the rice price fall. Specifically as follows:
 - o Indonesia Market : declined by 790.850 tons (decreased by 100 %) compared to 2012.
 - o Malaysia Market: declined by 335.610 tons (decreased by 48,15 %) and on average, the rice price declined by 98 USD /ton (decreased by 20,45 %), compared to 2012.
 - o Philippines Market: declined by 544.045 tons (decreased by 62,18 %) and on average, the rice price declined by 38 USD/ton (decreased by 9,03 %), compared to 2012.

In general, in 2013, the total volume of rice of contracts declined by 1,670,505 tons (decreased by 62.77%) compared to 2012.

- Aquatic product markets have many difficulties because exporter and importers are faced with technical barriers, trade protection and the imposition of antidumping duty from importing countries.

Subjective causes:

- Some of the member companies are weak in assessing customers' ability to pay for sale price, or have advanced large prepayments to sellers when buying goods, or are not able to manage the delivery of goods, so overdue sum or bad debts are incurred by them, which cause a payments disequilibrium and an increase in interest expenses for the whole General corporation during the year 2013 and in the next following years.
- The investment in aquaculture, aquatic product processing and production of feed for aquaculture is a novel line of business toward the member companies which neither have much experience in marketing for products of such business lines, nor have created any brand names for their aquatic products, so they could not find consumption market and clients; furthermore, the member companies which have engaged in aquatic products have not closely cooperated or coordinated with each other; as a result such business lines become a financial burden for them and also for the General corporation; additionally they made decision to engage in the aquatic product business when their main business (rice) was facing difficulties so more losses were incurred during the year 2013 and have become a financial burden for the next following years.
- The utilization coefficient of storehouse capacity and of productive capacity is low (the utilization coefficient of storehouse is 1.13 turnover/year, milling rice, 18.75%, whitening rice and polishing rice, 45.54%, mixing, 6.42%); so the expenses for depreciation increase on a unit of a product while the number of contract for sale reduces.
- The forecast of market was not exact; as a result, the quantity of goods bought at the end of each year is large, specifically as follows: paddy rice inventories of previous years are large

with a high purchase price while the demand on rice of importing countries and exported rice price are usually low during the first months of a year. For this reason, when the inventories of 2012 was forwarded to the year 2013, the General corporation has suffered a loss of – 48,913 billion Dongs.

- Some of dependant companies are exposed to the difficulty in finding new consumption markets and are weak in managing and operating the business affairs of their companies, while the advantage factors concerning opportunity of quantity and efficiency they can receive from concentrated contracts are not as they were..

In 2014, the loss before tax of the parent company was: - 873,332 billion Dongs, including : the loss on business of 11/15 entities is – 876,174 billion dongs (especially the loss relating to 02 enterprises which engaged in aquaculture and aquatic product processing : -138,152 billion Dongs, accounting for 15.82% of the total loss), and there were 4/15 entities reporting that they had profits which was: 4.362 billion Dongs, which was adjusted and consolidated with the Parent company : - 1.520 billion Dongs. The loss was caused by:

- | | |
|---|--------------------------------|
| - Loss on business operation: | - 391,394 billion Dongs |
| <i>In which: Loss on aquatic business lines:</i> | <i>-118,504 billion Dongs</i> |
| - Putting aside sums to make provisions for bad debts: | -256,644 billion Dongs |
| - Putting aside sums to make provisions for impaired financial investment | -198,942 billion Dongs |
| - Putting aside sums to make provisions for inventories: | -36,451 billion Dongs |
| - Financial surplus from divestment: | 10,099 billion Dongs |
| Total: | - 873,332 billion Dongs |

Consideration of the causes of the loss of 2014

Objective causes:

- Rice prices in Vietnam grew much especially after Vietnam won the contract for supplying 800,000 tons of rice to the Phillipines; in which the General corporation was one of the participants in the rice bidding and won a bid of 600,000 tons. In spite of this, to avoid a fine for violation of contract and to retain a conventional market, the General corporation had to make the full delivery of goods and on schedule as stipulated in the contract. As for this contract, the General corporation have suffered a loss of – 137.393 billion Dongs because it was obligated to perform contracts for sale of 213,828 tons of rice with 15% broken rice which had been signed by entities outside the General corporation to which VFA had allocated targets, but they were not able to perform and gave up the targets.
- Rice Export Markets continued to be in a dull status while the concentration markets showed good signals but not stable yet.
- The General corporation began to be exposed to difficulties caused by bad debts of 2013, and consequences of its financial investment and investments in aquaculture, aquatic product processing in previous years, which gave considerable influence on the result of business of the General corporation and this has continued until the next following years.

Subjective causes:

- Forecasts about markets and prices were not accurate, so some time, member companies lost decisive opportunities of purchase and sale for the business.
- Member companies could not make any breakthrough in commercial markets and domestic market while there were not good signals in concentration markets.
- The development and performance of solutions of business plans and the cleaning up of finance matters were done very slowly compared to the targets designed.
- The Leaders of the units do not adapt themselves to new circumstances, when transactions on concentration markets decreased in two aspects (quantity and price); furthermore, they are too weak in managing and operating business affairs to deal with new situations.

1st Quarter of 2015, the loss on business before tax suffered by the Parent company was – 79.312 billion Dongs, including: the loss on business of 14/15 entities is – 98.182 billion Dongs, especially the losses caused by 02 enterprises which engaged in aquaculture and aquatic product processing : - 16.189 billion Dongs, accounting for 20.41% of the total losses, there was 1/ 15 entities reporting that it had profit which was: 108,590,778 dongs which was adjusted and consolidated with the Parent company : +18,761 billion Dongs. The causes of the losses was::

- Loss on business operation: - 34,072 billion Dongs
In which: Loss on aquatic business lines: - 12,200 billion Dongs
- Putting aside sums to make provisions for bad debts: 0 billion Dongs
- Putting aside sums to make provisions for impaired financial investment:
billion Dongs
- Not writing back of provision for inventories : -
55,540 billion Dongs
- Financial surplus from divestment: 10,300 billion dongs
- Total: - 79,312 billion dongs**

(Loss after tax of the Parent in the 1st Quarter 2015 was: - 83.439. billion dongs, The increase in loss is due to the dependant companies of the Parent company which submitting their corporate income tax returns to the taxation authorities directly managing such companies, expenses for deferred income tax was 4.127 million dong).

Consideration of the causes of the loss of 1st Quarter 2015

Objective causes:

- Markets become dull until the 3rd quarter of 2015 they become well again, so the business operation is to make new purchase of rice of the Winter-spring crop 2014- 2015 and the member companies focused on selling inventories of 2014.

- The General corporation was in the danger of the financial brink because it had to suffer loss on business in 2014; furthermore, under the influence of inaccurate information from media about the General corporation after the State Inspectors gave a report on the status of the General corporation, some banks performed restrictions on credit facilities for the General corporation, so the General corporation was faced with more more financial difficulties. However after the General corporation had access to banks, publicly disclosing its Plans for Production and business and Solutions to clean up the finance of the General corporation, providing them with notice of the State Inspectors and make clear of the results of the State inspection, banks have resumed their credit facilities for the General corporation.

Subjective causes:

- Although the General corporation has made its best efforts to control its dependant companies, the outcome is not as expected and some dependant companies cannot stop the trend of loss occurring.
- The checking and monitoring of activities of purchase and sale of goods and the management and use of credit limits relating to dependant companies have not been conducted in a determined manner.

General comments:

Vietnam Southern Food Corporation Limited has performed the Government's policy of equitization in the world's economic situation in general and in Vietnam economic situation in particular is faced with many difficulties, especially in the fields of agricultural products, food and foodstuffs. As for Vietnam Southern Food Corporation Limited, in addition to the common difficulties, it has to operate in a situation of dull market and is faced with financial difficulties due to the consequences in the past before the time of equitization. Before the said situation, the General corporation was proactive in devising a Plan for reorganizing its business activities and devising solutions to make its finance become health including 9 important solutions in order to overcome difficulties and with the aim to improve its business and to clean up its finance step by step.

After more than 2 years of performance of the Plan 235/TCT-HDTV dated 10/11/2014 of the Board of Members, the General corporation has reaped the first encouraging fruits:

(1) Stopped losses, and step by step gained profits in business. In 2015, the profit before tax was 155.796 billion Dongs (of which the profit from trading of food was 204.885 billion dongs), up to 2016, the profit before tax was 161.380 billion dongs. While the accumulative loss calculated until 31/12/2015 reduced down to - 959.327 billion dongs and at 31/12/2016, this loss reduced down to - 798.479 billion dongs. The financial indexes have avoided the brink of unsecurity of finance, specifically as follows:

- + The owner's equity at 31/12/2015 was : 3,830.651 billion dongs, growing by 148.932 billion dongs compared to 31/12/2014. At 31/12/2016: 3,999.415 billion dongs, growing by 168.764 billion dongs compared to 31/12/2015.
- + Hệ số Debt-equity raion at 31/12/2015 was : 1.55, below the limit of safety loss (<3) reduced by 0.72 times compared to 31/12/2014. At 31/12/2016, it was 0.97, reducing by 0.58 times compared to 31/12/2015.

- + Current ratio at 31/12/2015 was: 1.12 times, above the limit of security of debt, increasing the limit of security of debt by 0.15 times compared to 31/12/2014. At 31/12/2016, it was 1.29, increasing the limit of security of debt by 0.17 times compared to 31/12/2015.
- + The amount of the Working capital of the enterprise at 31/12/2015 was : 619.569 billion dong, increasing by 849.747 billion dong compared to 31/12/2014. At 31/12/2016 it was: 916.018 billion dong, increasing by 296.49 billion dong compared to 31/12/2015.

(2) Maintaining the main role in consumption of paddy rice, rice for farmers, in stabilizing prices of food throughout the country and performing the duties of leading rice exporting company of Vietnam.

Summary the financial targets of the General corporation over the period of 2013 – 2015:

Targets	Unit	2013	2014	2015
Targets on ability to pay				
- Current ration	Time	1,12	0,97	1,12
- Quick ratio	Time	0,52	0,49	0,69
Targets on the structure of capital				
- Total liability to asset ratio	%	56,03	69,44	60,76
- Debt to equity ratio	%	127,46	227,25	154,91
Targets on capacity				
- Turnover ratio of inventory	Time/year	5,26	4,49	5,87
- Net revenue to assets	time	1,66	1,57	1,60
Targets on profitability				
- Ratio of after-tax profit to net revenue	%	-	-	0,87
- Return on equity (ROE)	%	-	-	3,55
- Return on assets (ROA)	%	-	-	1,39
- Return on sales	%	-	-	-

Source: Audited Financial Statements of 2013, 2014 and 2015 of the General corporation , summarized by VCBS

9.6. Production and processing capacity and supply capacity

a. Storage capacity

Table 13: Storage capacity allocated to entities

No.	Name of companies	Storage capacity (ton)
I. Sector of defendant companies:		844.001
1	An Giannng Food and Foodstuff company	97.200
2	Bac Lieu Food company	49.000
3	Ben Tre Food company	16.581
4	Dong Thap Food company	142.652
5	Long An Food company	158.057
6	SocTrang Food company	33.532
7	Song Hau Food company	56.557
8	Tien Giang Food company	101.800
9	Tieng Giang Agricultural Product and Food company	32.000
10	Tra Vinh Food company	59.322
11	Single-Member Limited Liability company -Vietnam Southern Food Corporation Limited – Thot Not Branch	45.000
12	Vinh Long Food company	52.300
II. Sector of joint stock companies in which the General corporation holds controlling shares		426.836
1	Ho Chi Minh City Food Joint Stock Company	127.090
2	Kien Giang Export and Import Joint Stock Company	142.846
3	Saigon Food Joint Stock Company	29.000
4	South Central Food Joint Stock Company	8.000
5	Ca Mau Export and Import of Agricultural Products and Food Joint Stock Company	24.000
6	Binh Dinh Food Joint Stock Company	33.200
7	Mechanics Construction and Foodstuff Joint Stock Company	25.000



8	Hau Giang Food Joint Stock Company	37.700
Total		1.270.873

After many years of investment in new purchase and construction, renovation of the old system of storehouse and performance of the program of one million storehouse as directed by the Government from 2009, Vietnam Southern Food Corporation Limited now has a nearly completed system of storhouses for the storage of food, which are distributed throughout the provinces in the Mekong River Delta for the purpose of buying rice for the rice reserves, processing rice for rice export purposes, participating in maining market prices of food and foodstuffs stabel and ensuring the food security for the nation, with the total storage capacity at 31/12/2016 as follows:

Storage capacity: (at 31/12/2016)

- Parent company's sector : 844.001 tons
- Joint stock company controlled by the parent company 426.836 tons
- Total : 1.270.873tons

Basically, the system of the storehouse of food of Vietnam Southern Food Corporation Limited has solved the problem of lack of storehouse in the past. This system of storehouses is provided with rice processing chains, conveyor system which almost replace the manual loading and unloading of goods, the mixing rice system and the drying rice system were built at the same time with the construction of storehouses. This synchronous systems help companies to improve their capacity to buy goods, to improve their productivity so they can be active in production and business. However, this system will become a tremendous waste if the General corporation cannot use all its capacity.

