

THE ENGLISH VERSION OF THE PROSPECTUS IS NOT AN OFFICIAL TRANSLATION. IT IS FOR INFORMATION PURPOSE ONLY. THE STEERING COMMITTEE FOR EQUITIZATION AND VINA FOR RECOMMEND THAT INVESTORS SHOULD READ CAREFULLY THIS PROSPECTUS AND THE AUCTION REGULATION IN ITS ENTIRETY BEFORE MAKING A DECISION TO PURCHASE

PROSPECTUS

INITIAL PUBLIC OFFERING

VIETNAM FOREST CORPORATION (VINA FOR)

THE AUCTIONEER



HANOI STOCK EXCHANGE
SỞ GIAO DỊCH CHỨNG KHOÁN HÀ NỘI

THE ISSUER



THE FINANCIAL ADVISOR



HANOI STOCK EXCHANGE

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VIETNAM FOREST CORPORATION

Head office: No. 127, Lo Duc St, Dong Mac ward, Hai Ba Trung Dist., Hanoi

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March, 2016

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PART I: FOREWORD

This Prospectus, for the purposes of information disclosure, is a part of the equitization process and the initial public offering of shares of common stock (“IPO”) of Vietnam Forest Corporation (“Vinafor”).

Prospective investors are advised to rely only the information as presented in (i) the Prospectus, (ii) the Bidding Form and (iii) the Auction Regulation, issued by the Auctioneer before deciding to invest in our common stocks. No person has been authorize, in connect with the offering, to give any information or to make any representation other than those contained in this Prospectus. Prospective investors should consult their own professional advisors regarding any potential misinterpretation of information presented herein.

We are a wholly state-owned enterprise, currently operating under the legal framework of Vietnam. Our equitization process would combine the sale of the Government of Vietnam’s existing ownership and an issuance of additional shares. We expect the Government of Vietnam to maintain a 51% ownership in our post-equitization company.

After equitization, we will operate as a joint-stock business entity. Any existing legal rights, obligations, and benefits as stated under the legal framework of Vietnam would be carried forward to the newly incorporated legal entity. Upon obtaining our certificate of business registration, we will have legal capacity as defined under Vietnam legislative system, together with our corporate seal and account(s). The newly incorporated entity will operate under the legal framework of the Government of Vietnam and our Corporate Charter.

This offering of share in the form of public aucion is a part of our equitization process to converting into a joint stock company. Investors holding our shares will become our shareholders and reserve all associated rights and obligations as stated under our Corporate Charter and Vietnam legislative system.

INFORMATION ON THE INITIAL PUBLIC OFFERING OF SHARES**VIETNAM FOREST CORPORATION**

Name of the issuer:	VIETNAM FOREST CORPORATION (VINAFOR)
Head office:	No. 127 Lo Duc St, Dong Mac Ward, Hai Ba Trung Dist., Hanoi
Charter capital:	3,500,000,000.000 VND (Three thousand and five hundred billion VND)
Total number of shares:	350,000,000 shares (three hundred and fifty million shares)
Par value	10,000 VND/share
Type of issuing shares	Ordinary share
Number of shares offered in the IPO	24,342,700 shares, equivalent to 6.955% of charter capital
Starting price:	10,100 VND/share
Allocation method	Public auction
Minimum and maximum bidding volume for domestic investors	Minimum: 100 shares Maximum: 24,342,700 shares
Minimum and maximum bidding volume for foreign investors:	Minimum: 100 shares Maximum: 24,342,700 shares
Subscription quantity:	Multiples of 100 shares
Incremental bidding price:	100 VND/share (one hundred VND/share)
Deposit:	10% of total subscription value at starting price

PART II: GENERAL INFORMATION

1. LEGAL BASIS OF THE OFFERING

1.1. *Legal basis for state-owned enterprise equitization*

- Enterprise Law No. 68/2014/QH13 dated 26/11/2014 by the National Assembly of the Socialist Republic of Vietnam (Enterprise Law 2014);
- Law No. 69/2014/QH13 dated 26/11/2014 by the National Assembly of the Socialist Republic of Vietnam on management and utilization of state capital invested in the enterprise's manufacturing and business activities;
- Decree No. 59/2011/N -CP dated 18/07/2011 of the Government of Vietnam on transformation of wholly stated-owned enterprises into joint-stock companies (Decree No. 59);
- Decree No. 189/2013/N -CP dated 20/11/2013 of the Government of Vietnam on amendments and supplements to some articles of Decree No. 59/2011/N -CP dated by 18/07/2011 of the Government of Vietnam on transformation of wholly stated-owned enterprises into joint-stock companies (Decree No. 189);
- Decree No. 116/2015/N -CP dated 11/11/2015 of the Government of Vietnam on amendments and supplements to some articles of Decree No. 59/2011/N -CP dated by 18/07/2011 of the Government of Vietnam on transformation of wholly stated-owned enterprises into joint-stock companies (Decree No. 116);
- Decree No. 118/2014/N -CP dated 17/12/2014 of the Government of Vietnam on restructuring, development and improvement of agriculture and forestry companies (Decree No. 118);
- Decree No. 91/2015/N -CP dated 13/10/2015 of the Government of Vietnam on state capital investment in enterprises, use and management of capital and assets in enterprises (Decree No. 91);
- Decree No. 108/2014/N -CP dated 20/11/2014 of the Government of Vietnam on the staff downsizing policy (Decree No. 108);
- Decree No. 63/2015/N -CP dated 22/07/2015 of the Government of Vietnam on policies towards redundant employee due to the restructuring of state-owned One member limited companies (Decree No. 63);
- Decree No. 01/CP dated 04/01/1995 of the Government of Vietnam on the assignment of land by state-owned enterprises for agricultural production, forestry and aquaculture (Decree No. 01);
- Decree No. 135/2005/N -CP dated 08/11/2005 of the Government of Vietnam on the contractual assignment of agricultural land, production forest land and land with water surface for aquaculture in the state-run agricultural farms and plantations (Decree No. 135);

- Decision No. 21/2012/Q -TTg dated 10/05/2012 of the Prime Minister of Vietnam on the promulgation of regulation on management and usage of Supporting Fund for enterprise restructuring and development;
- Decision No. 37/2014/Q -TTg dated 18/06/2014 of the Prime Minister of Vietnam on the promulgation of criteria and lists for classification of state-owned enterprises;
- Decree No. 60/2015/N -CP dated 26/6/2015 of the Government of Vietnam on amendments and supplements to several articles of Decree No. 58/2012/N -CP dated 20/07/2012 on providing specific provisions for implementation of several articles of the Law on securities and the Law on amendments and supplements to several articles of the Law on securities;
- Circular No. 127/2014/TT-BTC dated 05/09/2014 of the Ministry of Finance guiding the handling of finance and determination of the value of enterprises when transforming the 100% state-owned enterprises into joint stock companies under the provisions of Decree No. 59/2011/ND-CP dated 18/07/2011 of the Government of Vietnam (Circular No. 127);
- Circular No. 196/2011/TT-BTC dated 26/12/2011 of the Ministry of Finance guiding the initial sale of shares and the management and use of proceeds from the equitization of enterprises with 100% stated capital into joint-stock companies (Circular No. 196);
- Circular No. 180/2015/TT-BTC dated 13/11/2015 of the Ministry of Finance guiding the registration of securities trading on the trading system of unlisted securities;
- Circular No. 202/2015/TT-BTC dated 18/12/2015 of the Ministry of Finance guiding the listing on the Stock Exchange;
- Circular No. 33/2012/TT-BL TBXH dated 20/12/2012 of the Ministry of Labour, Invalids and Social affairs guiding the implementation of policies for employees under Decree No. 59/2011/N -CP dated 18/07/2011 of the Government of Vietnam on transformation of wholly stated-owned enterprises into joint-stock companies (Circular No. 33);
- Circular No. 184/2012/TT-BTC dated 25/10/2012 of the Ministry of Finance guiding a number of contents on regulation on management and usage of Supporting Fund for enterprise restructuring and development, attached to Decision No. 21/2012/Q -TTg dated 10/05/2012 of the Prime Minister of Vietnam;
- Circular No. 10/2013/TT-BTC dated 18/01/2013 of the Ministry of Finance guiding the mechanism of management and use of Supporting Fund for enterprise restructuring and development of the parent company in the economic group, state corporation, parent company in the parent company-subsiidiaries conglomerate;
- Circular No. 51/2015/TT-BTC dated 17/04/2015 of the Ministry of Finance guiding the handling of finance due to the restructuring, renovation, development and enhancement of the operation of the agriculture and forestry companies (Circular No. 51);

- Joint Circular No. 17/2015/TTLT-BNNPTNT-BTC dated 22/04/2015 of the Ministry of Agriculture and Rural development and the Ministry of the Finance guiding the methods of determination of the value of planted forests and orchards when restructuring, renovating, developing and enhancing the operation of the agriculture and forestry companies (Circular No 17);

1.2. Legal basis for the equitization of the Vietnam Forest Corporation

- Dispatch No. 2360/TTg- MDN dated 31/12/2013 of the Prime Minister of Vietnam on the equitization of the Vietnam Forest Corporation;
- Decision No. 4691/Q -BNN-QLDN dated 29/10/2014 of the Ministry of Agriculture and Rural Development on the equitization of both the parent company and subsidiaries in the Vietnam Forest Corporation;
- Decision No. 2727/Q -BNN-QLDN dated 10/07/2015 of the Ministry of Agriculture and Rural Development on amendments to Decision No. 4691/Q -BNN-QLDN dated 29/10/2014 of the Ministry of Agriculture and Rural development on the equitization of both the parent company and subsidiaries in the Vietnam Forest Corporation;
- Decision No. 4799/Q -BNN-QLDN dated 03/11/2014 of the Ministry of Agriculture and Rural Development on the establishment of the Steering Committee for equitization of both the parent company and subsidiaries in the Vietnam Forest Corporation;
- Decision No. 4955/Q -BNN-QLDN dated 17/11/2014 of the Ministry of Agriculture and Rural Development on the establishment of the Supporting Team for the Steering Committee for equitization of both the parent company and subsidiaries in the Vietnam Forest Corporation;
- Decision No. 97/Q -BNN-QLDN dated 14/01/2015 of the Ministry of Agriculture and Rural Development on the transfer of the status quo of the Soc Trang Forestry One Member Limited Company from the Vietnam Forest Corporation to the People's Committees of Soc Trang Province;
- Dispatch No. 3224/BNN-QLDN dated 21/04/2015 of the Ministry of Agriculture and Rural Development and Decision No. 655/Q -UBND and 656/Q -UBND dated 25/04/2015 of the Chairman of the People's Committees of Lang Son Province on the transfer of the status quo of the Loc Binh Forestry One Member Limited Company and the Dinh Lap Forestry One Member Limited Company from the People's Committees of Lang Son Province to the Vietnam Forest Corporation;
- Dispatch No. 1208/VPCP- MDN dated 13/02/2015 of the Office of the Government of Vietnam on approval of the cost estimate of equitization and the selection of the Financial Advisor for equitization;

- Dispatch No. 2013/BNN-QLDN dated 09/03/2015 of the Ministry of Agriculture and Rural Development on approval of the cost estimate of equitization;
- Dispatch No. 5836/BNN-QLDN dated 22/07/2015 of the Ministry of Agriculture and Rural Development on approval of the supplementary cost estimate of equitization;
- Decision No. 4624/Q -BNN-QLDN dated 09/11/2015 of the Ministry of Agriculture and Rural Development on approval of the enterprise value of the Vietnam Forest Corporation to be equitized (Decision No. 4624);
- Dispatch No. 3151/L TBXH-L TL dated 07/08/2015 of the Ministry of Labor, Invalids and Social Affairs guiding the implementation of Decree No. 63/2015/N -CP dated 22/07/2015 of the Government of Vietnam;
- Dispatch No. 9316/BNN-QLDN dated 13/11/2015 of the Ministry of Agriculture and Rural Development on elaborating the equitization plan of the Vietnam Forest Corporation;
- Dispatch No. 9743/BNN-QLDN dated 01/12/2015 of the Steering Committee for equitization on the selection of strategic investors;
- Decision No. 215/Q -TTg dated 03/02/2016 of the Prime Minister of Vietnam on approval of the equitization plan of the parent company in the Vietnam Forest Corporation (Decision No. 215/Q -TTg);
- Dispatch No. 1792/BNN-QLDN dated 04/03/2016 of the Ministry of Agriculture and Rural Development on approval of criteria for strategic investors of Vinafor;
- Dispatch No. 1794/BNN-QLDN dated 04/03/2016 of the Ministry of Agriculture and Rural Development on approval of selecting the auctioneer for the IPO;
- Dispatch No. 1883/BNN-QLDN dated 09/03/2016 of the Ministry of Agriculture and Rural Development on starting price and delagation in the IPO, appointment of official to supervise the IPO;
- Dispatch No. 1926 /BNN-QLDN dated 10/03/2016 of the Ministry of Agriculture and Rural Development on result of selection of strategic investors of Vinafor;
- Certificate of business registration No. 0100102012, first issued by the Department of Planning and Investment of Hanoi on 29/04/2010, 3rd amendment dated 02/11/2015;
- The corporate charter of the parent company in the Vietnam Forest Corporation dated February, 2014;
- Service contract No. 341/2015/H -TVHN.VCSC dated 15/05/2015 and its appendix dated 16/11/2015 between the Vietnam Forest Corporation and Viet Capital Securities JSC. on consultancy for elaborating the equitization plan and initial public auction share;
- Other relevant regulations.

2. THE AUCTIONEER, ISSUER AND FINANCIAL ADVISOR'S CONTACTS**2.1. The Auctioneer's contact****HANOI STOCK EXCHANGE**

Head office : No. 2 Phan Chu Trinh St, Hoan Kiem Dist., Hanoi
Tel : (84-4) 3941 2626
Fax : (84-4) 3934 7818
Website : www.hnx.vn

2.2. The Issuer's contact**VIETNAM FOREST CORPORATION – ONE MEMBER LIMITED COMPANY**

Abbreviated name : VINAFOR
Head office : No. 127 Lo Duc St, Dong Mac Ward, Hai Ba Trung Dist, Hanoi
Tel : (84-4) 3641 0799
Fax : (84-4) 3641 0800
Website : vinafor.com.vn

2.3. The Financial Advisor's contact**VIET CAPITAL SECURITIES JSC.**

Head office : 15th Floor, Bitexco Financial Tower, No. 2 Hai Trieu St, Dist 1, HCMC
Tel : (84-8) 3914 3588
Fax : (84-8) 3914 3209
Website : vcsc.com.vn

Hanoi Branch

Address : 6th Floor, Capital Tower, No. 109 Tran Hung Dao St, Hoan Kiem Dist, Hanoi

Tel : (84-4) 6262 6999

Fax : (84-4) 6278 2688

3. PARTIES RESPONSIBLE FOR INFORMATION PRESENTED IN THE PROSPECTUS

3.1. Representative of the Steering Committee for equitization

Mr. Cao Van Thuy Chairman of Vietnam Forest Corporation and Deputy Head of the Equitization Steering Committee

(Attorney of the Head of the Equitization Steering Committee under Dispatch No. 1883/BNN-QLDN dated 09/03/2016 of the Ministry of Agriculture and Rural Development)

The prospectus is elaborated by Vinafor and Viet Capital Securities JSC., and is approved by the Steering Committee for equitization.

3.2. Representative of the equitized enterprise

Mr. Phi Manh Cuong Member of the Member's Council and General Director of Vietnam Forest Corporation

We commit that all the information, data and figures related to the Vietnam Forest Corporation as presented in this Prospectus is true, accurate and comprehensive in accordance with the current position of Vinafor and with the applicable laws on equitization.

3.3. Representative of the Financial Advisor

Mr. Nguyen Quang Bao Deputy General Director of Viet Capital Securities JSC.

(Letter of Attorney No. 07/2015/Q .VCSC dated 01/07/2015 of the General Director on authorization of Deputy General Director to sign on behalf of General Director)

The Financial Advisor, Viet Capital Securities JSC., has prepared this Prospectus, including the wording and assessment contained herein, on a reasonable and prudent basis using the information, data and figures provided by the Vietnam Forest Corporation . We have elaborated this Prospectus in accordance with the guidelines as required by applicable laws without providing any assurance to the value of the securities.

4. ABBREVIATION AND GLOSSARY

The Company/Vinafor : Vietnam Forest Corporation

The equitized company : Vietnam Forest Corporation

The Group : Vietnam Forest Corporation, together with its consolidated subsidiaries

The Financial Advisor/VCSC	:	Viet Capital Securities JSC.
Ltd.	:	Limited liability
JSC.	:	Joint – stock company
ROA	:	Return on total assets
ROE	:	Return on equity
VND	:	Vietnamese Dong

5. FORWARD-LOOKING STATEMENTS

A number of sections in this Prospectus contain forward-looking statements, most notably in the Part IV “Post-equitization investment plans and development strategies of Vinafor”. These statements express the intent, belief, forecast or current expectations of the management with respect to our business activities and financial conditions. Many critical factors, in addition to those presented elsewhere in this Prospectus, might cause our actual results to differ substantially from those anticipated in our forward-looking statements.

Forward-looking statements presented in this Prospectus include, but are not limited to:

- Our post-equitization organizational structure;
- The structure of company’s charter capital;
- Post-equitization corporate development plans and strategies;

In addition, all statements regarding our financial performance, objectives, strategies, business model, organization structure and operation, the cooperation and relationships with the strategic investors and the ability of the strategic investors to support us to develop our business activities and to apply reforms in corporate governance and our plans and solutions are forward-looking. In some cases, we use such words as “anticipate”, “believe”, “estimate”, “expect”, “intend”, “may”, “plan”, “probability”, “risk”, “should” and similar expressions to identify forward-looking statements. While we believed that such projections are reasonable, these statements are not necessarily accurate indication of future results.

Except for disclosure as required by law once we become a joint-stock, public or listed company, we take no obligation to update, disclose or revise any forward-looking statements in this Prospectus, whether as a result of new information, future events or other circumstances. Prospective investors are cautioned not to place undue reliance on forward-looking statements as presented in this Prospectus.