Utilization of coefficient of storehouse:

The efficiency of the use of storehouses is demonstrated in the utilization coefficient of storhouse. The higher coefficient show the more goods used storehouses. The turnover of storehouse depends on each year and the outpu of companies.

- Year 2009: 2,46 turnover/Year
- Year 2010: 2,34 turnover/Year
- Year 2011: 1,76 turnover/Year
- Year 2012: 2,03 turnover/Year
- Year 2013: 1,78 turnover/Year
- Year 2014 : 1,59 turnover/Year
- Year 2015: 1,30 turnover/Year
- Year 2016: 1,02 turnover/Year

b. Machines, equipments

Vietnam Southern Food Corporation Limited has upgraded, improved all production chains, made investment in buying modern rice processing chains which have synchronous and high capacity, caused all activities of loading and unloading of goods automated, so the processing

capacity of Vietnam Southern Food Corporation Limited up to 31/12/2016 is 436 production lines, specifically as follows:

Table 14: Capacity of machines and equipments used in processing food

No.	Description of chains	Number of chains	Capacity
I	Parent company	291	
1	Chains for milling rice	23	200 tons of paddy rice/ hour
2	Chains for milling – polishing rice	3	33 tons of paddy rice/ hour
3	chains for whitening and polishing rice	89	720 tons of raw rice/ hour
4	Colour separator	49	327 tons/hour
5	Chains for mixing rice	44	2.015 tons of finished products/ hour
6	Chains for drying rice (Drying towers)	17	2.464 tons of paddy rice/ day
7	Chains for drying rice (horizontal-type dryer)	52	1.692 paddy rice/ day
8	Chains for drying bran	14	96 tons/hour
II	Joint stock companies controlled by the General corporation	145	
1	Chains for milling rice	7	80 tons of paddy rice/ hour
2	Chains for milling – polishing rice	4	35 tons of paddy rice/ hour
3	chains for whitening and polishing rice	55	396 tons of raw rice/ hour
4	Colour separator	18	116 tons/hour
5	Chains for mixing rice	25	1.310 tons of finished products/ hour
6	Chains for drying rice (Drying towers)	3	280 tấn lúa/dated
7	Chains for drying rice (horizontal-type dryer)	31	1.005 tons of paddy rice/ day
8	Chains for drying bran	2	11 tons/hour
	Total	436	
1	Chains for milling rice	30	280 tons of paddy rice/ hour



2	Chains for milling – polishing rice	7	68 tons of paddy rice/ hour
3	chains for whitening and polishing rice	144	1.116 tons of raw rice/ hour
4	Colour separator	67	443 tons/hour
5	Chains for mixing rice	69	3.325 tons of finished products/ hour
6	Chains for drying rice (Drying towers)	20	2.744 tons of rice/day
7	Chains for drying rice (horizontal-type dryer)	83	2.697 tons of rice /day
8	Chains for drying bran	16	107 tons/hour

At the present time, all low-capacity rice processing chains have been upgraded and improved into completed chains. Vietnam Southern Food Corporation Limited is focusing on the installation of chains for husk removal and milling-whitening – polishing chains, not use sole-polishing chain as in the past. With the said chains, each year the corporation can produce about 4 million tons of raw rice/year.

All chains which were installed in recent years all including colour separator to improve the quality of products. So far there are 67 color separators installed into the chains, reaching a total capacity of 443 tons/ hour. The corporation have invested in large -capacity tanks for containing raw materials and finished products, reaching a mixing capacity of 3,325 tons /hour, so its production factories can be active in production, not causing any influence on the loading and unloading of goods or selling goods. The rice mixing chains have large capacity, increasing the production capacity to produce uniformed products; in addition to the investment in mixing system, investment has been made in electronic scale to be accurate in packaging, mitigating shortage or loss during the process of shipping.

Vietnam Southern Food Corporation Limited made new investment in the chains for rice drying of its member companies. So far, it has invested in 20 chains of drying towers and 83 chains of horizontal dryer, raising the total drying capacity up to 5,441 tons/day, helping member companies to store products for a longer time and improving the quality of their products.



Some pictures of storehouse, rice milling chain, rice milling- polishing chain, rice whitening-polishing chain
Effectiveness of the utilization of machines, equipments:

	Milling	Dehusking-polishing
- Year 2009:	10,23 %	58,58%
- Year 2010:	10,50%	54,31%
- Year 2011:	4,89%	36,22%
- Year 2012:	5,86%	45,34%
- Year 2013:	7,35%	36,65%
- Year 2014:	6,40%	32,29%
- Year 2015:	6,30%	32,48%
- Year 2016:	5,31%	29,56%.

Assessing the management, exploitation and use of storehouse with respect to equipments:

The said utilization coefficient shows that the effectiveness of the utilization of machines and equipments is a little low; because of the concentration of rice planting and harvesting pattern, the time for buying rice is short, which gives influence on the number of turnover of storehouse. Vietnam Southern Food Corporation Limited is seeking measures to raise the ratio of turnover of its storehouse to improve the effectiveness of the utilization of storehouse. In year 2010 and 2011, the utilization coefficient was low because during these years, all storehouse with obsolete and outdated chains were in the process of dismantling for the purpose of renovation of storehouses.

In 2013, the utilization coefficient was lower than 2012 because in 2013, the Program of 1 Million-tons storhouse was put into operation; as a result some storehouse have a large capacity, raising the total capacity of the storehouses in Vietnam Southern Food Corporation Limited, while the quantity of goods which was input and output the storehouses did not grow correspondingly, which made the utilization coefficient reduced.

Since 2012 until now, the rice export has faced many difficulties, the volume of goods has reduced more and more, so the utilization coefficient of storehouse and the effectiveness of utilization of machines and equipments is low too.

During the years 2014, 2015 and 2016, the volume of exported rice reduced in compared to the year 2013 ; as a result the quantity of goods which were input and output at storehouses reduced; this is considered the lowest coefficient in the last 10 years.

At the present time, some of the entities of the General corporation have changed their business strategy by raising the percentage of high-quality rice, special rice and the raw materials for these rice are abundant in the Winter-Spring crop, so companies usually focus on buying rice for their use all through the year. . For this reason, the time for storage of rice is long, making the turnover of store house low.

c. Foodstuff processing

At the present time, Binh Dong Wheat Flour company has the following production chains : Chain A: 200 tons/day, Chain B: 150 tons/day, Chain C : 150 tons/day, Chain D: 180 tons /day, and Chain V: 240 tons /day. Binh Dong Wheat Flour company only use the production chain ABCD only. The old chain V cannot operate because there is not spare part for it . Binh Dong Wheat Flour company is named in the planning list of Ho Chi Minh City People's Committee so Vietnam Southern Food Corporation Limited will relocate Binh Dong Wheat Flour company to Tan Kim Industrial Zone in Can Giuoc District, Long An Province.



Pictures of food processing, making packing materials, rice paper...

d. Capacity of aquati product processing and aquaculture

e. *Table 15: Capacity of aquati product processing and aquaculture*

AQUACULTURE FARMS			
	Name of the aquaculture farms	Area of the land (ha)	Tổng diện tích mặt nước ao nuôi (ha)
A.	PARENT COMPANY	22,39	17,35
1	Tien Giang Agricultural products and food company	15,99	11,75
	<i>Aquaculture farm on the river island “ Cồn Đông Giang”</i>	15,99	11,75
2	Tra Vinh Agricultural products company	6,40	5,60
	<i>Aquaculture farm located at Khém (a joint venture with 67% capital contributed by Thien Nhien Joint Stock company)</i>	6,40	5,60
B.	SUBSIDIARY COMPANIES	60,06	31,10
1	To Chau Joint Stock company	60,06	31,1
1.1	<i>Tan Thanh Aquaculture farm</i>	31,64	17,84
1.2	<i>Tan Binh Aquaculture farm</i>	28,42	13,26
Total		82,45	48,45

Table 16: capacity of processing and production of feed for aquaculture

FEED FOR AQUACULTURE FACTORIES			
I	Name of company	Name of factory	Designed capacity (tons of products /Year)
A	PARENT COMPANY		212.800
1	An Giang Food and Foodstuff company	ANFOODCO Feed for Aquaculture Factory	32.000
2	Tra Vinh Agricultural Product company	Vam Tra Vinh Feed for Aquaculture Factory	28.800
3	Tien Giang Agricultural Product company	TIGIFACO Feed for Aquaculture Factory	120.000
4	Dong Thap Food company	Tien River Aquatic Product Factory	32.000
B	SUBSIDIARY COMPANY		32.000
	To Chau Joint Stock company	To Chau Feed for Aquaculture Factory	32.000
Total			244.800
AQUATIC PRODUCT PROCESSING FACTORIES (catfishes - Pangasius hypophthalmus)			
II	Name of company	Name of factory	Designed capacity (tons of products /Year)
A.	PARENT COMPANY		22.000
1	Tien Giang Agricultural	Aquatic Product and	12.000



	Product company	Foodstuff Processing and Maintenance Factory	
2	Tra Vinh Agricultural Product company	Cau Quan Aquatic Product Processing Factory	10.000
B.	SUBSIDIARY COMPANY		12.000
	To Chau Joint Stock company	Tien River Aquatic Product Factory	12.000
Total			34.000
III	FACTORY FOR PROCESSING OF BY-PRODUCTS (catfishes - Pangasius hypophthalmus)		
	Name of company	Name of factory	Designed capacity (tons of products /Year)
	PARENT COMPANY		8.400
	Tra Vinh Agricultural Product company	Cau Quan By-Product Processing Factory	8.400
Total			8.400
IV	OTHER AQUATIC PRODUCT FACTORIES		
	Name of company	Name of factory	Designed capacity (tons of products /Year)
	SUBSIDIARY COMPANY		3.900
1	Kiên Giang Kien Giang Export-Import company	Hon Chong Anchovy Fish Processing Factory	400
2	Ca Mau Agricultural Product and Foodstuff Export and Import Joint Stock company	Tan Thanh Product Processing and Export (shrimp) factory	3.500
Total			3.900

In the period of 2102, 2013, the sector of catfishes (*Pangasius hypophthalmus*) was faced with much hardship, witnessing the declination and failure a lot of well-known Catfish Processing companies in the region of the Mekong River Delta, including Bianfisco, An Khang, Hau River Aquatic Product Farm (Can Tho City), Phuong Nam (Soc Trang Province), QVD, A Chau, Docimexco, (Dong Thap Province,...).The influence of such events caused a Domino effect to the whole aquaculture and aquatic product processing sector.

The complicated changes in the global economy and the European debt crisis , the threat of the double depression of the United States, the non-stability of politics in the Middle-East countries and the strained situations in some other countries... has caused the World's economy in general and the sector of aquatic product export of Vietnam, in particular, has been exposed to many risks and many difficulties. Thus the demand and the consumption of aquatic products has declined over years and the size of export markets is narrowed. Furthermore, at all time, catfish is interested by many organizations in the world so the sector of catfishes must be comply with many standards and

quality management rules : HCCP, BRC, SQF, HALA, Global Gap, ASC... For these reasons, the farmers and companies engaging in the cultivation of cat fish and processing products from this fish must pay for many related expenses.

On the other hand, due to unfair competition from other companies operating in the sector of catfish-based products, by lowering their price and quality of products including making the catfish fillets gain weight by soaking their products in weigh-gain chemicals; as a result, the consumers in the importing countries have a response by only buying products processed from catfish having an average weight from 600 gram to 800 grams / a fish. Such wrong behaviours of some producers have caused bad impact on other entities which raise and process fish in a proper manner....

Over the last years, the aquatic product production companies of the General corporation, although they have made the best and positive efforts in doing business, the outcome of their business during the two years: 2012-2013 was not as expected, due to:

- The prime cost of the raising fish of these companies is still high and they are not able to deal with such problem in the year 2014 (because these companies are not able to be active in supplying to themselves and controlling the input of fish breeding for their farms).
- The prime cost of fish fillet production and processing for export of factories under the control of the General corporation is much higher than markets, so their competitive ability is not high. The causes are:
 - Their factories have just been put into operation so it is impossible for them to compete with companies that have operated in this sector for many years. They have to pay expenses for the training of workers, the percentage of finished products is low due to the low workmanship of workers, the expenses for depreciation of fixed assets are high, they must take more time to be meet the requirements by the regulations on the product quality for the product to be exported into European market (Code EU), into the market of the United States (HACCA), so on...
 - Furthermore, because the production does not reach the designed capacity so the produced volume is small resulting in a high prime cost for each product (large expenses). Due to the said problems, the revenue gained by such companies cannot be sufficient to pay for costs and other expenses while they are required to make monthly payments for large fixed expenses such as: pay for employees, depreciation for fixed assets, financial expenses.....
- Production and sale of products by Feed for Aquaculture factories under the control of the General corporation is low too, and most of factories have not met the requirements of business plans; furthermore, prices of raw materials such as soybean grains, bone powder (50P), bran, ... are high resulting in a high prime cost, making the sale price higher other similar products in market.