PART III: OVERVIEW OF THE EQUITIZED COMPANY PRIOR TO EQUITIZATION**1. GENERAL INFORMATION OF THE EQUITIZED COMPANY****1.1. General information**

Vietnamese name	:	TONG CONG TY LAM NGHIEP VIET NAM – CÔNG TY TNHH MỘT THÀNH VIÊN
English name	:	VIETNAM FOREST CORPORATION
Transaction name	:	TONG CONG TY LAM NGHIEP VIET NAM
Abbreviated name	:	VINAFOR
Head office	:	No. 127 Lo Duc St, Dong Mac Ward, Hai Ba Trung Dist., Hanoi
Tel	:	(84-4) 3641 0799
Fax	:	(84-4) 3641 0800
Email	:	vinafor@vinafor.com.vn
Website	:	vinafor.com.vn
Logo	:	
Certificate of business registration	:	No. 0100102012, first issued by the Department of Planning and Investment of Hanoi on 29/04/2010, 3 rd amendment dated 02/11/2015
Charter capital	:	1,930,000,000,000 VND (In words: One thousand, ninety hundred and thirty billion VND)
Owner's equity according to financial statement audited 2014	:	1,935,833,601,675 VND

1.2. Registered business activities

According to the Certificate of business registration No. 0100102012, first issued by the Department of Planning and Investment of Hanoi on 29/04/2010, 3rd amendment dated 02/11/2015 (the business activities content is not included in this amendment), business activities of Vinafor are as follows:

Table 1: Business activities

No.	Business activity	Code
1	Planting and caring forests In detail: Cultivating tree seedlings; Planting and caring forests to exploit wood; planting and caring bamboo and neohouzeaua forests;; planting and caring other forests;	0210
2	Manufacturing agriculture and forestry machinery;	2821
3	Planting vegetable, beans, flowers and bonsai;	0118
4	Exploiting wood;	0221
5	Exploiting other forest products, not including wood;	0222
6	Collecting products from forest and other forest products, not including wood;	0230
7	Providing forestry services;	0240
8	Sawing, shaving and preserving wood;	1610
9	Producing plywood, veneer, HDF and other kinds of thin fiberboard;	1621
10	Producing wooden products for construction;	1622
11	Producing wood package;	1623
12	Producing other wooden products; producing handicrafts made of bamboo, neohouzeaua and straw;	1629
13	Making beds, wardrobes, tables and chairs;	3100
14	Manufacturing motorbikes;	3091
15	Constructing houses in various kinds;	4100
16	Wholesale trading of raw agricultural and forest products (not including wood, bamboo and neohouzeaua) and live animals;	4620
17	Wholesale of other specialized products which have not been classified yet In detail: Fertilizer and other chemicals used for agriculture;	4669
18	Wholesale of agricultural machinery, equipment and spare parts In detail: Agricultural machinery, equipment and spare parts;	4653
19	Wholesale of other agricultural machinery, equipment and spare parts In detail: Other machinery, equipment and spare parts;	4659
20	Trading of motorbikes In detail: Motorbikes;	4541
21	Wholesale of other materials and installations for construction	4663

No.	Business activity	Code
	In detail: Other materials and installations for construction;	
22	Wholesale of metals and metal ores In detail: Metals and metal ores (not including uranium and thorium ores);	4662
23	Miscellaneous wholesale trading (not including pharmaceutical products and products banned by the state);	4690
24	Trading real estates, land use rights belonged to owner, user or rented In detail: Trading of real estates;	6810
25	Providing storage and warehousing services;	5210
26	Providing the short-term accommodation services In detail: hotel services;	5510
27	Travel agent;	7911
28	Providing travel tours;	7912
29	Providing supporting services for advertising and holding travel tours;	7920
30	Supplying and managing labor force In detail: Supplying and managing labor force; Supplying and managing labor force working abroad;	7830
31	Operating centres, counseling agencies for employment;	7810
32	Vocational education;	8532
33	Providing supporting services for education;	8560
34	Providing nurturing and nursing home (Regarding conditional business activities, enterprise operates in these activities only when meeting all conditions in accordance with legislation).	8710

Source: Certificate of business registration of Vinafor

The main business activities of Vinafor are: planting, exploiting economic forests, processing branded wood and product of Vinafor which is MDF, HDF, veneer, interior and exterior wooden products, exported wood chip.

1.3. Vinafor's development history

The Vietnam Forest Corporation (the successor of The Vietnam Forest Product Corporation) is the state - owned company under the management of the Ministry of Agriculture and Rural Development, established under Decision No. 667 TCL dated 04/10/1995 of the Ministry of Forestry (the predecessor of the Ministry of Agriculture and Rural Development). The Company was established through merging 10 state corporations and the association of enterprises under the

management of the Ministry of Forestry. Organizational structure of the Company is in accordance with Decision No. 90/TTg dated 07/03/1994 of the Prime Minister of Vietnam.

In 04/11/1997, the Prime Minister promulgated Decision No. 933/1997/Q -TTg which classified the Company into a special enterprise.

In 18/12/1997, the Ministry of Agriculture and Rural Development promulgated Decision No. 3308 NN-TCCB/Q which changed the name of the Company into the Vietnam Forest Corporation.

The Vietnam Forest Corporation was rearranged in the form of the parent company - subsidiaries conglomerate in which the parent company is the Vietnam Forest Corporation – One member limited liability company under Decision No. 3390/Q -BNN-QLDN dated 25/11/2009 of the Ministry of Agriculture and Rural Development.

According to the plan of restructuring and renovating state-owned enterprises in 2011 – 2015 period by the Ministry of Agriculture and Rural Development which was approved by the Prime Minister under Dispatch No. 2130/TTg- MDN dated 15/11/2011, the State kept holding 100% of charter capital of the parent company – the Vietnam Forest Corporation and 05 Forestry Company: Hoa Binh, Dong Bac, Ba To, Soc Trang and La Nga - Dong Nai in 2011 - 2015 period.

Implementing guidelines of the Communist Party and the Government of Vietnam on accelerating the equitization of the state-owned enterprises, the Vietnam Forest Corporation requested the Ministry of Agriculture and Rural Development to submit the Prime Minister of Vietnam to approve Vinafor to be equitized earlier than the previously approved equitization plan.

In 31/12/2013, the Prime Minister promulgated Dispatch No. 2360/TTg- MDN consenting the guideline of equitizing Vinafor.

Implementing the guideline of the Prime Minister, in 29/10/2014, the Ministry of Agriculture and Rural Development promulgated Decision No. 4691/Q -BNN-QLDN on the equitization of both the parent company and subsidiaries in the Vietnam Forest Corporation (Hoa Binh, Dong Bac, Ba To, Soc Trang and La Nga - Dong Nai).

In 14/01/2015, the Ministry of Agriculture and Rural Development promulgated Decision No. 97/Q -BNN-QLDN on the transfer of the status quo of the Soc Trang One Member Limited Company from the Vietnam Forest Corporation to the People's Committees of Soc Trang Province.

In 21/04/2015, the Ministry of Agriculture and Rural Development promulgated Dispatch No. 3224/BNN-QLDN regarding the transfer of the status quo of the Loc Binh Forestry One Member Limited Company and the Dinh Lap Forestry One Member Limited Company from the People's Committees of Lang Son Province to the Vietnam Forest Corporation. In 25/04/2015, the Chairman of the People's Committees of Lang Son Province promulgated Decision No. 655/Q -UBND and 656/Q -UBND on the transfer of the status quo of the Loc Binh Forestry

One Member Limited Company and the Dinh Lap One Member Limited Company from the People's Committees of Lang Son Province to the Vietnam Forest Corporation.

In 10/07/2015, the Ministry of Agriculture and Rural Development promulgated Decision No. 2727/Q -BNN-QLDN on amendments to Decision No. 4691/Q -BNN-QLDN dated 29/10/2014 of the Ministry of Agriculture and Rural Development on the equitization of both the parent company and subsidiaries in the Vietnam Forest Corporation. These subsidiaries are as follows: the Hoa Binh Forestry One Member Limited Company, the Dong Bac Forestry One Member Limited Company, the Ba To Forestry One Member Limited Company, the La Nga – Dong Nai Forestry One Member Limited Company, the Loc Binh Forestry One Member Limited Company and the Dinh Lap Forestry One Member Limited Company.

In 09/11/2015, the Ministry of Agriculture and Rural Development promulgated Decision No. 4624/Q -BNN-QLDN on approval of the enterprise value of the Vietnam Forest Corporation to be equitized.

In 03/02/2016, the Prime Minister of Vietnam promulgated Decision No. 215/Q -TTg on approval of the equitization plan of the parent company in the Vietnam Forest Corporation.

To date, through over 20 years of development, the Vietnam Forest Corporation has developed more and more stably and sustainably, proved by a number of credits, awards, certificates granted to Vinafor that are as follows:

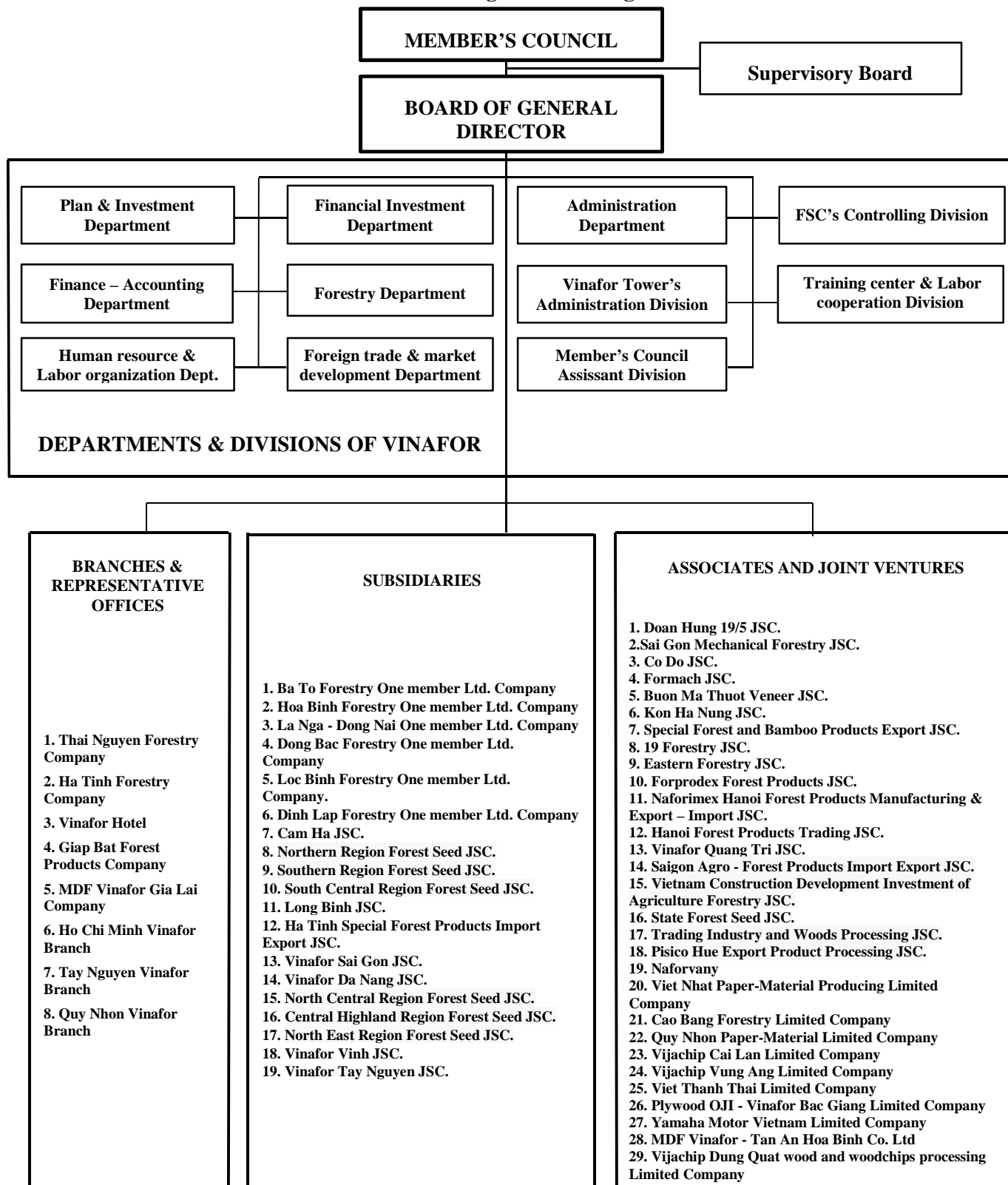
- First class Labor Medal, awarded by the President of Vietnam in 2015;
- Second class Labor Medal, awarded by the President of Vietnam in 2011;
- Third class Labor Medal, awarded by the President of Vietnam in 2005;
- FSC certification, granted by Forest Stewardship Council in 2013;
- Top 50 famous brands as ranked by the Vietnam Intellectual Property Research Institute in 2013;
- Quality management system in accordance with ISO 9001 version 2008 Standard starting from 2010;
- Top 1000 Vietnamese enterprises paying largest corporate tax as ranked by Vietnam Report from 2010.

1.4. Management and organizational structure

According to Decision No. 277/Q -BNN-QLDN dated 25/02/2014 of the Ministry of Agriculture and Rural Development regarding the promulgation of the corporate charter of the Vietnam Forest Corporation, Vinafor is the One member limited liability company with 100% state capital.

The chart in the following page set out Vinafor's management and organizational structure prior to equitization:

Chart 1: VINAFOR's current management and organizational structure



1.4.1. The Member's Council

The Member's Council is the authorized representative of the Ministry of Agriculture and Rural Development and has the power to, on behalf of the owner, perform the owner's rights and obligations and perform the Company's rights and obligations on behalf of the Company in accordance with the corporate charter of Vinafor and with legislation and applicable regulations. The Member's Council is responsible for all activities and aspects of Vinafor to the owner and to the State. The Member's Council has a term of not more than 05 years. Members of The Member's Council can be reappointed or replaced.

The Member's Council rights and obligations are stipulated in the corporate charter of Vinafor and in legislation and applicable regulations.

Currently, The Member's Council of Vinafor has 04 members, including 01 Chairman of the Member's Council , 02 non-executive Members of the Member's Council and 01 executive Member who is also General Director.

1.4.2. General Director

The General Director is a legal representative of Vinafor and is responsible for the day-to-day management of Vinafor according to its objectives, plans and resolutions, decisions, directives of the Member's Council and in accordance with the corporate charter of Vinafor and with legislation and regulations. The General Director is responsible for executing the rights and obligations assigned to the State and to the Member's Council.

1.4.3. Supervisory Board

The Supervisory Board of Vinafor is appointed by the Ministry of the Agriculture and Rural Development to assist the Ministry of the Agriculture and Rural Development in supervising the Member's Council execution on behalf of the owner, the business and operating management of the General Director.

Criteria, conditions, principle governing actions, tasks, responsibilities, rights, obligations of the member of the Supervisory Board and the relationships between the member of the Supervisory Board and individuals, organizations related to Vinafor is accordance with the corporate charter of Vinafor.

Currently, Vinafor has a 01 responsible member of the Supervisory Board.

1.4.4. Deputy General Directors

Deputy General Directors are appointed, reappointed, dismissed, resigned, signed the labor contract, terminated the contract, rewarded and punished by the Member's Council according to requests of the General Director.

Deputy General Directors assist the General Director in company management and execution according to assignment and delegation of the General Director. Deputy General Directors are responsible for tasks assigned or delegated to the General Director and to the State.

Currently, Vinafor has 02 Deputy General Director.

1.4.5. Chief Accountant

The Chief Accountant is appointed, reappointed, dismissed, resigned, signed the labor contract, terminated the contract, rewarded and punished by the Member's Council according to requests of the General Director.

The Chief Accountant is responsible for handling full spectrum of accounting role and assists the Member's Council and the General Director with financial supervision in Vinafor in accordance with statutory regulations on finance and accounting. The Chief Accountant is responsible for tasks assigned or delegated to the Member's Council, the General Director and to the State.

1.4.6. Specialized departments and divisions of the Head Office

Specialized departments and divisions of the Head Office are responsible for performing their tasks according to their functions and duties assigned by the Member's Council and the General Director.

Currently, Vinafor has 11 specialized departments and divisions of the Head Office.

1.4.7. Branches and Representative Offices: Vinafor has 05 branches and 03 representative offices:

1.4.7.1. Thai Nguyen Forestry Company

- Address: Chua Hang Town, Dong Hy Dist., Thai Nguyen Province.
- Main business activities:
 - Planting, caring, protecting forest and exploiting forest for processing wood and plywood;
 - Trading and processing wood and plywood;
 - Trading machinery, equipment, chemicals and spare parts for processing wood;
 - Goods transportation;
 - Constructing and designing forestry works.

1.4.7.2. Ha Tinh Forestry Company

- Address: No. 25 Mai Thuc Loan St, Ha Tinh City, Ha Tinh Province.
- Main business activities:

- Planting, caring, preserving and protecting economic forests;
- Procuring and supplying wood raw material for Exported Woodchips Processing Plant in Vung Ang seaport, Ha Tinh Province.

1.4.7.3. Vinafor Hotel

- Address: Zone I, Van Son Ward, Do Son Dist., Hai Phong City.
- Main business activities: offering hotel services.

1.4.7.4. Giap Bat Forest Products Company

- Address: No. 32 Dai Tu St, Hoang Mai Dist, Hanoi.
- Main business activities:
 - Processing and trading export and import forest products (except for forest products of which the State bans the trade);
 - Trading machinery and equipment for manufacturing;
 - Drying wood;
 - Producing and processing floorboard, matchboard, fiberboard, interior and exterior wooden products, door-frames and doors.

1.4.7.5. MDF Vinafor Gia Lai Company

- Address: Song An Commune, An Khe County, Gia Lai Province.
- Main business activities:
 - Cultivating material forest for producing MDF;
 - Producing MDF from wood raw material;
 - Miscellaneous import – export trading.

1.4.7.6. Ho Chi Minh Vinafor Branch

- Address: No. 169 Vo Thi Sau St, Ward 7, Dist. 3, HCMC.
- Main business activities: Act as a representative office of Vinafor in HCMC and the Southern.

1.4.7.7. Tay Nguyen Vinafor Branch

- Address: No. 13 Phan Boi Chau St, Pleiku City, Gia Lai Province.
- Main business activities: Act as a representative office of Vinafor in Tay Nguyen.

1.4.7.8. Quy Nhon Vinafor Branch

- Address: No. 5 - 7 Dong Da St, Quy Nhon City, Binh Dinh Province.
- Main business activities: Act as a representative office of Vinafor in Binh Dinh.

1.5. List of companies Vinafor invested in at present
1.5.1. List of wholly owned subsidiaries
Table 2: List of wholly owned subsidiaries

No.	Name	Owner's equity (VND)	% of ownership
1	Ba To Forestry One member Limited Company	29,527,310,443	100%
2	Hoa Binh Forestry One member Limited Company	46,164,089,444	100%
3	La Nga – Dong Nai Forestry One member Limited Company	72,466,889,364	100%
4	Dong Bac Forestry One member Limited Company	21,389,126,419	100%
5	Loc Binh Forestry One member Limited Company	23,301,454,586	100%
6	Dinh Lap Forestry One member Limited Company	29,219,978,925	100%

Source: The unaudited financial statement 2015 of the parent company of Vinafor

1.5.2. List of subsidiaries Vinafor holds more than 50% of charter capital
Table 3: List of Subsidiaries Vinafor holds more than 50% of charter capital

No.	Name	Charter capital (VND)	% of ownership
1	Cam Ha JSC.	27,200,000,000	51%
2	Northern Region Forest Seed JSC.	2,100,000,000	79.86%
3	Southern Region Forest Seed JSC.	10,000,000,000	51%
4	South Central Region Forest Seed JSC.	2,197,000,000	51.84%
5	Long Binh JSC.	9,000,000,000	61.89%
6	Ha Tinh Special Forest Products Import Export JSC.	2,700,000,000	85%
7	Vinafor Sai Gon JSC.	23,999,620,000	51.69%
8	Vinafor Da Nang JSC.	20,182,500,000	51.01%
9	North Central Region Forest Seed JSC.	2,825,000,000	73.04%
10	Central Highland Region Forest Seed JSC.	2,217,000,000	51%

No.	Name	Charter capital (VND)	% of ownership
11	North East Region Forest Seed JSC.	1,600,000,000	67.69%
12	Vinafor Vinh JSC.	2,500,000,000	63.21%
13	Vinafor Tay Nguyen JSC.	12,194,850,000	68.58%

Source: Vietnam Forest Corporation

Note: Vinafor divested entirely capital from An Binh JSC. in the second quarter of 2015