For these reasons, the continued maintenance of such production and business will not help aquatic production and aquaculture companies of the General corporation to overcome such dilemmatic situation.

So, on 22/5/2014, the Board of Members of Vietnam Southern Food Corporation Limited issued the Document No. 123/TCT-HĐTV on the reorganization of the Aquaculture sector, by ceasing all activities of the aquaculture sector to cut loss, performance of the maintenance of equipments and product processing on the basis of each order.

At the present time, the General corporation has had a plan to resume the Aquaculture sector in some dependant companies.

9.7. Status of testing the quality of products/service

All member companies of Vietnam Southern Food Corporation Limited have enhanced the management of quality of their products through the application of the system for management of food and foodstuffs according to ISO 2000-2005; ISO 9001-2000), HACCP , with respect to products such as rice, wheat flour, processed food, mineral water.

9.8. Sale and marketing activities

a. Assessment of markets and products:

As for rice export markets:

In the period of 2010-2014, the volume of rice sold by the General corporation was 2.88 million tons, the average export turnover reached 1.32 billion U.S dollars. In that period, the main rice export markets of Vietnam Southern Food Corporation Limited were: Asian countries (85.38%), African countries (12.25%), American Latin (1.27%), Australia (0.02%), Europe (1.02%), Middle East (0.06%)..

In 2014, the export volume by Vietnam Southern Food Corporation Limited reached 2.3 million tons of rice/year, and the main rice export markets of the General corporation were: Asian countries 87.39%), African countries (11.40%), American Latin (0.97%), Australia (0.02%), Europe (0.2%), Middle East (0.02%).

- The concentration rice markets of Vietnam Southern Food Corporation Limited mainly are the markets in the Philippines, Malaysia, Indonesia,... , accounting for 64.72% of the total volume of rice exported by the General corporation.
- Commercial rice markets of Vietnam Southern Food Corporation Limited are the markets in Asian countries : Hong Kong, China,...; America : the United States,...; European countries and African countries.
- Following is the structure of rice products exported by the General corporation in 2014:
- Groups of Choice goods accounting for 15,20% on quantity, 20,90% on the value of export turnover
- Groups of average products and cheap product accounting for 84,80% on quantity, and 79,1% on the value of export turnover
- The total volume of the export of high-grade rice in 2014 was 336,365.45 tons, in which the African market represented 55.4% reaching 186,501.45 tons at a unit price of 561.84 US dollar/tons.

In 2015, the volume of rice exported by Vietnam Southern Food Corporation Limited reached 2.057 million tons, with the export turnover of about 786,857.439 US dollars. In which, the Jasmine rice export volume accounted for about 19.4% of the total exported rice. The main rice export markets of the General corporation were Asian countries (84.69%), Africa (13.67%), America (0.94%), Australia (0.06%), Europe (0.61%), and Middel East (0.03%).

Comments and assessment:

- Vietnam Southern Food Corporation Limited needs to have specific strategies to retain its markets in the Asian countries, especially the concentration markets; additionally, it should seek solutions to export choice rice into African countries.
- Vietnam Southern Food Corporation Limited should focus on the method to access to markets of food sector by changing from mainly relying on concentration contracts to commercial contracts, by changing from the access to the types of average rice attached to average rice markets to the access to rice seeds to entering into market shares of high-grade rice, special rice, and then move to the building a tradename for its rice with a solution to make specific plans and to perform such specific plans in developing the model of connecting large rice fields in rice production in line with the framework policy written in the Document No. 62/2013/QĐ-TTg dated 25/10/2013, Document No. 68 dated 14/11/2013/QĐ-TTg of the Prime Minister regarding the policy to motivate and encourage the cooperation of the parties and linking production to agricultural product consumption. Through such strategy, the General corporation will be able to speed up the export of rice into NorthEast Asian countries, European countries, North American countries and market shares of luxurious customers in Asian countries, African countries, Australia and Middle East countries.

**As for the markets of the sector of processed foods and foodstuffs:**

The market for processed food and foodstuffs of Vietnam Southern Food Corporation Limited mainly is the domestic market (Safoco Food and Foodstuff Joint Stock: accounting for 84.3% of the total volume sold in 2014, increasing by 2.5% compared to 2013; Colusa Miliket Foodstuff JSC accounting for 94.5% of the total volume sold in 2014). There has been a growth in the export markets over the years too (Safoco: accounting for 15.7% of the total volume sold out, increasing by 1.6 time compared to 2013; Colusa-Miliket: accounting for 5.5% of the total volume sold out, reaching 878 tons, increasing by 13.43% compared to 2013).

Since the beginning of 2016 until now, in spite of difficulties in many aspects giving influence on the sale volume such as: the unusual change of weather, being competed by own brands of large supermarkets like Big C, coopermart, Metro... and the change of the policies of big companies in line with the change of the international policies such as ASEAN Free Trade Area Agreement, Chinese People's currency devaluation, changes in Government's policies such as lifting restrictions on the ceiling limit for advertising, increase of the fine rate against excess loading capacity of trucks, and so on, SAFOCO has made its best efforts to attain the best achievement in business, gaining 33.913 billion dong exceeding 10% compared to the same period of the last year. Additionally, in the last year Colusa Miliket did the business of instant noodle and other products very effectively, reaching over 400 billion dong, with a profit of 40 billion dong.

Comments and assessment:

The General corporation should needs specific steps to bring into play the strengths of the sector of processed food and foodstuff, especially in the aspect to ensure the food safety, and to take advantages of the position of its trade name so that it can raise more and more sales and prestige of this business line:

- It is necessary to perform strategies in a synchronous manner in order to maintain and expand its domestic market share, which is a key factor for the business line of processed food and foodstuffs.
- It is necessary to improve the quality of products with the aim to gradually raise the volume of processed food and foodstuffs exported into the markets in European countries and Asian countries...

b. Promotion of trade name and product positioning

Sales of goods based on commercial contracts signed by the General corporation is low, and types of rice packed in separate bags in the brand names of the system of General corporation are not present much in markets. This situation may be due to:

- The General corporation is still much dependent on rice concentration markets in the Philippines, Malaysia, Indonesia... These markets mainly pay attention to white rice with average quality and at low price.
- Products of rice produced by the General corporation are not identical with each other. Rice planted in each crop has different elements such as: unstability of the rice seed purity, unstability of visuality of rice grains, not well controlling of plant-protection residues in rice...These weakness are partly from an old business form which is to access to markets based on rice grain instead of the new access to markets from rice grain through a large rice paddy fields with the control of rice varieties to the packing of finished products, by which it will be possible to create products with high quality and rice variety purity.
- As for commercial contract, a fairly large quantity of rice have sold to intermediary importers, so rice is often packed in the brand names of such importers.
- The investment in building distribution channels (distributor and agents...) to sell products in the brand names of Vietnam Southern Food Corporation Limited to consumers is not interested much yet. Once consumers know about the brand names of the General corporation, believe in the brand name and products of rice of the General corporation, with their power and support, the brand names of rice produce of the General corporation will develop.
- The importance of the participation in programs of trade promotion, public relations, advertisement of brand names of products on communication media, is still underestimated
- The General corporation has not taken advantage of the support from the Government in building a National Trade Name for rice.
- In Vietnam there is no a rice forum or a similar program to promote products of the General corporation in particular, and of Vietnam in general to potential partners in China, Nigeria, Iraq, South Africa and the United States and so on.
- Concerning the product and brand positioning, it is possible to say that VINAFOO II has not realized the importance of the positioning a brand name for its products when signing commercial contracts with foreign partners. In the past the strength of rice of Vietnam is to export average rice at a cheap rice to countries in the world, but now the situation has changed because India, Pakistan and new rivals such as Myanmar, Cambodia, and large

importing countries in the SouthEast Asian Region have made and have performed determined policies on self-supply of food and they have attained certain achievements.

- Concerning the analysis of customer and markets: Vietnamese rice export companies and even Governmental agencies have not made any research to help Vietnamese rice export companies to identify demands of customers and markets which such companies are working with.

9.9. Research and development activities (R&D)

The General corporation has not formed any department or tem to be responsible for Research and Development activities, which is one of the weaknesses of the General corporation. The General corporation has oriented itself to create and develop a Research and Development Team or a Science and Technology Department in future. The aim of such Reseach and Development Department is to create new products with special features, to diversify products mad from rice. However, at the present time, the General corporation does not has a completed system of laboratories to manage quality or to make tests for products of the General corporation and its member companies.

9.10. Trade name



9.11. Tax and sums payable to the State Budget

All sums payable to the Government were paid by the General corporation under the law. The General corportion have also performed the deductions required by the law – contributions for social insurance, health insurance; unemployment insurance for its employees under the law.

Big contracts which are being performed or have been signed

No	Name of customers	Value of contract (USD)		
		Year 2013	Year 2014	Year 2015
1	NFA-Philippins	317.098.250	357.700.000	424.473.000
2	Bulog - Indonesia	-	113.237.500	396.250.000
3	Bernas - Malaysia	48.920.000	92.680.000	47.640.000

9.12. Summary of the result of production and business activities before equitization

Following is the summary of some targets reflecting the status of production and business of the Parent company- Vietnam Southern Food Corporation Limited in the period of 2013-2016:

Table 17: Summary of the result of production and business activities in 2013 – 2016
Unit: Million Dongs

No.	Targets	Year 2013	Year 2014	Year 2015	Year 2016
1	Total assets	10.282.026	12.047.564	9.764.362	7.885.449
2	Owner's equity	4.520.226	3.681.719	3.830.651	3.999.415
3	Current liabilities	5.033.689	7.692.182	5.225.258	3.211.104
	<i>In which: overdue debts</i>	-	-	-	-
4	Non current liabilities	728.112	673.663	708.453	674.930
	<i>In which: overdue debts</i>	-	-	-	-
6	Payables	5.761.801	8.365.845	5.933.711	3.886.033
	<i>In which: overdue debts</i>	-	-	-	-
7	Total number of labor (person)	4.253	3.773	2.850	2.598
8	Total salary Fund	201.354	201.354	197.714	185.632
9	Average income (1.000 đ/person/month)	3.945	4.447	5.481	5.954
10	Net revenue	17.030.741	18.861.620	15.651.813	9.951.409
11	Net profit from operation	-464.749	-875.587	-35.883	141.951
12	Profit after tax	-229.580	-873.780	136.032 ^(*)	156.523
13	Return on equity ratio (%)	-5,08%	-23,73%	3,55%	3,91%

Source: VINAFOOD II

^(*): The result of production and business over the year 2015 and 2016 of the General corporation is reflected not including allowances or provisions.

10. The General corporation's position in compared to other enterprised in the same business lines.

- Over 40 years of established and developing, the General corporation has attained many successses in many fields of production and business so it has gain a lot of confidence from the Party, Government, political organizations, society and enterprises in both Vietnam and overseas, has received many prizes and awards for its outstanding achievements in business such as:
- Vietnam Southern Food Corporation Limited was awarded the Government's Flags in the years 1992, 1995, 1996, 1997, 1998, 2006, 2007.
 - o First-class Labor Order awarded in 1990 and First-class Labor Order awarded in 1994.
 - o Independence Order, Class I, II, III.