1.5.3. List of associates and investments in other companies

Table 4: List of Associates

No.	Name	Charter Capital (VND)	% of ownership
1	Doan Hung 19/5 JSC.	4,000,000,000	49%
2	Sai Gon Mechanical Forestry JSC.	5,500,300,000	31.07%
3	Co Do JSC.	7,110,800,000	45.78%
4	Formach JSC.	13,044,600,000	27.78%
5	Buon Ma Thuot Veneer JSC.	4,000,000,000	30%
6	Kon Ha Nung JSC.	6,000,000,000	30%
7	Special Forest and Bamboo Products Export JSC.	2,600,000,000	35%
8	19 Forestry JSC.	14,250,000,000	30%
9	Eastern Forestry JSC.	9,000,000,000	30%
10	Forprodex Forest Products JSC.	9,900,000,000	27.25%
11	Naforimex Hanoi Forest Products Manufacturing & Export – Import JSC.	3,600,000,000	30%
12	Hanoi Forest Products Trading JSC.	18,000,000,000	30%
13	Vinafor Quang Tri JSC.	8,000,000,000	13.125%
14	Saigon Agro – Forest Products Import Export JSC.	8,000,000,000	30%

No.	Name	Charter Capital (VND)	% of ownership
15	Vietnam Construction Development Investment of Agriculture Forestry JSC.	6,036,000,000	20.33%
16	State Forest Seed JSC.	2,000,000,000	48.10%
17	Trading Industry and Woods Processing JSC.	2,700,000,000	29.69%
18	Pisico Hue Export Product Processing JSC.	15,000,000,000	13.01%

Source: Vietnam Forest Corporation

Note:

- Vinafor divested entirely capital from Vinafor Can Tho JSC. in the fourth quarter of 2015.
- In 2015 Vinafor Quang Tri JSC. successfully raised capital from 5,000,000,000 VND to 8,000,000,000 VND, which results in a decrease in Vinafor's percentage of ownership at that company from 21% to 13.125%.
- The value of share and shareholding of Vinafor at Vietnam Construction Development Investment of Agriculture Forestry JSC. are the estimates because the General Meeting of Shareholders of that company has not reached a consensus on several contents regarding its charter capital.
- Trading Industry and Woods Processing JSC. has not accomplished the second capital settement.
- Currently, Hanoi Forest Products Trading JSC. has not yet completed the procedure for raising capital from 18,000,000,000 VND to 20,000,000,000 VND. Vinafor has subscribed for additional shares however, it had a dispute with Hanoi Forest Products Trading JSC. about this additional shares issuance.

1.5.4. List of Joint Ventures

Table 5: List of Joint Ventures

No,	Name	Charter capital (VND)	% of ownership
1	Naforvany	41,853,602,777	40%
2	Viet Nhat Paper-Material Producing Ltd. Company (*)	56,718,516,700	17.15%

No,	Name	Charter capital (VND)	% of ownership
3	Cao Bang Forestry Ltd. Company (**)	15,635,309,260	30%
4	Quy Nhon Paper-Material Ltd. Company	9,500,000,000	22%
5	Vijachip Cai Lan Ltd. Company (*)	33,645,000,000	49%
6	Vijachip Vung Ang Ltd. Company (*)	33,645,000,000	40%
7	Viet Thanh Thai Ltd. Company	126,000,000,000	35%
8	Plywood OJI - Vinafor Bac Giang Ltd. Company	62,928,000,000	40%
9	YAMAHA MOTOR Vietnam Ltd. Company	539,051,794,000	30%
10	MDF Vinafor - Tan An Hoa Binh Ltd. Company	50,000,000,000	49%
11	Vijachip Dung Quat Wood and Woodchips processing Ltd. Company (*)	13,458,000,000	49%

Source: Vietnam Forest Company

Note:

() Charter capital of these companies which are presented in foreign currencies in their financial statements are converted into VND according to exchange rates in 31/12/2015.*

*(**) In 2015 Viet Financial and Real Estate Investment JSC. contributed additional capital to Cao Bang Forestry Ltd. Company, resulting in an increase in its charter capital from 14,219,309,260 VND to 15,635,309,260 VND and a decrease in Vinafor's percentage of ownership at that company from 32.99% to 30%.*

1.5.5. Several noted issued

✚ In the process of conducting the enterprise valuation to equitize both the parent company and wholly owned subsidiaries in the Vietnam Forest Corporation, all of the long – term investments, particularly investment in Subsidiaries, Associates and Joint Ventures have been revalued in accordance with Decree No. 59 and Decree No. 189 (not in accordance with Decree No. 116). An increase in several revalued investments have been determined to be equal to the product of Vinafor's percentage of ownership and the balance of the equity funds, undistributed profits (except for profits which has been distributed but not been settled to shareholders at the time of conducting the enterprise valuation). These figures are extracted from their financial statements 2014. Particularly, after revaluation, investment of Vinafor in YAMAHA Motor

Vietnam Ltd. Company increased by 956,828,275,000 VND in value equivalent to profits which has not been distributed to Vinafor.

✚ Investment of Vinafor in Viet Thanh Thai Ltd. Company takes the form of assets and goodwill on land in 05 Thanh Thai, Ward 14, Dist. 10, HCMC. Vinafor, together with Van Nien Construction and Service JSC., established Viet Thanh Thai Ltd. Company with the aim of constructing high-quality office buildings and trade center for rent or for sale on this land. At present, the land use right of this land is belonged to Vinafor, however all 50-year land lease cost has been paid for by Van Nien Construction and Service JSC. and the project of constructing high-quality office buildings and trade center has not commenced.

1.6. Total number of employees transferred to the Joint – Stock Company

At the time of publicizing enterprise value of Vinafor (09/11/2015) according to Decision No. 4624/Q -BNN-QLDN dated 09/11/2015 of the Ministry of Agriculture and Rural Development on approval of the enterprise value of the Vietnam Forest Corporation to be equitized, the total number of employees working for the parent company – Vietnam Forest Corporation, Ba To Forestry One member Ltd. Company, Hoa Binh Forestry One member Ltd. Company, La Nga – Dong Nai Forestry One member Ltd. Company, Dong Bac Forestry One member Ltd. Company, Loc Binh Forestry One member Ltd. Company, Dinh Lap Forestry One member Ltd. Company is 1.076.

The total number of employees anticipated to work for these companies above after equitization is 771.

Table 6: Workforce composition anticipated to work for Vinafor after equitization

No.	Classification	Quantity (persons)	Percentage (%)
I	By gender	771	100.00
1	Male	551	71.46
2	Female	220	28.54
II	By education	771	100.00
1	PhD	0	0
2	Master	30	3.89
3	Bachelor	358	46.43
4	College	34	4.41

No.	Classification	Quantity (persons)	Percentage (%)
5	Polytechnique	104	13.49
6	Unskilled worker	106	13.75
7	Skilled worker	139	18.03
III	By term of contract	771	100.00
1	Non – contracted employee	31	4.02
2	Employee with indefinite term labor contract	740	95.98
IV	By age	771	100.00
1	Under 25	58	7.52
2	From 26 to 30	112	14.53
3	From 31 to 35	208	26.98
4	From 36 to 40	163	21.14
5	From 41 to 45	96	12.45
6	From 46 to 50	66	8.56
7	From 51 to 55	53	6.87
8	From 56 to 60	15	1.95
V	By location	771	100.00
1	At Company head office	108	14.01
2	At Branches and Subsidiaries	663	85.99

Source: Vietnam Forest Corporation

2. ACTUAL ENTERPRISE VALUE AND ACTUAL VALUE OF THE STATE CAPITAL CONTRIBUTION

2.1. Actual enterprise value and actual value of the state capital contribution to equitized enterprise at 31/12/2014

According to Decision No. 4624/Q -BNN-QLDN dated 09/11/2015 of the Ministry of Agriculture and Rural Development on approval of the enterprise value of the Vietnam Forest Corporation to be equitized:

Actual enterprise value of Vinafor at 31/12/2014 (taking account of the parent company and 06 wholly owned Subsidiaries) is **3,945,173,346,134 VND**, in which the actual value of the State capital contribution to Vinafor is: **3,458,341,475,074 VND**.

Table 7: The enterprise valuation results of Vinafor

Unit: VND

No.	Enterprise	Actual enterprise value	Actual value of the state capital contribution to equitized enterprise
1	The parent company in the Vietnam Forest Corporation	3,566,219,900,080	3,237,058,891,668
2	Hoa Binh Forestry One member Ltd. Company	101,666,282,316	46,191,151,368
3	Dong Bac Forestry One member Ltd. Company	56,475,106,481	23,140,549,612
4	La Nga – Dong Nai Forestry One member Ltd. Company	97,955,065,378	72,466,889,364
5	Ba To Forestry One member Ltd. Company	57,922,517,318	29,527,310,443
6	Dinh Lap Forestry One member Ltd. Company	36,827,337,257	29,253,871,240
7	Loc Binh Forestry One member Ltd. Company	28,107,137,304	20,702,811,379
	Total value	3,945,173,346,134	3,458,341,475,074

Source: Decision No. 4624/Q -BNN-QLDN dated 09/11/2015

2.2. Assets excluded from enterprise value of Vinafor

Assets excluded from enterprise value of Vinafor (according to the book value after depreciation and amortization) include:

- No longer use tangible assets returned to the local council: **3,336,326,387 VND**;
- Assets which are natural forests, protection forests, welfare facilities are excluded from enterprise value of Vinafor: **4,283,390,178 VND**, consist of:
 - Natural forests, protection forests returned to the local council: **3,094,197,202 VND**;
 - Natural forests which Vinafor manages on behalf of the State: **712,403,393 VND**;
 - Assets financed by the Bonus and Welfare Fund: **476,789,583 VND**, handed over to labor union of the joint - stock company in accordance with legislation and applicable regulations.