- Emulation Flag awarded by the Ministry in 1992.
- Certificates of Merit granted by the Ministry of Commerce in 2001, 2003.
- Certificate of Merit granted by the Chairperson of the Chamber of Commerce and Technology of Vietnam (0526/PTM-TĐKT dated 21/3/2005).
- “Top Rice Export Enterprises “ Prize (Vietnam Economic News).
- Certificate of Merit granted by the Ministry of Labor, Invalids and Social Affairs (968/QĐ-BLĐTBXH, dated 9/7/2007) and Certificate of Excellent Export Turnover Enterprise (National Committee for International Economic Cooperation and Commerce Newspapers).
- Title of Prestige Export Enterprise of 2007 granted by the Ministry of Industry and Trade (Decision number 1245/QĐ-BCT, 29/2/2008).
- Government’s Flag (Emulation sector).
- From 1995 until now, Vietnam Southern Food Corporation Limited was awarded by the Government the Third-Class Independence Order (1999), the Second-class Independence Order (2008). It received Emulation Flags from the Government , Certificates of Merit from the Prime Minister, Certificates of Merit from the Ministry of Agriculture and Rural Development, for many years; it won the Prize for Top Rice Export Enterprises of 2006 from Vietnam Economic News Paper; it was granted by the National Committee for International Economic Cooperation and Commerce Newspapers a Certificate of Excellent Export Turnover Enterprise of 2007. From 2007 to 2013, it was recognized by the Ministry of Industry and Trade as a Prestige Export Enterprise.
- In total, 02 collective teams and 04 individuals of the General corporation were awarded the Title “ Hero of Labor in the Reform Age” From 1995 until now, 22 individuals were awarded the Title “ Emulation Soldier of the country”.
- From 1995 to 2014 many member companies of the General corporation were awarded by the Government:
- 03 Third-Class Independence Orders
- 05 First-Class Independence Orders
- 39 Second-Class Labor Orders
- 243 Third-Class Labor Orders for collective groups and individuals

11. Investment plan and Development Strategy of the enterprise after equitization:

11.1. Objectives. orientation and strategic vision

Objectives

- To develop the General corporation to become a company doing business better and more effectively through reorganization of the corporate structure and reasonable use of resources;

to raise its corporate management capacity, to create a better linking between finance, technology and markets.

- To build a team of competent and professional leaders and at the same time to gather competent management staff, sales experts and professionals.
- To perform the re-arrangement and change the structure of a State-owned enterprise to transform into an enterprise of many shareholders including a lot of employees so that the State capital and assets can be managed and used effectively to create a strong motive for the development of the enterprise.



Orientation

- To establish links with strategic partners who have good potentials in capital, technology, management capacity, products and markets; and concurrently to enhance the links among intra companies to create more opportunities and a total force of resources for the enterprise to have better competitive and effective advantage over rivals.
- Orientation on business lines and products: To develop, maintain and focus on its main business lines in solid manner to create better competitive advantages for conventional products and services known by consumers in markets.
- To reform the business governance; to build and develop the trade name and corporate culture for the enterprise
- To use resources for only to develop its main business lines and to develop new types of services or business. To resume the investment in special equipments for its main business lines, to apply advanced science and technology in production, to motivate and encourage creative ideas of technical improvement and technology change from employees to help the enterprise to make more profits in business.
- To build large areas of raw materials in the model of Large- Rice-Fields- Production Linking to ensure the stability in the source of supply of raw materials and in quality with the aim to meet the demands of fastidious markets. To raise the volume of high-quality rice, aromatic rice, organic rice for the domestic market and for export markets. To diversify products made from rice – take advantages of by-products from rice; to seek more export markets, to raise the export percentage of commercial contracts to raise the value of rice.
- To optimize the logistics from the process of input supply (the model of Large- Rice-Fields- Production Linking) to the process of supply of products to consumers with the aim to shorten time, to reduce expenses, to meet requirements of markets and to add more value for customers, through which to optimize profits.
- To develop distribution channels which include supermarket chains in Vietnam; to unite all the systems of convenience of the General corporation through the upgradation, perfection and management of all entities; to take the best advantage of the present distribution channels of Processed Food and Foodstuffs companies of the General corporation; to find and develop distribution channels in foreign countries.

- To train and build a team of officials and employees who must have good professional knowledge with a vision to meet all requirements of the business and at the same time who should be persons of good political views of points and good lifestyle.
- Together with the organizations of the Party and Union, to take care of physical life of officials and employees of the General corporation; to use assets and resources with due care to avoid the waste of money and property, to comply with the regulations on anticorruption.

Strategy for development

The General corporation will take all its efforts to overcome difficulties, to grasp new opportunities, to change ideas, to reform the corporate organization, to exploit its sources of capital as much as possible, to make investment in equipments and human being, to apply advanced technology to make VINAFOOD II become a developed enterprise with the best financial health.

- **Concerning products:** To diversify more and more products and services; to give priority to the development of conventional markets where the products of the General corporation have a position through the application of high technology.
- **Concerning markets:** To speed up marketing activities with the aim to promote the trade name and products of the General corporation in markets. To strictly perform the quality assurance policy for customers to maintain and develop its trade name and market shares. To use all sources effectively, to enhance external-relations, joint venture, foreign-partner association activities to access to international markets.
- **Concerning science and technology:** To motivate and encourage employees to have more ideas for technical improvements, to use new technology to make more profits. To facilitate the update and study and application of advancement of science and technology in the world in the production.
- **Concerning investment:** To make investment in development and perfection of the systems of dependent companies, to continue the investment in modern special equipments for its business lines with new technology. Through such investments, to access to modern means and equipments in line with the trend of the world's development of science and technology, and at the same time, to focus on training professional and skilled officials and employees competent to meet the requirements of the General corporation for development.
- **Concerning finance** To monitor and manage all costs. Expenses with the aim to use the capital sources effectively; to raise the financial capacity of the General corporation to ensure a continuous, stable and sustainable development.

Concerning human resources: To perform the policies, regimes for employees; to attract talented persons and to have a policy to use talents effectively; to continue to offer training course to management staffs and experts for them to improve their professional knowledge, skills and operation practices

11.2. Plan for investment in capital construction 2017 - 2020
Table 18: Plan for investment in capital construction 2017 – 2020
Đơn vị tính: Million Dongs

No.	Description	Total	2017	2018	2019	2020	Ghi chú
a	Parent company	1.657.449	247.037	463.943	728.667	217.802	
I	Binh Dong Wheat Flour company	492.328	13.328	167.000	202.000	110.000	
1	Relocation of Binh Dong wheat Flour factory	460.439	2.439	150.000	200.000	108.000	
2	System of silo	8.027	8.027				
3	Upgrade wheat flour production chains	15.000		15.000			
4	Investment in other items	8.862	2.862	2.000	2.000	2.000	
II	Long An Food company	76.250	31.250	15.000	15.000	15.000	
1	Khanh Hung Factory						
a	Horizontal drying machine, drying tower machine, milling chain, and storehouse						
B	Drying Tower machine						
2	Investment in other items	76.250	31.250	15.000	15.000	15.000	
III	Tien Giang Food company	61.330	21.630	17.000	13.700	9.000	
1	My Phuoc Factory						
a	Drying tower machine	10.700			10.700		
2	XN XX & CBLT No. 1						
a	Drying tower machine	17.000		11.000		6.000	
3	Investment in other items	33.630		6.000	3.000	3.000	



No.	Description	Total	2017	2018	2019	2020	Ghi chú
			21.630				
IV	Dong Thap Food company	82.259	6.979	37.890	32.390	5.000	
1	Renovate and upgrade Factory No. 1	237	237				
2	Thanh Binh Agricultural product Consumption Market						
A	Drying Tower machine	30.990		15.495	15.495		
B	Rice milling chain	5.500		5.500			
3	XN CB Lương thực 2						
a	Drying Tower machine	23.790		11.895	11.895		
4	Offices of the company	2.011	2.011				
5	Investment in other items	19.731	4.731	5.000	5.000	5.000	
V	An Giang Food –Foodstuff company	11.676	6.997	2.353	2.326		
1	Investment in other items	11.676	6.997	2.353	2.326		
VI	Thot Not Branch	47.960	30.010	3.000	7.650	7.300	
1	Drying Tower machine	26.200	26.200				
2	Investment in other items	21.760	3.810	3.000	7.650	7.300	
VII	Hau River Food company	227.766	68.766	67.000	52.000	40.000	
1	Land/ drying tower machine	15.000		15.000			
2	storehouse	15.000			15.000		
3	Rice Drying and Dishusking Equipments	15.000				15.000	
4	Land/ drying tower machine	15.000		15.000			



No.	Description	Total	2017	2018	2019	2020	Ghi chú
5	storehouse	15.000			15.000		
6	Rice Drying and Dishusking Equipments	15.000				15.000	
7	Machine for creating fibers with a capacity of 250 Kg/giờ (01 unit)	6.000		6.000			
8	Textile machine	5.000			5.000		
9	Specialized vehicle for taking Container	12.000	6.000	6.000			
10	Fixed electric crained with a capacity of 40 tons, at the quay of barge	16.968	16.968				
11	Floating crane with a capacity of 50 tons (02 units)	12.000	12.000				
12	Upgrade a storehouse in Tra Noc area	22.000		10.000	12.000		
13	Store house for storing steel, with an area of .440 m2 and crane with a capacity of 10 tons	7.208	7.208				
14	Container yard with an area of 12.432 m2 and a pontoon at Thot Not specialized market	10.730	10.730				
15	Investment in other items	45.860	15.860	15.000	5.000	10.000	
VIII	Vinh Long Food company	75.713	30.713	22.000	19.000	4.000	
1	Long Binh Food storehouse	42.163	22.163	15.000	5.000		
2	Office building	9.500			9.500		
3	Investment in other items	24.050	8.550	7.000	4.500	4.000	
IX	Ben Tre Food company	22.362	11.059	4.700	4.601	2.002	
1	renovate and build Dong Go Food storehouse	1.200		1.200			



No.	Description	Total	2017	2018	2019	2020	Ghi chú
2	Canopy of the factory + rice drying equipment with a capacity of 80 tons of rice/ lot + color separator with a capacity of 7- 9 tons/ hour + tanks and auxiliary equipments – Thom Mo Cay Nam Market	8.368	8.368				
3	Safe products supermarket/ Horizontal dryer	1.500		1.500			
4	Drying tower machine	2.600			2.600		
5	Investment in other items	8.694	2.691	2.000	2.001	2.002	
X	Tra Vinh Food company	11.550	2.550	2.500	3.000	3.500	
1	Investment in other items	11.550	2.550	2.500	3.000	3.500	
XI	Soc Trang Food company	5.000		1.000	2.000	2.000	
1	Investment in other items	5.000		1.000	2.000	2.000	
XII	Bac Lieu Food company	92.740	8.240	24.500	40.000	20.000	
1	Project of a Rice Milling- Drying Plant to serve the large rice field in Ninh Quoi A	80.000		20.000	40.000	20.000	
2	Investment in other items	12.740	8.240	4.500			
XIII	Management Committee for Project No. 3	450.515	15.515	100.000	335.000		
1	Thot Not Market specializing in business rice	450.515	15.515	100.000	335.000		Dự kiến GD1 thực hiện 350 tỷ
	Total	1.657.449	247.037	463.943	728.667	217.802	

In which, the General corporation estimates capital sources for projects as follows:

No.	Structure of capital sources	Total	2017	2018	2019	2020
1	Investment fund (of the General corporation and dependent companies)	537.054	113.930	139.183	218.600	65.341
2	Loan from banks	1.084.286	96.998	324.760	510.067	152.461
3	Funds from accounts temporarily held by the General corporation	36.109	36.109	-	-	-
	Total	1.657.449	247.037	463.943	728.667	217.802

11.3. Main targets of the General corporation after equitization

To ensure a stability in the supply of raw material and to raise the effectiveness of production and business, the Corporation has made the following plan for production and business after equitization:

Analysis of strengths, weaknesses, favours and difficulties

Điểm mạnh:	Điểm yếu:
<p>1/ There are large-size invested infrastructure facilities, plants, equipments available throughout the provinces in the Mekong River Delta. This is a favour condition for production, processing of products to meet the demands and requirements of types and quality of rice by customers in Vietnam and in foreign countries .</p>	<p>1/ Sometimes, the collection of information about markets sometime has not been done in a quick and timely manner, because the sale of goods depends too much upon rice concentration markets; many member companies have not developed their commercial markets so when the number of sale contracts received from concentration market reduces greatly, the General corporation immediately falls into difficult situation as the recent years..</p>
<p>2/ The main business area of the General corporation covers the Mekong River Delta so its purchase and procurement of rice can be done in a favorable manner at low costs for goods transportation. The sources of supply of high-quality rice from its entities are maintained stably, so the General corporation can be active in the supply of goods for export purpose..</p>	<p>2/ Machines, equipments and factories have become obsolete or their capacity is not use up. The source of fund for investment in and development of production, purchase of new technology must be borrowed from banks which cause the prime cost of products to be higher; the burden of depreciation for machines and equipments is high while the effectiveness of the use of machines and equipments is low due to the non-synchronous factors in the steps of the processing rice.</p>
<p>3/ There is a human resource including persons experienced in processing and business of rice.</p>	<p>3/ In general, the productivity of labor is not high although the General corporation always pay attention to the staff training; however, the training course is often short-term ones, and the number of officials and employees who are provided with training courses is still limited; so the recruitment and training is given a certain attention, but the competence of staff has not met the requirements for the development of the business..</p>
<p>4/ The General corporation has long-term rice business relationships and prestige with domestic and international customer. On the contrary, big customers (foreign countries) also needs big rice supplier to ensure a stable supply of rice and food security for them..</p>	<p>4/ No certain department is officially appointed to assume the task and activities of marketing or promotion plans has not well; as a result the General corporation missed many opportunities. Additionally, little attention is given to the domestic market.</p>
<p>5/ In the sector of food (rice), the General corporation is the leading company of Vietnam to purchase rice from farmers and to do rice export and import, so its strength</p>	<p>5/ Brand-named rice produced by the General corporation has not accessed to customers (in foreign countries), its rice commercial market is small; the General corporation has suffered</p>

<p>and prestige of which is highly appreciated by domestic and international partners. Additionally, the General corporation provides many good-quality processed food and foodstuffs, some of which is given by the Vietnamese public the Title of <i>High-Quality Goods of Vietnam</i>.</p>	<p>much fluctuation of rice markets over the last years because it is still passive in finding new markets. Furthermore, the General corporation does not have any resident representative in its big importing countries. The matters relating to its trade name such as the linkings (vertical or horizontal) necessary for a sustainable development in the chain of production of paddy rice or rice, have not been solved effectively.</p>
<p>6/ The General corporation has good relationship and prestige with banks ; receiving timely their assistance with long-term and short term loans</p>	<p>6/ Leaders of some member companies are not flexible in business operation, especially in the purchase and sale and circulation of goods, conversion and use of currency, and turnover of capital; as a result, expenses grow, reduce the effectiveness of business; due to their weak financial capacity, such member companies operate mainly using loans from banks, which gives rise to their limitation to reserves of goods and method of sale of goods with the payment in instalment and investment in rice planting areas..</p>
<p>7/ the General corporation does not have a completed system of laboratories to manage quality or to make tests for products of the General corporation and its member companies.</p>	<p>7/ No Development and Research Department or Science and Technology Department is established to create products with their special feature; to diversify products made from rice; the General corporation does not have a completed system of laboratories to manage quality or to make tests for products of the General corporation and its member companies.</p>
<p>Opportunities:</p>	<p>Challenges</p>
<p>1/ The trends in globalization and internationalization of business continue and have become specific through many Free Trade Agreements (FTA) which are being negotiated, signed and this process will give many opportunities to countries; so the restructure and reorganization can be considered as an opportunity for Vietnam Southern Food Corporation Limited to focus upon its main lines of business, to raise the quality of its products, to grow and to have a sustainable development in export.</p>	<p>1/ With the orientation to become an industrial country by 2020, Vietnam is faced with the problem of greenhouse gases. Accordingly, Vietnam is one of the five countries predicted to be among the most affected by climate change. Furthermore, the pollution of environment, epidemics, soil retrogression, and the use of fresh water by the countries at the upper of Mekong River, will cause the quantity and quality of rice planted in the Mekong River Delta in the next year to reduce..</p>

<p>2/ The climate change will result in the increase in the world's demand of food. Leading importing countries such as the Philippines, Indonesia, Malaysia..., cannot balance their food supply and demand because they are often influenced by God acts.</p>	<p>2/ Importing countries have been making their efforts in production of food so that they can be gradually supply themselves with food to limit export of food and in using replaceable products. Indonesia signed a Memorandum to import from Pakistan 1 million tons of white rice during the period of 2016 – 2019 and Malaysia has signed a Trade Agreement at a value of 30 billion dollars with Thailand to buy goods including rice, so since 2016 and later, the volume of rice export from Vietnam will reduce..</p>
<p>3/ In another perspective, the climate change give a chance for the General corporation to change its thought, to receive new models and rice planting patterns in the direction to emit less carbon gases in production, to have a sustainable development. Additionally, organization can provide it with assistance in fund and technology transfer.</p>	<p>3/ Rice exporting countries such as Thailand, India, Pakistan, which have built their own trade name for their rice in the world with a policy of flexible price, have fiercely competed with Vietnam in selling white rice and high-grade rice. Additionally, with the emergence of Cambodia or Myanmar, which sells rice at cheap price, the competitive pressure is more and more intense and fierce.</p>
<p>4/ With a population of over 90 million people and this number is predicted to be 100 million in 2020, the domestic market is considered a very much potential market..</p>	<p>4/ When the competition pressure becomes more and more fierce and the finding of new customers is not easy, competition among enterprises within the General corporation become more and more intense too. As a result, some member companies have used unfair competition means with their brother or sister companies.</p>
<p>5/ Receiving the timely and proper interest and encouragement by the Government, the sector of rice export of Vietnam has now given opportunities to access to and to increase the export of rice into the markets in countries with them the Vietnamese Government has signed Free Trade Agreements.</p>	<p>5/ China is one of the main rice export markets of Vietnam over the last years, and the price for sale of rice of Vietnam is influenced by the demand of this market. But in 2015, China has had many changes in its policy of importing rice (performing the order to prohibit trade at the border); additionally, there is a piece of news that the China's government signed a contract to buy 2 million rice from Thailand, which causes an influence on the rice export of Vietnam in general, of the General corporation, in particular. .</p>
<p>6/ The application of many techniques in planting rice and the mechanization of the</p>	<p>6/ In 2016, the world's demand of rice was predicted to be about 41.3 million tons, less</p>



<p>rice production process is considered as an orientation for the sector of business rice in the near future..</p>	<p>than 2014 and 2015 (According to the Agriculture Department of the U.S) At the same time, Thailand can export upto 10 million tons of rice at a competitive price to sell up its inventory of rice of about 13 million tons..</p>
<p>7/ The Project of large rice fields gives Vietnamese enterprise an opportunity to be active in the supply of rice with good quality. At the same time, this is an opportunity to plant varieties of choice rice, special rice to serve the market share of choice rice..</p>	<p>7/ Rice importing countries have imposed more and more standards on food safety. In which the countries which signed Free Trade Agreements (FTA) with Vietnam will have imposed restrictions of the nature of technical barriers, customs fee barrier (barrier concerning the amount of greenhouse gases) in the near future. .</p>

Plan about production capacity and revenue
Table 19: Targets of the structure of revenue, profits of the General corporation in the period of 2017 - 2020

No.	Description	Unit	2017	2018	2019	2020	Average
I	PURCHASE (ton)						
1	Paddy rice (rice)	Ton	950.000	1.000.000	1.050.000	1.100.000	1.025.000
2	Wheat flour	Ton	52.000	55.000	57.000	60.000	56.000
II	SALE						
1	Rice (a+b)	Ton	1.350.000	1.370.000	1.400.000	1.420.000	1.385.000
a)	Rice sold by the Parent company	Ton	950.000	1.020.000	1.100.000	1.170.000	1.060.000
	In which:	Ton					
	- Export		500.000	520.000	550.000	570.000	535.000
	- Domestic market	Ton	450.000	500.000	550.000	600.000	525.000
b)	Rice of export authorization	Ton	400.000	350.000	300.000	250.000	325.000
2	Wheat flour	Ton	45.000	47.000	49.000	51.000	48.000
3	Processed foodstuffs	Ton	1.000	1.050	1.100	1.150	1.075
4	Packing materials	Thousand piece	10.000	10.500	11.000	11.500	10.750
III	Export turnover, import turnover	Thousand USD	234.553	243.653	258.064	265.420	250.423
IV	Revenue	Billion Dongs	10.951,88	12.047,10	13.251,80	14.576,95	12.706,93
V	Profits	Billion	105	148	168	220	160



No.	Description	Unit	2017	2018	2019	2020	Average
		Dongs					
VI	Sum paid into the State Budget	Tỷ đồng	According to the Rules of the Government				

Source : VINAFOOD II

 **Forecast of the result of production and business in the years after equitization**

Table 20: Forecast of the result of production and business in the years after equitization

Unit: Million Dongs

No.	Description	Unit	Plan		
			Year 2018	Year 2019	Year 2020
1	Total assets	Million Dongs	12.051.800	12.772.640	13.589.680
2	Liabilities	Million Dongs	6.925.000	7.618.000	8.380.000
3	Owner's equity	Million Dongs	5.126.800	5.154.640	5.209.680
4	Charter capital	Million Dongs	5.000.000	5.000.000	5.000.000
5	Net revenue	Million Dongs	11.882.100	13.070.300	14.377.300
6	Prime cost of goods sold	Million Dongs	9.724.100	10.696.500	11.766.200
7	Gross profits	Million Dongs	2.158.000	2.373.800	2.611.100
8	Financial income	Million Dongs	165.000	181.500	199.650
9	Financial expenses	Million Dongs	115.500	127.050	139.755
10	Selling expenses	Million Dongs	1.756.700	1.897.200	2.030.000
11	General and Administrative expenses	Million Dongs	302.800	363.050	420.995
12	Other income	Million Dongs	0	0	0



13	Other expenses	Million Dongs	0	0	0
14	Other profits	Million Dongs	0	0	0
15	Profits before tax	Million Dongs	148.000	168.000	220.000
16	Corporate income tax	Million Dongs	29.600	33.600	44.000
17	Profit after tax	Million Dongs	118.400	134.400	176.000
18	Distributed profit after tax	Million Dongs			
<i>a</i>	<i>Fund for investment and development (10%)</i>	Million Dongs	<i>11.840</i>	<i>13.440</i>	<i>17.600</i>
<i>b</i>	<i>Fund for award and benefits (10%)</i>	Million Dongs	<i>11.840</i>	<i>13.440</i>	<i>17.600</i>
<i>C</i>	<i>Dividend</i>	Million Dongs	<i>94.720</i>	<i>107.520</i>	<i>140.800</i>
19	Ratio of before-tax profit to charter capital (%)	Million Dongs	3,0%	3,4%	4,4%
20	Ratio of dividend to charter capital (%)	Million Dongs	1,9%	2,2%	2,8%
21	Average number of labor	Million Dongs	2.300	2.300	2.300
22	Total salary fund	Million Dongs	191.250	200.810	210.850
23	Average income (1.000 đ/person/month)	1.000 đ/person/month	6.930	7.280	7.640

11.4. Solutions for performing the targets

Solutions about markets and products

- Not to put the targets for the growth of quantity, but to focus on the maintaining of the present volume of export, to put the objective to raise the percentage of the volume of good-quality rice and to reduce the percentage of the volume of average white rice in the structure of rice export of the General corporation.
- To focus in the investment in the improvement of production technology to increase the production and processing capacity, in production of high quality rice in order to raise the percentage of the volume of high-quality rice in the structure of rice export, with the aim to enter into fastidious markets such as Japan, EU, markets in TPP countries...
- The countries of concentration markets are building Food-Self-Sufficiency and Food Security policies to reduce the dependence upon imported food. Thus the rice export through contract with concentration markets of the General corporation can decrease in some next year. For this reason, the General corporation needs to raise the quality of rice, to diversify its products (including rice packed in small bags) to expand its market, to extend its customers, to avoid the dependence upon concentration markets.

Solutions on finance and capital

To performs solutions to raise financial capacity

- To increase forms to mobilize fund to guarantee the provision of funds to production and business of the General corporation, to reduce the pressure from loan interest, and at the same time, to accumulate fund for expansion of markets and investment in production. The General corporation needs to take advantage of all sources of capitals to provide more fund to its working capital and charter capital
- To perform the solutions to raise the financial capacity of the General corporation so that the General corporation can have a good financial position.
- To work more with banks which have good relationship with the General corporation to make composition of debts, to request for reasonable adjustment to debts, to reduce lending interest rate with the aim to decrease the financial burden; to continue to request banks to grant guaranty and give loans.
- To speed up the settlement of debts to creditors and collection debts from debtors.
- To perform the saving policy with restrictions on spending and to use loan in the most effective manner
- To make investment with the aim to use of the capacity of the present human resources, and at the same time to make quick accumulation. Investments will focus on companies, strategic projects with profitability.
- To increase the practice of supervision and control of finance, accounting with respect to member companies of the General corporation; and at the same time, to give more instructions, guidance, direction on operation to its defendant companies and subsidiary companies.

❖ To perform cost-saving solutions

- To propagandize about the saving policy and to encourage official and employees to avoid any waste in electricity, water, office stationary, telephone use...
- To review the authorized expenses limit for vehicles, to build a plan of the use of cars in a more scientific and reasonable manner to save money. Not to make investment in purchase more cars if not necessary

✚ Solutions on finding and developing markets

- Finding and developing markets must be one of the key tasks with the specific solutions as follows:
- To be proactive in finding and developing markets throughout Vietnam, this task is subject to the directive of the Board of Directors and the Director General
- To make the most efforts to consolidate and maintain the present markets and to expand domestic and international markets.
- To have more cooperation with other companies in the form of association or joint venture, to build good relationships with partners to avoid risks of finding jobs.