2.3. Issues to be resolved

2.3.1 According to Decision No. 4624/Q -BNN-QLDN dated 09/11/2015 of the Ministry of Agriculture and Rural Development on approval of the enterprise value of the Vietnam Forest Corporation to be equitized, Vinafor is responsible for:

- Implementing the handover of all of assets excluded from enterprise value of Vinafor to the local People's Committees (assets as stipulated at Clause 1 and Point a Clause 2 Article 2 of Decision No. 4624). When the handover of these assets is not accomplished, Vinafor is responsible for monitoring and managing in accordance with legislation and applicable regulations.
- Liquidating assets which were revalued and were accounted into enterprise value of Vinafor with the value of **3,787,698,209 VND** in accordance with legislation and applicable regulations.
- Handing over receivables already handled by provision for bad receivables within 5 years preceding the equitization to the Debt and Asset Trading Corporation in accordance legislation and applicable regulations.

2.3.2 There are a loss of 720.12 ha of forest compared to the inventory with the value of 6,853,598,715 VND at Loc Binh Forestry One member Ltd. Company and a loss of 2,787.12 ha of forest compared to the inventory with the value of 13,816,865,904 VND at Dinh Lap Forestry One member Ltd. Company. These losses are accounted into enterprise value of Vinafor to be equitized (because these forestry companies handed over to Vinafor in 12/05/2015). Vinafor, Loc Binh Forestry One member Ltd. Company and Dinh Lap Forestry One member Ltd. Company have to handle these issues before transforming into a joint stock company (under Dispatch No. 1130/UBND-KTN dated 05/11/2015 of the People's Committee of Lang Son Province).

2.3.3 Regarding seedling forests Forest Seed JSCs manage on the behalf of the State (these forests are excluded from the enterprise value of Vinafor):

Vinafor is an owner’s representative of 07 Forest Seed JSCs: North East Region Forest Seed JSC., Northern Region Forest Seed JSC., North Central Region Forest Seed JSC., South Central Region Forest Seed JSC., Central Highland Region Forest Seed JSC., Southern Region Forest Seed JSC. and State Region Forest Seed JSC.

When equitizing these above companies, the State assigned seedling forests to these companies to manage on the behalf of the State. According to reports of these companies, the area of seedling forests they manage on the behalf of the State are as follows:

- North East Region Forest Seed JSC.	:	117.00 ha
- Northern Region Forest Seed JSC.	:	169.60 ha
- North Central Region Forest Seed JSC.	:	713.30 ha
- South Central Region Forest Seed JSC.	:	73.40 ha
- Central Highland Region Forest Seed JSC.	:	4,867.15 ha
- Southern Region Forest Seed JSC.	:	315.58 ha
- State Region Forest Seed JSC.	:	43.2 ha
Total	:	6,299.23 ha

- Since 2007 the State has not paid management and protection expenditure to these companies or has paid a negligible amount (200,000 VND per ha) meanwhile they have a great responsibility for not losing the seedling forests to the State and statutory bodies.
- Managing seedling forests on the behalf of the State is currently not in accordance with Decree No. 130/2013/N -CP dated 16/10/2013 of the Government of Vietnam on the production and provision of public-utility products and services.
- After transforming into the joint-stock company, the main objective of Forest Seed JSCs is to maximize their economic profits for their shareholders. Therefore, their shareholders disapproved of them managing seedling forests on the behalf of the State at their annual general meetings.

For reasons mentioned above, regarding seedling forests which the State assign to 07 Seed Forest JSC. to manage on the behalf of the State, based on requests of these companies, Vinafor submitted an official dispatch to the Ministry of Agriculture and Rural Development to consider and deal with this issue.

2.3.4 According to Article 20 Decree No. 59/N -CP dated 18/07/2011 of the Government of Vietnam, the balance of the Supporting Fund for Enterprise Restructuring is accounted as an increase in the state capital contribution to the equitized enterprise.

However, there are several bad receivables in the Vinafor's Supporting Fund for Enterprise Restructuring. At present, such bad receivables have not been collected. The details of these bad receivables are as follows:

Table 8: Details of bad receivables in Vinafor's Supporting Fund for Enterprise Restructuring as of 31/08/2015

Unit: VND

No.	Debtor	Value	Note
1	Tay Nguyen Forest Industrial JSC.	124,692,096	Vinafor divested entirely its investment in this company
2	Forprodex Forest Products JSC. (*)	3,156,063,561	
3	Hai Phong Forest Products JSC. (**)	248,850,000	Vinafor divested entirely its investment in this company
4	Ha Tinh Special Forest Products Import Export JSC.	329,742,788	
5	Chem Manufacturing and Travel Services JSC.	106,400,000	Vinafor divested entirely its investment in this company
6	Nha Trang Forest Products Import-Export JSC.	56,420,000	Vinafor divested entirely its investment in this company
7	Central Highland Region Forest Seed JSC.	766,517,029	
8	Vinafor Vinh JSC.	41,974,000	
9	Vinafor Tay Nguyen JSC.	89,434,220	
	Total value	4,920,093,694	

Source: Vietnam Forest Corporation

Note:

() At present, there is a dispute between Vinafor and Forprodex Forest Products JSC. over this bad receivable. It has been settled by the People Court's of Ba Dinh District.*

*(**) At present, there is a dispute between Vinafor and Hai Phong Forest Products JSC. over this bad receivable. It has been settled by the People Court's of Hai Phong City.*

As of 31/01/2016, Vinafor collected bad receivables in the Vinafor's Supporting Fund for Enterprise Restructuring which were accounted into an increase in the State capital contribution to Vinafor with the value of 781,517,029 VND. Particularly, Vinafor collected receivables from Central Highland Region Forest Seed JSC. with the value of 766,517,029 VND and from Vinafor Vinh JSC. with the value of 15,000,000 VND.

2.3.5 As of 31/12/2015, Vinafor had several overdue receivables which accounted for a modest percentage of its total assets. Vinafor has been applied appropriate methods to collect these receivables.

2.4. Issues already resolved

From the time of publicizing the enterprise value of Vinafor dated 09/11/2015 to the time of publicizing this Prospectus, Vinafor accomplished finance handling with losses of forest at Loc Binh Forestry One member Ltd. Company and Dinh Lap Forestry One member Ltd. Company.

3. MAJOR ASSETS OF VINAFOR

3.1. Details of assets

According to the records of enterprise valuation of both the parent company and 06 wholly – owned Subsidiaries of Vinafor as of 31/12/2014, the asset values of Vinafor are as follows:

Table 9: Asset value of both the parent company and 06 wholly – owned Subsidiaries of Vinafor as of 31/12/2014

Unit: VND

No.	Item	Net book value	Net revalued asset value	Difference
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5=4-3)</i>
I	Current asset	1,745,810,852,986	1,815,964,219,849	70,153,366,863
1	Cash	64,963,026,988	64,965,059,091	2,032,103
2	Short-term financial investment	995,808,680,274	995,808,680,274	0
3	Receivables	168,335,164,929	166,079,044,546	(2,256,120,383)
4	Inventories	486,295,578,927	553,274,385,199	66,978,806,272
5	Other current assets	30,408,401,867	35,837,050,739	5,428,648,872
II	Non-current assets	930,359,505,186	2,080,492,792,812	1,150,133,287,626
1	Fixed assets	356,195,825,541	444,739,309,239	88,543,483,698

No.	Item	Net book value	Net revalued asset value	Difference
(1)	(2)	(3)	(4)	(5=4-3)
1.1	Tangible assets	350,350,319,280	438,893,802,978	88,543,483,698
1.2	Intangible assets	5,845,506,261	5,845,506,261	0
2	Investments in real estate	0	54,109,090,909	54,109,090,909
3	Long-term financial investment	568,765,580,640	1,575,735,982,136	1,006,970,401,496
4	Construction in progress	1,371,524,817	1,439,079,289	67,554,472
5	Long-term prepaid expenses	1,669,992,296	2,112,749,348	442,757,052
6	Long-term receivables	453,887,409	453,887,409	0
7	Other long-term assets	1,902,694,483	1,902,694,483	0
III	Goodwill	0	27,951,256,391	27,951,256,391
IV	Value of land use right	19,290,073,290	20,765,077,083	1,475,003,793
	TOTAL ASSETS	2,695,460,431,462	3,945,173,346,134	1,249,712,914,672
I	Liabilities	486,528,607,058	486,527,823,536	(783,522)
II	Equity	2,208,931,824,404	3,458,645,522,598	1,249,713,698,194
1	Owners' equity	2,208,627,776,880	3,458,341,475,074	1,249,713,698,194
2	Non-business expenditure source	304,047,524	304,047,524	0
	TOTAL LIABILITIES AND EQUITY	2,695,460,431,462	3,945,173,346,134	1,249,712,914,672

Details of several assets are as follows:

a) Tangible fixed assets	:	438,893,802,978 VND
At cost	:	857,347,881,861 VND
Accumulated depreciation	:	418,454,078,884 VND

Table 10: Details of tangible fixed assets of Vinafor
Unit: Million VND

No.	Item	Book value			Revalued asset value			Difference		
		At cost	Accumul ated deprecia tion	Net value	At cost	Accumul ated deprecia tion	Net value	At cost	Accumul ated deprecia tion	Net value
1	Buildings	303,016	72,228	230,788	431,970	146,275	285,695	128,954	74,046	54,907
2	Machinery and equipments	335,360	262,717	72,642	339,344	239,186	100,158	3,983	(23,532)	27,515
3	Motor vehicles	27,889	17,275	10,614	28,227	14,110	14,117	338	(3,165)	3,504
4	Management equipment	55,385	19,733	35,652	55,765	17,646	38,119	379	(2,088)	2,467
5	Other tangible fixed assets	1,750	1,096	654	2,042	1,238	804	293	142	150

From the time of determining enterprise value of Vinafor to now, there have been no significant changes in the value of tangible fixed assets

b) Accounts receivable and liabilities:

- Accounts receivable	:	166,532,931,955 VND
+ Accounts receivable from customers	:	82,901,046,813 VND
+ Prepayments to suppliers	:	39,337,588,707 VND
+ Other receivables	:	44,294,296,435 VND
- Liabilities	:	486,527,823,536 VND
+ Short-term liabilities	:	366,069,497,645 VND
+ Long-term liabilities	:	120,458,325,891 VND