✚ Solutions on human resources

The General corporation focuses on raising the effectiveness in management and use of human resources : including the reasonable labor division; frequent determine the number of officials and employees; performance and assurance benefits for employees..

❖ Concerning reasonable labor division:

- To have a good grounds for reasonable labor division, the General corporation frequently assess the competence of its officials and employees. The assessment of the competence of officials and employees is done on the annual basis to assess the performance. Additionally, the General corporation frequently monitor, check the performance of tasks of officials and employees.
- To build a job description for each office title or job. Based on the job description, the General corporation arrange or provide job to them, and use their ability properly in line with their desire, ability, and create conditions for officials and employees to improve their professional knowledge so that they can work effectively.

❖ Frequent determination of the limit number of management staff and employees:

- At the annual interval, the General corporation determines the limit number of management staff and employees. Basing on such determination, the General corporation will make proper adjustment to the number of management staff and employees for each stage of the development of the company.
- The determination of the limit number of personnel is conducted in each Departments in a proper manner to ensure the personnel mechanism is small but effective. Afterthere, the determination of the limit number of personnel will be conducted in dependent companies.

❖ To ensure regimes and benefits and incentives for employees:

- To encourage employees to work well with their all ability, the General corporation has encouragement policy and incentives employees; specifically as follows:
 - ✓ To take care of and protect reasonable, legal rights and benefits of employees, to ensure sufficient job and income for employees, and step by step to raise the cultural life for employees; to perform all regimes, policies for employees.
 - ✓ To have better regimes on salary and bonus; to devise a reasonable and scientific regimes on salary and benefit, to ensure justice in income distribution and suitability to the rate of labor productivity to be fit the service rendered by employees.
 - ✓ To consider the paying of salary based on the performance, by determining the value of work, the complexity of work, the special condition of work and elements in reality .
 - ✓ To create favorable conditions for competent officials to work and develop. To have a special treatment policy for employees who have had special contributions to the effectiveness of production and business.
- Raising the effectiveness in recruitment and appointment of staff:

Recruitment and appointment is one of the important activities concerning the human resource management. The aim of the procedures of recruitment and appointment is to select qualified and competent persons suitable for job or position. The General corporation considers the performance of the following contents:

- ✓ To perform the procedures of recruitment and appointment properly, to assess the qualification and ability of candidate, to select persons competent and suitable to work and position, which are the factors to contribute to the effective management and business.
 - ✓ In addition to professional knowledge, any cadre or official who is appointed to a leadership or management position, is required to have the nature of a leader, the ability to attract mass, to have prestige with colleagues, to have suitable characteristics such as decisive, brave, objective, able to deal with difficult, complicated matters, ready to assume tasks, to dare to be responsible for his acts.
 - ✓ To perform the recruitment and appointment of staff well, the General corporation needs to build a team of officials who have high professional knowledge and good competence, are able to use new equipments and know how to apply advanced technology in production and business; will create conditions to have a small-size but effective staff mechanism to reduce expenses and to raise the effectiveness in production and business.
- Staff training and human resource development:

To grasp business opportunities and concurrently to be suitable to and to effectively respond frequently challenges of markets, the General corporation performs the staff training and human resources development as follows:

- ✓ Frequently to create conditions for cadres and employees to improve their professional knowledge and skills through training courses. To perform the training and re-training for

employees so that they can perform work, task well as required by customers toward the General corporation about quantity and quality of work

- ✓ To continue to recruit and to train a team of experts having new knowledge; to have plan to gradually replace and to improve the quality of employees on the basis of combination of training and recruitment of new employees, To give special attention to young experts, the investment in them is considered as an investment for future.
- ✓ The General corporation have measures for providing its dependent companies with the assistance in human resources and in raising the quality of labor training to build a force of professional labor. .

- Attracting and use of talent persons

Devising good mechanism and policy to attract talent persons to the General corporation:

- ✓ To have incentive policy concerning salary, bonus and other encouragement policies such as appointment, assignment of important tasks, travel means... to attract professionals and talents.
- ✓ To perform the policy to give priority in recruitment for persons who are university graduates at the outstanding or excellent Class ranking, majoring in disciplines suitable to the job position; persons who hold MA Degree and under 30 years old, persons who are experts in management and business which the General corporation considers as important.

- Performance of the plan of the use of talents of the General corporation:

- ✓ Concretize the mechanism and policies enacted by the Party and the Government regarding talent persons, to create favorable conditions for talent person to work, develop and contribute to the General corporation to to identify themselves for them to be honoured by society.
- ✓ To perform the policy of special treatment and honour toward talent persons. To devise a proper policy on benefits for talent persons such as salary, working conditions, awards, honour for talent persons, person having good performance in job, arrangement of job for talent persons; to create working condition which encourages creative ideas .
- ✓ Reasonable assesment and plan for use of talent persons. To give priority to young officials, cadres, employees who are competent, qualified person, in working conditions such as:
 - To be entitled to be arranged or provided with jobs, position suitable to their ability, strong points, profession and skillls
 - To be entitled to be given priority in working conditions, research, study to improve their knowledge.
 - . To be entitled to be given priority in appointment or nomination to leadership position.

 **Solutions on management of the enterprise**

❖ To devise and perfect the Rules on Internal management.

- With the conversion of the General corporation from a single-member company limited into a shareholding company, there will be certain changes in organization and operation of affairs in the General corporation. After transformed into a stock joint company, the General corporation will conduct the establishment of Rules on Internal Management which serve as the legal tool and basis to raise the effectiveness in management, operation and professionalism of the General corporation. The General corporation will conduct the establishment and perfection of the rules concerning the following matters:
 - ✓ Managing and operating production and business activities.
 - ✓ Intra-companies relations in the General corporation.
 - ✓ Relationships between the General corporation and its subsidiary companies, joint venture companies, associate companies.
 - ✓ Management of the recruitment, training and development of human resources.
- The establishment and perfection of the Rules on Internal Management will help the General corporation to have a complete system of documents stipulating the organization, operation, regimes, and policies to create a legal corridor for the organization and operation of the General corporation. Such Rules are the basis for considering responsibilities of any entity and persons in performing powers, duties assigned by the General corporation and will help the management and operation to be more smooth and effective.

❖ Raising operation capacity for branches.

Branches keep an important role in expanding markets and raising the business capacity of the General corporation. Thus, the General corporation must focus on the solutions to raise the operation capacity of these entities, specifically as follows:

- The Functional Departments need to intensify the examination, monitoring and instruction on operation for branches in their performance of production and business.
- The General corporation will have proper investment in human resources, equipments and jobs for these entities to develop in the direction of professionalization of their business lines so that they can become a key force for the General corporation.
- The General corporation will make decentralization to these entities and will stipulate duties to the branches to create suitable conditions for them to be active in business and production.

❖ Application of information technology in management.

- Information technology keeps an important role in the development of economy, society, security, national defence, which shows its great influence on all aspects of life of society, especially upon the management of business of companies.
- Take advantages of the information technology in management of production and business, the General corporation needs to speed up the application of information technology in all its system, to create a turning point favourable in production and to reduce the burden of

administrative procedures to raise the quality of management and operation and saving. The General corporation devise solutions for the application of information technology as follows:

- ✓ To continue to perform, perfect and raise the effectiveness of application of information technology in management of business including the main contents: the electronic mail system; the information system for management of documents and operation of activities; to digitalize source of information in the chronological order of information of importance; to intensify the use of electronic documents; to develop and provide online information; publicize information on recruitment, salary, pension, insurance, award, discipline.
- ✓ To Develop the human resource good at information technology; to continue to provide information technology knowledge to officials and employees; to devise a special treatment policy for experts and employees specializing in information technology; to provide officials and employees with courses of training in the application of information technology in management of their work and to speed up the application of online training to officials and employees.
- ✓ To make investment in information technology equipments in a synchronous manner; to provide special softwares for management and business such as: the software for the common use and management of documents, software for human resource management, software for management of raw materials to reduce the use of paper documents; to encourage officials and employees to exploit information on internet to serve their work,
- ✓ To intensify and encourage the use of basic communication means such as electronic mail, telephone, fax; to load information on the electronic information portal or website of the General corporation for convenience of communication in distance, to get employees into the habit of working on the internet environment and support information system to reduce or replace the use of paper documents.
- ✓ Step by step to integrate information, to continue to build and expand the information system and database to serve the management and business of the whole General corporation.

❖ **Performance of saving, anticorruption and against waste**

- To intensify the propaganda against and legal education about anticorruption; to perform savings; to raise the awareness about this matter and change of mind of officials and employees of the General corporation about their duties in fighting and prevention of anticorruption and waste. To make and perform plans of supervision, inspection, examination and consolidation of the organization and operation of the Supervisory Board; to intensify the role of the representative of the General corporation in management of capital invested by the General corporation in joint stock companies concerning the management of State owned shares and assets. To intensify the management, compliance with the rules and laws to establish the economic and technical norms of expenses in production and business....; to review and reduce unnecessary administrative expenses, production expenses in all activities.
- To perform the solutions of anticorruption in a synchronous manner, to focus on prevention measures. To pay attention to sensitive fields in which negative act may take place, causing waste such as management of money and goods; investment in construction; land

management...; to intensify the publicity, transparency in the activities of the General corporation; to deal with all violation in a timely and strict manner.



Solutions of rearrangement of function departments

❖ Reorganization and rearrangement of the functional departments

The reorganization of the functional department must ensure the suitability among function and field management and the management department so that all functions and fields managed have responsible person, and each department has persons in charge of each functions.

- ✓ To study to narrow the mechanism, to reduce relation, to save expenses, to contribute to the raising of the effectiveness in management.
- ✓ To study and establish an Internal control department to help the General corporation to manage sources more effectively to mitigate risk during the process of production and business and to help the leaders to build a foundation of management to serve the expansion of production and development of the General corporation.

❖ Reorganization and re-arrangement of entitie, subsidiary and branches.

The reorganization and rearrangement of branches will be perform in the direction of prossilionalization of their activities to raise the competitve capacity in markets, to make their mechanism become small but effective with the aim to raise the effectiveness of the all corporation.



Solutions about polical thought

- The Communist Party Organization in the Corporation usually cooperate with the Board of Directors, the General Management Board in giving the lines, policies, measures, solutions to perform the socio-economic targets in line with the Resolutions of the General Meeting of Shareholders.
- To perform the education of thought for Party members, employeess to peform in line with the policity of the Party, the laws.
- To intensify the education for officials and employees to develop the tradition of 40 years of develoment and growth of the General corporation to make the General corporation develop better and better.
- The Labor Union frequently cooperate with the Board of Directors, the General Management Board to give solutions to perform the socio –economic targets designated by the General corporation; to give mental encouragement to employees in its organization so that they can be inspired to work better.
- To launch emulation movements to encourage the departments, entities to complete their tasks; to grant physical and mental awards to entities or individuals attaining achievement in work.
- To pay attention to the spiritual life of employees by organizaing movement activities: gymnastics and sports events, cultural and artisc performance....

PART III: DIRECTION OF DEVELOPMENT OF THE ENTERPRISE AFTER EQUITIZATION

1. Objectives of equitization

The aim of the equitization of the General corporation is to form a shareholding company, to mobilize capitals from investors to raise its financial capacity

To mobilize capitals and to attract domestic and foreign investors. Through which to create sources for the development of the General corporation, reforming and raising the knowledge of technology in production and management process, raising the effectiveness and competitiveness of the General corporation in the context of integration to the world's economy.

To create conditions for employees and shareholders to participate in the supervision, monitoring, management the General corporation to make them attached to the General corporation, by which, it is possible to raise the effectiveness and use of the State-owned capital, to ensure the best interest for shareholders.

To change the form of ownership to facilitate the reform of the corporate management to make the General corporation self-controlling, proactive and more responsible for its duties and powers to fit the market mechanism and the process of integration into the international trade.

To perform the transparency and public disclosure according to the principles of market, to terminate the status of close intra-shareholding of the General corporation, to make it attached to capital markets and stock markets.

2. Requirements of equitization

To ensure the stable development of the General corporation after equitization.

To ensure the normal process of business, not causing any big change in normal activities of the system of production and business of the General corporation.

To ensure the harmony between the interests of the Government and the interests of the enterprise, investors and employees.

To perform publicity and transparency of information under the principles of markets

3. Form of equitization

Based on the result of modification and supplement to the value of the enterprise in the Document No. 2917/QĐ-BNN-QLDN dated 05/7/2017 of the Minister of Agriculture and Rural Development on the modification and supplement to some articles of Document No. 2371/QĐ-BNN-QLDN dated 14/6/2016 of the Ministry of Agriculture and Rural Development on the approval of the value of the enterprise for equitization of the Parent company - Vietnam Southern Food Corporation Limited – a Single-Member Liability company, in consideration of the characteristics and the real situation of the General

corporation , Vietnam Southern Food Corporation Limited has selected the form of “**Selling part of the current State-owned capital in the enterprise**” according to the Article 4(2) of the Decree 59/2011/ND-CP dated 18/07/2011 of the Government on Conversion of Enterprises with 100% State –Owned Capital Into Shareholding companies. Thus,. The Government will continue to hold 51% of the charter capital in the General corporation.

4. General information on the enterprise after equitization

- Corporate name in the Vietnamese language: Tổng Công ty Lương thực Miền Nam – Công ty cổ phần
- Corporate name in the English language :Vietnam Southern Food Corporation - Joint Stock Company
- Abbreviated corporate name: VINAFOOD II
- Jeadquarter: 333 Trần Hưng Đạo Street, Cầu Kho Ward, District 1, Ho Chi Minh City, Vietnam
- Legal: (028).38370026
- Fax: (028).38365898
- Website: www.vinafood2.com.vn
- Logo:



5. Legal form

After equitization, the General corporation will exist and operate as a Joint Stock company under the Law on Enterprise

6. Powers and Duties of the General corporation

6.1. Powers of the General corporation

- The General corporation will be be entitled to succeed to the legal rights and interests of the Single-Member Limited Liability company -Vietnam Southern Food Corporation Limited
- The General corporation shall have its own discretion in mnagement of production and business
- The General corporation will have the rights in managing finance.

6.2. Duties of the General corporation

- The General corporation will assume all responsibilities of the Single-Member Limited Liability company -Vietnam Southern Food Corporation Limited
- The General corporation will have the responsibility to manage its production and business under the Charter of a Joint Stock company and according to the laws.

7. Business lines

To succeed to the business lines under the Certificate of Business Registration number 0300613198 issued by the Department of Planning and Investment of Ho Chi Minh City, the initial registration of which was made on 08/02/2017, the registration for the 9th amendment of which was done on 05/01/2016. The lines of business of the General corporation after equitization will be:

Main business lines:

Purchase, maintenance, processing, wholesale, retail, reserves, circulation of food, foodstuffs, processed food and foodstuffs; export, import of food, agricultural products; packaging and packing of goods on the basis of processing contracts: agricultural, aquatic products, fertilizers, agricultural materials, ...

Business lines relating the main activities (which will be supplemented as the requirement for the development of the company after equitization):

Production and business of feed for cattle, poultry and aquaculture; aquaculture, processing of aquatic products; business of aquatic goods; production and business of packing materials and raw materials for making packing; production and business of processed food; management of sea ports, domestic ports or quays, delivery and receipt of goods; agents of goods transportation by sea; business of warehouse, yards and storage of goods, Logistics; business of goods transportation by river way and by road; exploitation and business of pure water and mineral water; business of cars, motor bikes; maintenance, repairs to cars, motor bikes; business of distribution systems, retails of kinds of goods in general stores, retail of drinks and beverages in shops, retail of electric household appliances and interior articles; business of the services of tree planting, service of animal raising; service of post harvesting and dealing seeds for breeding purposes; business of machines, equipments and spare parts for agricultural machines; business of fertilizers, pesticides and other chemicals for use in agriculture, plant-protection drugs, materials for food production, and construction materials; business of gasoline and oil; packing of agricultural goods on the basis of processing contracts; business of plastic products of all kinds; purchase and sale of products made from wood; business of hotels, restaurant, domestic and international travel services; business of advertising, commercials and marketing services.

To carry out other activities and business lines suitable to law.

8. Organizational structure after equitization

After equitization, the General corporation will exist and operate in the model of a joint stock company as stipulated in the Charter of Organization and Activities as passed by

the General Meeting of Shareholders, under the Law of Enterprises, under the management, supervision and operation of the Board of Directors, the Supervisory Board and the Director General. .

The organization of the General corporation will be as follows:

General Meeting of Shareholders

The General Meeting of Shareholders formed by all shareholders having the right to vote, is the supreme and sovereign body of expression of the will the General corporation

Board of Directors:

The Board of Directors is the body directly managing the General corporation, the members of which will be elected by the General Meeting of Shareholders. The Board of Directors performs the rights and exercises the duties designated by the General Meeting of Shareholders in the Charter of the General corporation and under the law; it may act in the name of the General corporation to performs the powers and duties of the General corporation, except for the matters which must be decided by the General Meeting of Shareholders.

The Board of Directors of the General corporation will have between 05 and 07 members.

Supervisory Board

The Supervisory Board will perform verification of annual financial statements, will make inspection of each specific matter relating to financial activities when it think it fit or proper under the decision of the General Meeting of Shareholders or at the request of the majority of shareholders. The Supervisory Board reports to the General Meeting of Shareholders about the accuracy, truth and legality of documents, accounting books, financial statements and the activities of the internal control. The Supervisory Board of the General corporation will have 3 members elected by the General Meeting of Shareholders.

General Management Board

Director General is the legal representative; the Director General will manage daily affairs of the General corporation, subject to the supervision of the Board of Directors, and will be responsible to the Board of Directors and under the law for his performing his powers and exercising his duties.

Deputy Directors General will give the Director General assistance in the management and operation of the General corporation. The General Management Board will have 05 members, including 01 Director General and 04 Deputy Directors General

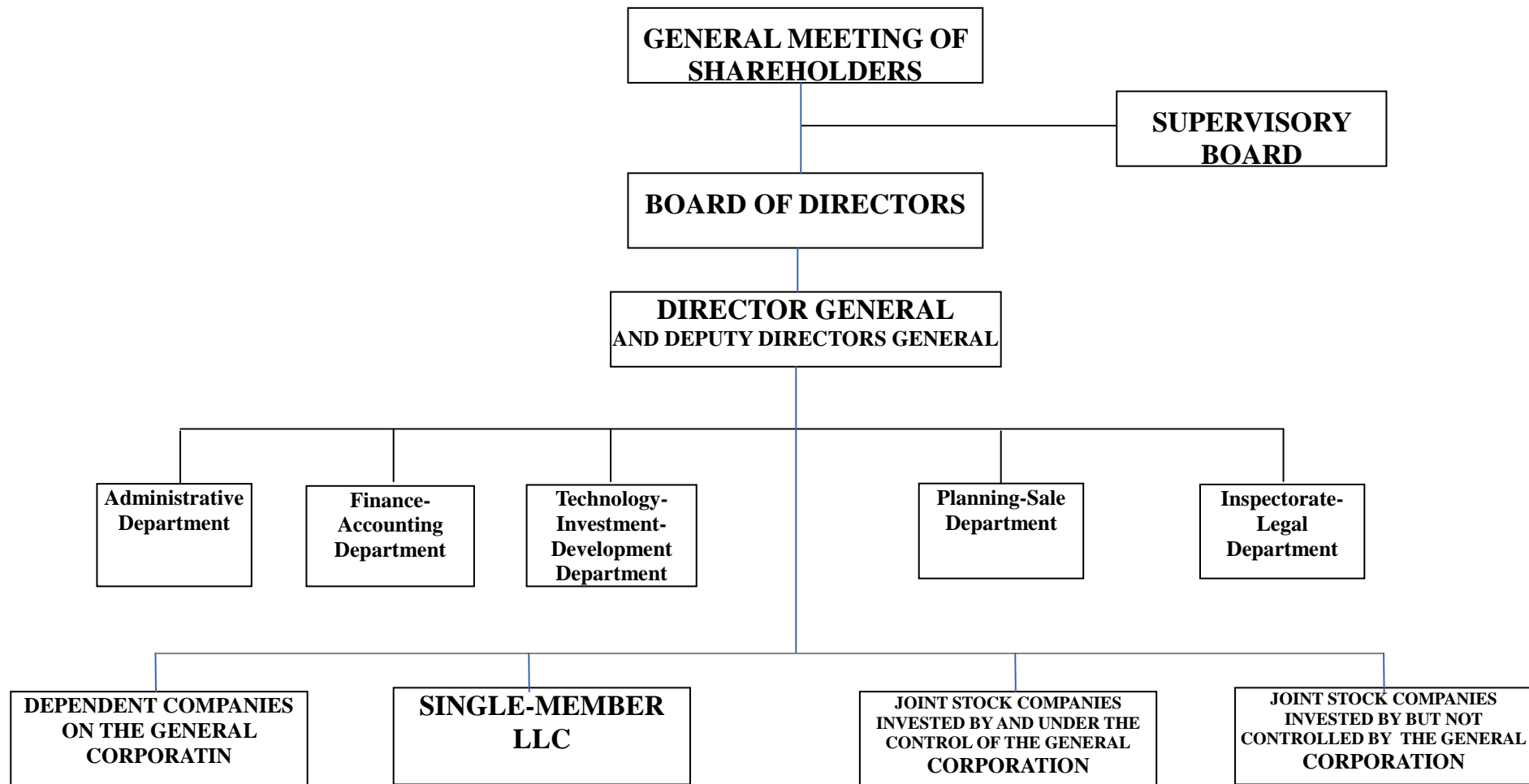
Chief Accountant

Chief Accountant will be appointed by the Board of Directors on the recommendation of the Director General. The Chief Accountant will help the Director General to perform the accounting and financial affairs of the General corporation in line with the Law on Finance and Accounting

Functional Departments and dependent entities, subsidiary companies, associate companies.

To perform their functions, activities, business as allocated to them after the reorganization.

Organization Chart of the Joint stock company



9. Plan for rearrangement of member companies in the period of 2016 – 2020

Based on :

- Document No. 1909/QĐ-TTg dated 29/12/2012 of the Prime Minister on the approval of the Plan for Reorganization of Vietnam Southern Food Corporation Limited giai in the period of 2012 -2015;
- Document No. 2931/QĐ-BNN-ĐMDN dated 11/12/2013 of the Ministry of Agriculture and Rural Development on the approval of the Plan for Dinvestment from business outside the main business lines of Vietnam Southern Food Corporation Limited – a Single-Member Limited Liability company;
- Document No. 5457/QĐ-BNN-ĐMDN dated 18/12/2014 of the Ministry of Agriculture and Rural Development on the approval of the supplement to the Article 1 of the Document No. 2931/QĐ-BNN-ĐMDN dated 11/12/2013 of Ministry of Agriculture and Rural Development ;
- Document No. 2244/TTg-ĐMDN dated 10/11/2014 of the Prime Minister on the adjustment of the Plan for Reorganization of Vietnam Southern Food Corporation Limited.

The performance of the goal to perfect the organization after equitization to raise the activeness and effectiveness in production, business and management of the enterprise and the orientation of the rearrangement of the structure of the organization and operation of the General corporation must base on the following principles”

a. As for Functional Departments:

They will be restructured and organized into effective, simplified and professional units; and they will have new functions to monitor and prevent risks.

b. As for dependent companies:

Dependet companies must meets the conditions for them to operatate as independent units such as: qualified management staffs, management and operation capacity; capacity of storehouse, machines and equipments; location at regions which can supply a large amount of rice which must meet the requirements for rice direct export as stipulated in the Decree number 109/2010/ND-CP dated 04/11/2010 of the Governmentand the Circular number 44/2010/TT-BCT dated 31/12/2010 of the Ministry of Industry and Trade stipulating some articles of the Decree number 109/2010/NĐ-CP dated 04/11/2010 of the Government on business of rice export; after equitizations, they will be transformed into independent accounting entities (Single-Member Limited Liability companies100% invested by the General corporation) and then some of them will be transformed into joint stock companies in line with the policy of the Government. The remaining companies will make the procedures for winding up or will remains as dependent companies of the Parent company.

c. As for companies in which the General corporation invested:

The General corporation will maintain investment in companies which do production and business effectively and the activities of which are suitable to the main business lines of the General corporation; and the General corporation will continue dinvestment from remainders (addition to the number of companies from which the General corporation made dinvestment), or apply for dissolution or bankruptcy of them.