3.2. *Lands Vinafor managed and utilized*

Prior to equitization, Vinafor managed approximately 923,835,169.9 m² of land in 12 provinces and cities in Vietnam. Particularly, total area of non-agricultural land managed by Vinafor is 1,916,123.9 m² and total area of agricultural land managed by Vinafor is 921,919,046 m² (92,191.90 ha) (Note: area of agricultural land is presented in m² and is rounding in ha)

3.2.1. *Lands in Hanoi*

The details of lands Vinafor manages and utilizes are as follows:

- Land in No. 127 Lo Duc St, Dong Mac Ward, Hai Ba Trung Dist., Hanoi
 - Total area: 3,640 m²
Of which: total area of non-agricultural land: 3,640 m²; total area of agricultural land: 0 m².
 - Form of land use: leased land with annual rent payment.
 - Land use purpose: For working office.
 - Term of land use: 50 years commencing from 31/08/2009 to 31/08/2059 (Of which: 3,415 m²: rent in 50 years; 225 m²: rent annually).
 - Legal documents:
 - + Land lease contract No. 295/H T dated 18/11/2009.
 - + Appendix of Land lease contract No. 725/PLH T dated 30/12/2014.
 - + Certificate of land use right No. BB 916163 dated 08/12/2010
- Land in Km 11.5 Ngoc Hoi Road, Van Dien Town, Thanh Tri Dist., Hanoi:
 - Total area: 2,400 m²
Of which: total area of non-agricultural land: 2,400 m²; total area of agricultural land: 0 m².
 - Form of land use: leased land with annual rent payment.
 - Land use purpose: For working offices, vocational education and training center for labors.
 - Term of land use: 50 years commencing from 29/10/2013 to 29/10/2063. (Of which: 1,392.5 m²: rent in 50 years; 1,007.5 m²: rent annually).
 - Legal documents:
 - + Land lease Decision No. 6507/Q -UBND dated 29/10/2013.
 - + Land lease contract No. 97/H T dated 25/02/2014.
- Land in No. 32 Dai Tu St, Dai Kim Ward, Hoang Mai Dist, Hanoi:

- Total area: 38,609 m²
Of which: total area of non-agricultural land: 38,609 m².
- Form of land use: leased land with annual rent payment.
- Land use purpose: For production, business establishments and warehouse.
- Term of land use: indefinite.
- Legal documents:
 - + Land lease Decision No. 2961/Q -UBND dated 30/05/2014.
 - + Land lease contract No. 642/H T dated 20/11/2014.

(Note: currently, the certificate of land use right of this land has not been issued to Vinafor)

According to Cooperative Investment Agreement No. 82/H HT T dated 08/04/2011 and its appendices signed between Vinafor and Song Da 1.01 JSC., Vinafor contributed capital in the form of assets on this land and the value of the commercial advantage of this land to implement the project of constructing and trading the complex of multifunctional building and high quality apartment – Vinafor Plaza and made a profit in the form of 31,500 m² of accomplished floorspace (equivalent to 86.3% of the total area of site work construction (36,519 m²). However, at that time, the People’s Committee of Hanoi had not yet approved the detailed plan for this land, therefore this project had been ceased. Currently, Vinafor, Song Da 1.01 JSC. and Ecoland JSC. have submitted the site plan at the scale of 1:500 of the project of constructing the complex of trade center, office building and multi-apartment named “ECO LAKE VIEW” to the Department of Planning and Architecture of Hanoi and the People’s Committee of Hanoi for approval. Several details of this project are as follows:

- Land plot area of project: 38,609 m²
- Construction area: 6,320 m²
 - + Land area for construction of parking services: 2,220 m²
 - + Land area for construction of the complex: 4,100 m²
- Total floorspace area: 149,500 m²

According to the Appendix of Cooperative Investment Agreement No. 82/H HT T dated 08/04/2011 signed between Vinafor and Song Da 1.01 JSC. and Ecoland JSC., after the site plan at the scale of 1:500 of the project is approved, Vinafor, Song Da 1.01 JSC. and Ecoland JSC. will renegotiate to assign the benefits from the project.

- Land in No. 67 Ngo Thi Nham St, Hai Ba Trung Dist, Hanoi:

- 343 m² of floorspace on the first floor of the 3-storey building on 343 m² of land in the land plot with the area of 1,795.8 m² in No. 67 Ngo Thi Nham St, Hai Ba Trung Dist, Hanoi is Vinafor's asset.
- Form of land use: common use (Vinafor and Hanoi Forest Products Trading JSC. have assets on this land in common; Certificate of land use right of land at 67 Ngo Thi Nham St. is belonged to Hanoi Forest Products Trading JSC. According to asset receipt and delivery records, records determining division and consensus on rights to manage and use the building in No. 67 Ngo Thi Nham, plans of assigning land lease cost and non-agricultural land use tax between Vinafor and Hanoi Forest Products Trading JSC., every year, Vinafor pays land lease, land use taxes related to 343 m² of floorspace on the first floor of the 3-storey building for Hanoi Forest Products Trading JSC. to deposit the National budget).
- Land in No. 55 Road 430, Van Phuc Ward, Ha Dong Dist., Hanoi
- Total area: 4,557.30 m²
Of which:
 - + 2,187.0 m² of land is used for constructing the complex of Vinafor multi-functional building and high-quality apartment. Form of land use: assigned long term levy liable land.
 - + 1,577.9 m² of land is used for yards, gardens, internal roads and basements. Form of land use: assigned levy liable land. The term of land use is 50 years commencing from 19/12/2012.
 - + 792.4 m² of land which is roads and pavements lies within the red line boundary. After completing the complex, this land will be returned to the specialized agencies for common use.
- Land use purpose: Vinafor are cooperating with Song Da 1.01 JSC. under investment cooperation agreement to construct the complex of multi-functional building complex and high quality apartment. Under this agreement, Vinafor will get around 3,100 m² of complete floorspace (benefit Vinafor will get from 3,100 m² of complete floorspace is accounted into enterprise value of Vinafor to be equitized with the value of 54,109,090,909 VND).
- Legal documents:
 - + Certificate of land use right No. 01121001130 dated 19/12/2012.
 - + Land Lease Decion No. 6802Q /UBND dated 08/11/2013.

3.2.2 Lands in Hai Phong City

- Land in Van Son Ward, Do Son Dist., Hai Phong City

- Total area: 10,356 m²
Of which: total area of non-agricultural land: 10,356 m²; total area of agricultural land: 0 m².
- Form of land use: leased land with annual rent payment.
- Land use purpose:
 - + 7,913 m² of land is used for constructing hotel.
 - + 2,443 m² of land is used for planting trees to serve hotel services.
- Term of land use: 50 years commencing from 15/10/1993 to 15/10/2043.
- Legal documents:
 - + Land lease contract No. 189 dated 16/12/2014.
 - + Certificate of land use right No. BA 628679 dated 26/03/2010.

3.2.3. Lands in Binh Dinh Province

- Land in No. 05 - 07 Dong Da St, Quy Nhon City, Binh Dinh Province
- Total area: 657.3 m²
Of which: total area of non-agricultural land: 657.3 m²; total area of agricultural land: 0 m².
- Form of land use: Assigned levy liable land.
- Land use purpose: for constructing representative office, office building for lease and showroom.
- Term of land use: 50 years commencing from 18/09/2012 to 18/09/2062.
- Legal documents:
 - + House sale Decision No. 1994Q -CTUBND of the People's Committee of Binh Dinh Province dated 18/09/2012.
 - + Certificate of land use right No. BK 160043 dated 20/09/2012.
- Currently, Vinafor are implementing the project of constructing representative office, office building for lease and showroom.
- Value of land use right accounted into enterprise value of Vinafor: 7,245,955,223 VND

3.2.4. Lands in Ho Chi Minh City

- Land in No. 169 Vo Thi Sau St, Ward 7, Dist. 3, HCMC
- Total area: 126 m²
Of which: total area of non-agricultural land: 126 m²; total area of agricultural land: 0 m².
- Form of land use: Assigned levy liable land.

- Land use purpose: for transaction office and for lease.
- Term of land use: until 24/03/2060.
- Legal documents:
 - + Decision No. 2972/Q /UBND dated 15/06/2009.
 - + Certificate of ownership right of house and other asset attached to land No. BB 971033 dated 06/8/2010.
 - + Confirmation of meeting financial liabilities No. 2330/STC-NS dated 24/03/2010.
- Value of land use right accounted into enterprise value of Vinafor: 10,862,354,060 VND.
- Land in No. 05 Thanh Thai St, Ward 14, Dist. 10, HCMC:
 - Total area: 1,633.20 m²
Of which: total area of non-agricultural land: 1,633.20 m²; total area of agricultural land: 0 m².
 - Form of land use: Assigned levy liable land.
 - Land use purpose: for constructing building and trade center.
 - Term of land use: 50 years commencing from 06/08/2010 to 24/03/2060.
 - Legal documents:
 - + Certificate of ownership right of house and other asset attached to land No. BB 971735 dated 11/3/2011.
 - + Confirmation of meeting financial liabilities No. 1097/STC-NS dated 01/02/2010.
 - Current use: Vinafor signed the cooperation agreement with Van Nien Construction and Service JSC. to implement the project of constructing and trading high-quality office buildings and trade center. The cooperation takes the form of capital contribution to establish new legal entity (Viet Thanh Thai Ltd. Company).