After equitization, Vietnam Southern Food Corporation Limited will operates under the Charter of Organization and Activities of the General corporation which will be passed by

the General Meeting of Shareholders, under the Law on Enterprises, under the management, supervision and operation by the Board of Directors, the Supervisory Board and the Director General, as follows:

In addition to 13 subsidiary companies, associate companies from which the General corporation had made divestment since 31/3/2015 until the date of making the Plan for Equitization, the equitization of Ho Chi Minh City Food company Ltd and of Kien Giang Export and Import company, the General corporation has scheduled to continue 100% divestment from 8 entities; to have 11 entities dissolved or bankrupt, and to transform 07 branches at the present time into Single-Member LLCs with 100% capital invested by the General corporation. Thus, the number of member companies of the General corporation after equitization will consist of: The Office of the General corporation and 12 dependent accounting branches (including 07 branches which will be transformed into Single-Member LLCs with 100% capital invested by the General corporation), 07 joint stock companies in which the General corporation holds the controlling shares and 01 joint stock company the General corporation holds the non- controlling shares, specifically as follows:

9.1. Enterprises from which the General corporation made divestment and which will be restructured after transformed into joint stock companies (the amount invested by the General corporation is based the sum re-determined by the State Auditing):

a. Enterprises from which the General corporation made divestment and which were dissolved from 31/03/2015 to the date of making the Plan for Equitization (13 entities):

Unit: thousand dong

No.	Name of enterprises	Amount invested by the General corporation*	Value of divestment	Provision	Charges for divestment	Gain/loss
1	Bien Xanh Foodstuff Joint stock company	14.410.578	6.140.451	9.372.432	178.636	923.669
2	Lubico Biscuit Joint Stock company	2.813.514	3.692.856	0	80.000	799.342
3	Da Nang Food Joint Stock company	5.084.791	6.729.872	9.571.373	136.187	11.080.266
4	Cuu Long Investment and Development Joint Stock company	22.000.000	44.000.000	2.482.556	90.000	24.392.556
5	Lotus shipping Joint Stock	47.208.000	24.066.431	24.108.223	0	966.654



	company					
6	GĐ & KT FCC Joint Stock company	1.284.864	1.561.120	0	70.000	206.256
7	Ha Tien Cement company 1**	3.153.834	3.153.899	1.320.994	6.307	1.314.752
8	GĐ & KT FCC Joint Stock company(Invested by Tien Giang Food company)**	601.868	779.100	0	56.454	120.778
9	Cai Be Trading and Service company **	2.538.942	1.639.875	0	64.863	-963.930
10	Vinh Hoi Investment & Development Joint Stock company	15.000.000	45.000.000	505.611	120.454	30.385.157
11	Bac Lieu Tourism Joint Stock company**	2.106.887	2.348.591	0	63.636	178.068
12	Viet-Han- Saigon Trading-Service- construction company Ltd***	160.000.000	160.000.000	0	0	0
13	Saigon Food Pte., LTD(Saigon Food company)****	11.468.885	11.085.695	0	1.113	-383.190
	Total	287.672.163	310.197.890	47.361.189	867.650	69.020.378

* the amount invested by the General corporation is based the sum re-determined by the State Auditing:

** Invested by dependent companies

*** Viet-Han- Saigon Trading-Service- construction company Ltd., which was just established and from which the General corporation made dinvestment after the date: 31/3/2015.

**** Saigon Food Pte., LTD which is a dissolved entity.

b. Enterprises from which the Corporation will continue 100% dinvestment after equitization: 08 entities

No.	Name of enterprises	Amount invested by the General corporation	Percentage of shareholding
1	Bến Thành - Mũi Né Joint Stock company	27.616.125.799	17,81%*
2	Foodinco Investment and Trading Joint stock Group	27.469.130.000	12,27%
3	An Giang Agricultural Product Export-Import Joint Stock company	73.261.040.321	20,52%
4	Binh An Wheat Flour Joint Stock company	23.903.330.000	19,92%



5	Dong Thap Food and Packing Joint Stock company	2.091.752.816	19,72%
6	South Central Food Joint Stock company	47.786.267.012	66,27%
7	Khem- Long Tri Fish Cultivation Farm (incompleted project)**	10.812.000.000	67,08%
8	Binh Tay Packing Joint Stock company	5.798.894.528	19,56%
Total		218.798.540.476	

* .Updated according to the Certificate of Business Registratin of a Joint stock company, registration for the 6th amendment dated 07/7/2017(shareholding based on the par value of share)

** Invested by a dependent company

c. Dependent companies which perform the reorganization (2 entities):

No.	Name of enterprise	Amount invested by the General corporation	Percentage of shareholding	Note
1	Tien Giang Agricultural Product and Food company	Branch of the General corporation	100,00%	
2	Tra Vinh Agricultural Product and Food company	Branch of the General corporation	100,00%	

d. Group of companies which will be dissolved, bankrupt or dinvested: 8 entities

No.	Name of enterprise	Amount invested by the General corporation	Percentage of shareholding	Note
1	To Chau Joint Stock company	65.400.000.000	65,40%	Dissolved /bankrupt
2	Ca Mau Agricultural Product and Food Export-Import Joint Stock company	40.956.000.000	62,05	Dissolved /bankrupt
3	Hau Giang Food Joint Stock company	28.771.200.000	53,28%	bankrupt
4	Quang Ngai Food Joint Stock company	5.100.000.000	51,00%	Dissolved /bankrupt
5	Vinh Long Food and Foodstuffs Joint Stock company	7.654.400.000	40,00%	Dissolved /bankrupt
6	V.A.P Food company Ltd.	43.875.000.000	45,00%	Approved by the Ministry of Agricultural and Rural Development



				and conducting the proceedings for bankruptcy.
7	Cambodia-Vietnam Food and Foodstuffs company Ltd	57.357.788.024	37,00%	Dissolved /bankrupt
8	Hoàn Mỹ Joint Stock company	22.500.000.000	30,00%	Dissolved /bankrupt
	Total	271.614.388.024		

9.2. List of member companies of the General corporation after equitization:**a. Functional Departments of the General corporation (05 Departments)**

1. Organization and Administrative Department.
2. Planning-Sale Department.
3. Finance-Accounting Department.
4. Technology- Investment- Development Department.
5. Inspection –Legal Department.
6. Offices of Communist Party and organizations

b. Dependent companies of the General corporation (05 entities)

1. Thot Not Food company
2. Vinh Long Food company
3. Bac Lieu Food company
4. Soc Trang Food company
5. Ben Tre Food company

c. Companies which will be transformed into Single-Member LLCs with 100% capital invested by the General corporation (07 entities)

1. Long An Food company
2. Tien Giang Food company
3. Tra Vinh Food company
4. Hau River Food company
5. Dong Thap Food company
6. An Giang Food and Foodstuffs company
7. Binh Dong Wheat Flour company

d. Joint stock company invested and controlled by the General corporation (07 entities):



No.	Name of companies	Percentage of shareholding (%)
1	Ho Chi Minh City Food Joint Stock company	59,78
2	Kien Giang Export-Import Joint Stock company	83,31
3	Binh Dinh Food Joint Stock company	51,00
4	Safoco Food and Foodstuffs Joint Stock company	51,30
5	Mechanics Construction and Foodstuff Joint Stock Company	60,00
6	Saigon Food Joint Stock company	51,00
7	Tien Giang Packing Joint Stock company	60,00

e. Joint stock company invested but not controlled by the General corporation (01 entity):

No.	Name of companies	Percentage of shareholding (%)
1	Colusa Miliket Foodstuff JSC	30,72

Total member companies of the General corporation: 20 entities

10. Charter capital and structure of the charter capital

10.1. Charter capital

Subject to the Document No. 2133/QĐ-TTG of the Prime Minister dated 29/12/2017 on approving the Plan for Equitization of the Single-Member LLC – Vietnam Southern Food Corporation Limited, the Charter capital of the General corporation after transformed into a joint stock company is as follows:

- Charter capital : 5.000.000.000.000 đồng (Five thousand billion dongs).
- Number of shares : 500.000.000 shares.
- Type of share: Ordinary share.
- Par value: 10.000 dongs/share.

10.2. Structure of charter capital

No.	Shareholders	Shareholding percentage (%)	Number of shares (Share)	Value of share (đồng)
1	State shareholder	51,00%	255.000.000	2.550.000.000.000
2	Shareholder who are officials	0,99%	4.969.000	49.690.000.000



and employees (2.1+2.2)				
2.1	Shares sold at preferential price by 60% of the auctioned price success rates lowest	0,58%	2.884.200	28.842.000.000
2.2	Number of additional shares for which employees are eligible to subscribe base on the number of years during which they are committed to working for the enterprise (2.2.1 + 2.2.2)	0,41%	2.084.800	20.848.000.000
2.2.1	<i>Subscribe for additional incentive share as stipulated in the Article 49 (2) of the Decree 59/2011/NĐ-CP (200 shares /Year)</i>	0,32%	1.625.600	16.256.000.000
2.2.2	<i>Subscribe for additional incentive share as stipulated in the Article 48(2) (b) of the Decree 59/2011/NĐ-CP (500 shares /Year)</i>	0,09%	459.200	4.592.000.000
3	Shares which are sold to unions	0,04%	200.000	2.000.000.000
4	Shares which are sold to strategic investors	25,00%	125.000.000	1.250.000.000.000
5	Shares which are auctioned to domestic and foreign investors	22,97%	114.831.000	1.148.310.000.000
Total		100,00%	500.000.000	5.000.000.000.000

PART IV: RISKS

1. Economic risks

Any economy may be at all time exposed certain risks due to changes in macroeconomic variables such as growth rate, inflation, interest rate, exchange rate,... Vietnam Southern Food Corporation Limited as a subject participating in economy, will be faced with the influence of such factors, whether directly or indirectly.

To mitigate the influence of economic risks, the General corporation needs to improve its management system to raise the quality and pay attention to management of expenses.

2. Legal risks

After the completed equitization, all business activities of the General corporation will be influenced by the legal provisions such as: Law on Enterprises, Commercial Law, Law on Securities, tax laws .. and related instructions.

At the present time, the system of legal normative documents has gradually been perfected and has been amended at all time to suit to the trends of development of economy and society. Nevertheless, it is necessary to make more amendments and supplements to the system of legal normative documents so that it can be appropriate and suitable to the reality. Thus, the improvement of the stability on legal policies of the Government necessitate very much operations of enterprises, especially when the economy of Vietnam has integrated step by step into the movements and development of the World's economy.

To mitigate the adverse impacts of legal risks, the General corporation should follows and update all provisions of laws, conducting study on any change in laws to inform to all cadres and employees of the General corporation .

3. Risks of offering of shares

The offering of shares of VINAFOOD II it the initial public offering so its liquidity is lower than other companies operating in the same industry with shares listed on the stock change.

The IPO of the General corporation will depend upon the developments of stock market at the time of the official auction of shares, the psychology of investors and the attractiveness of shares of the Generral corporation. So, the risk is all shares cannot be sold up.

4. Other risks

Besides the risk factors mentioned above, there are other risk factors due to natural phenomena, identifiable objectively such as force majeure (floods, drought, epidemics, earthquakes...), war or fire.. These risks if they occur would cause difficulties and affect production and business of the company.

PART V: PERSONS RESPONSIBLE FOR THE CONTENT OF THE PROSPECTUS

1. Equitization Steering Committee

Mr. Vũ Bá Vinh	Position: Executive Member of the Board of Members of the Single-Member Limited Liability company - Vietnam Southern Food Corporation Limited
-----------------------	---

2. Enterprise to be equitized: the Single-Member Limited Liability company - Vietnam Southern Food Corporation Limited

Mr. Nguyễn Ngọc Nam	Position: Acting Director General
Mrs. Lê Thị Thảo	Position: Chief Accountant



The above-name persons Hereby ensure that all information and data stated in this Prospectus is suitable to reality so that investors can value assets, financial position, performance and business prospects of the Single-Member Limited Liability company - Vietnam Southern Food Corporation Limited before they register for participation in auction to purchase shares.

3. IPO Advisor and Auction organizer

Mr. Tống Minh Tuấn Position: The Director of Vietcombank Securities Ltd – HCM City Branch–

The assessment and selection of wording in this Prospectus was done by us with due care on the basis of information and data provided by the Single-Member Limited Liability company - Vietnam Southern Food Corporation Limited

CONCLUSION

This prospectus is provided to investors with the aim to help investors to evaluate the financial status, the business results and prospect of the Single-Member Limited Liability company - Vietnam Southern Food Corporation Limited before signing up to purchase its shares.

This prospectus was prepared based on the information and data provided by the Single-Member Limited Liability company - Vietnam Southern Food Corporation Limited and on the Plan for Equitization which was approved by the Government under the provisions provided for to ensure openness, transparency and protect the legal rights of investors.

We would like to advise investors to read this prospectus carefully before making a decision to subscribe for shares of the Single-Member Limited Liability company - Vietnam Southern Food Corporation Limited

Thank you very much!.



Ho Chi Minh City,.....(day).....(month), 2018

**FOR THE EQUITIZATION STEERING COMMITTEE
CHIEF HEAD OF THE STEERING COMMITTEE**

**REPRESENTATIVE OF THE EQUITIZED ENTERPRISE
THE SINGLE-MEMBER LLC- VIETNAM SOUTHERN FOOD CORPORATION LIMITED
DIRECTOR CHIEF ACCOUNTANT**

**REPRESENTATIVE OF THE IPO ADVISOR
VIETCOMBANK SECURITIES COMPANY LIMITED
HO CHI MINH CITY BRANCH
DIRECTOR**