3.2.5. Lands in Gia Lai Province

- Land in No. 13 Phan Boi Chau Road, Hoi Thuong Ward, Pleiku City, Gia Lai Province
 - Total area: 535.78 m²
Of which: total area of non-agricultural land: 535.78 m²; total area of agricultural land: 0 m².
 - Form of land use: leased land with annual rent payment
 - Land use purpose: for business and production.
 - Term of land use: 50 years commencing from 29/12/2005 to 29/12/2055.
 - Legal documents:

- + Land lease contract No. 94/H T dated 30/12/2005.
- + Appendix of Land lease contract No. 271/PLH T dated 28/06/2013.
- + Certificate of land use right No. A 129881 dated 20/03/2006.
- Current status of land: Vinafor constructed office building for lease already.
- Land under the management of MDF Vinafor Gia Lai Company:
 - Total area: 86,439,087.3 m² (8,643.91 ha).
Of which: total area of non-agricultural land: 131,698.3 m²; total area of agricultural land: 86,307,389 m² (8,630.73 ha).
 - Form of land use: leased land with annual rent payment.
 - Land use purpose: For forestry production and working office and for production and business establishments.

3.2.6. Lands in Ha Tinh Province

- Land under the management of Ha Tinh Forestry Company:
 - Total area: 8,088,014.12 m² (808.80 ha).
Of which: total area of non-agricultural land: 414.12 m²; total area of agricultural land: 8,087,600 m² (808.76 ha).
 - * Regarding non-agricultural land (414.12 m²)
 - Land is located in 25 Mai Thúc Loan, Hà Tĩnh city.
 - Form of land use: transferred land
 - Land use purpose: for working office
 - Term of land use: stable long-term.
 - Legal documents:
 - + Certificate of land use right No. 193867 dated 02/11/2004.
 - Value of land use right accounted into enterprise value of Vinafor: 2,070,600,000 VND.
 - * Regarding agricultural land (8.087.600 m²)
 - Form of land use:
 - + Leased land with annual rent payment: 4,863,200 m²
 - + Assigned levy free land: 1,559,000 m². This is land with natural forest Vinafor manages on behalf of the State for the public welfare.
 - Land use purpose: for forestry production.

3.2.7. Lands in Thai Nguyen Province

- Land under the management of Thai Nguyen Forestry Company:
 - Total area: 145,086,568 m² (14,508.65 ha)
Of which: total area of non-agricultural land: 47,092 m²; total area of agricultural land: 145,039,476 m² (14,503.94 ha).
 - Form of land use: Leased land with annual rent payment.
 - Land use purpose: for forestry production, working office and nursery.

3.2.8. Lands in Hoa Binh Province

- Land under the management of Hoa Binh Forestry one member Ltd. Company:
 - Total area: 115,131,340.9 m² (11,513.13 ha)
Of which: total area of non-agricultural land: 105,240.9 m²; total area of agricultural land: 115,026,100 m² (11,502.61 ha).
 - Form of land use: Leased land with annual rent payment.
 - Land use purpose: for forestry production, working office and nursery, business establishments.

3.2.9. Lands in Quang Ngai Province

- Land under the management of Ba To Forestry one member Ltd. Company:
 - Total area: 68,976,545 m² (6,897.65 ha)
Of which: total area of non-agricultural land: 10,087 m²; total area of agricultural land: 68,957,458 m² (6,895.74 ha).
 - Form of land use: Leased land with annual rent payment.
 - Land use purpose: for forestry production, working office and nursery, business establishments.

3.2.10. Lands in Dong Nai Province

- Land under the management of La Nga – Dong Nai Forestry one member Ltd. Company:
 - Total area: 194,152,722 m² (19,415.27 ha).
Of which: total area of non-agricultural land: 1,447,101 m²; total area of agricultural land: 192,705,621 m² (19,270.56 ha).
 - Form of land use: Leased land with annual rent payment.
 - Land use purpose: for forestry production, working office and nursery, business establishments.

3.2.11. Lands in Bac Giang Province

- Land under the management of Dong Bac Forestry one member Ltd. Company:
 - Total area: 15,667,800 m² (1,566.78 ha)
Of which: total area of non-agricultural land: 29,015 m²; total area of agricultural land 15,638,785 m² (1,563.8 ha).
 - Form of land use: Leased land with annual rent payment.
 - Land use purpose: for forestry production, working office and nursery, business establishments.

3.2.12. Lands in Lang Son Province

- Land under the management of Dong Bac Forestry one member Ltd. Company:
 - Total area: 132,722,735 m² (13,272.27 ha)
Of which: total area of non-agricultural land: 21,418 m²; total area of agricultural land: 132,701,317 m² (13,270.13 ha).
 - Form of land use: Leased land with annual rent payment.
 - Land use purpose: for forestry production, working office and nursery.
- Land under the management of Loc Binh Forestry one member Ltd. Company:
 - Total area: 69,642,100 m² (6,964.21 ha)
Of which: total area of non-agricultural land: 7,100 m²; total area of agricultural land: 69,635,000 m² (6,963.50 ha).
 - Form of land use: Leased land with annual rent payment.
 - Land use purpose: for forestry production, working office and nursery.
- Land under the management of Dinh Lap Forestry one member Ltd. Company:
 - Total area: 87,874,400 m² (8,787.44 ha)
Of which: total area of non-agricultural land: 54,100 m²; total area of agricultural land: 87,820,300 m² (8,782.03 ha).
 - Form of land use:
 - + Leased land with annual rent payment: 87,871,669 m².
 - + Assigned levy liable land: 1,915 m² (land in Khon Phat Hamlet, Mai Pha Commune - Lang Son City).
 - + Transferred land: 816 m² (land in Khau Vuong Hamlet - Dinh Lap Commune - Dinh Lap Dist - Lang Son Province).

- Land use purpose: for forestry production, working office and nursery, business establishments
- Value of land use right (2,731 m²) accounted into enterprise value of Vinafor: 586,167,800 VND
- ❖ ***Agricultural land (92,191.90 ha) are classified as the following:***
 - Production forest land: 86,952.68 ha (of which the area of natural forest is 16,722.29 ha)
 - Land with protection forest: 1,678.52 ha (of which the area of natural forest is 430,82 ha)
 - Land with special use forest: 0 ha
 - Other agricultural land (including road for forestry production and transportation, river, spring and upland mixed forest): 3,560.7 ha

(Detailed in Tables as presented in the following page)

Table 11: Land use status of the parent company and Subsidiaries of Vinafor prior to equitization

No.	Land plot	Total area (m ²)	Name of company managing the land	Form of land use					Land use purpose	Value of land use right accounted into enterprise value of Vinafor (VND)
				Transferred land	Assigned land		Leased land			
					Levy liable land	Free - levy land	Land with one time rent payment	Land with annual rent payment		
1	2	3	4	5	6	7	8	9	10	11
A	Land managed by The parent company (Vinafor)	239,676,527.00		414,12	6,973.80	1,559,000.00		238,110,139.08		
I	Lands in Hanoi	49,549.30			4,557.30			44,992.00		
1	Land in No. 127 Lo Duc St, Dong Mac, Hai Ba Trung Dist., Hanoi	3,640.00	The parent company - Vinafor					3,640.00	For working offices	
2	Land in Km 11,5 Ngoc Hoi Road, Vinh Quynh Commune, Thanh Tri Dist., Hanoi	2,400.00	The parent company - Vinafor					2,400.00	For working offices, vocational education and training center for labors	

3	Land in No. 55 Road 430, Van Phuc Ward, Ha Dong Dist., Hanoi	4,557.30	Partnership between the parent company - Vinafor and Song Da 1.01 JSC.		4,557.30				For constructing multi-functional building complex and luxury apartment building. (under the investment cooperation agreement with Song Da 1.01 JSC.)	54,109,090,909 (It is the value of 3,100 m ² of complete floorspace)
4	Land in No. 32 Dai Tu St, Dai Kim Ward, Hoang Mai Dist., Hanoi	38,609.00	The parent company - Vinafor					38,609.00	For production, business establishments and warehouse	
5	Land in No. 67 Ngo Thi Nham St, Hai Ba Trung Dist., Hanoi	343.00	The parent company - Vinafor					343.00	For working offices and showroom	
II	Lands in Hai Phong City	10,356.00						10,356.00		
1	Land in Van Son Ward, Do Son Dist., Hai Phong City	10,356.00	The parent company - Vinafor					10,356.00	For building hotel	
III.	Lands in Binh Dinh Province	657,30			657,30					
1	Land in No. 05 - 07 Dong Da Road, Thi Nai Ward, Quy Nhon Dist., Binh Dinh Province	657,30	The parent company - Vinafor		657,30				For working offices and showroom	7,245,955,223

IV	Lands in HCMC	1,759.20			1,759.20					
1	Land in No. 69 Vo Thi Sau St, Ward 7, Dist. 3, HCMC	126,00	The parent company - Vinafor		126,00				For transaction offices and for lease	10,862,354,060
2	Land in No. 05 Thanh Thai St, Ward 14, Dist. 10, HCMC	1,633.20	The parent company - Vinafor		1,633.20				For building office, trade center and apartment for lease	
V	Lands in Gia Lai Province	86,439,623.08						86,439,623.08		
1	Land in No. 13 Phan Boi Chau Road, Hoi Thuong Ward, Pleiku City, Gia Lai Province	535,78	The parent company - Vinafor					535,78	For representative office and office for lease	
2	Land in An Khe County, Gia Lai Province	86,439,087.30	Branch of Vinafor - MDF Vinafor Gia Lai Company					86,439,087.30	For forestry production and working office and for production and business establishments	
VI	Lands in Ha Tinh Province	8,088,014.12	Branch of Vinafor – Ha Tinh Forestry Company	414,12		1,559,000		6,528,600.00	For forestry production and working office	2,070,600,000 (It is the value of land use right of 414.12 m ² of transferred land)
VII	Lands in Thai Nguyen Province	145,086,568.00	Branch of Vinafor – Thai Nguyen Forestry Company					145,086,568.00	For forestry production and for working office and nursery	

B	Lands managed by Subsidiaries of Vinafor	684,158,642.90		816,00	1,915			684,155,911.90		
I	Lands in Hoa Binh Province	115,131,340.90	Hoa Binh Forestry Ltd. Company					115,131,340.90	For forestry production and for working office, nursery and business establishments	
II	Lands in Bac Giang Province	15,667,800.00	Dong Bac Forestry Ltd. Company					15,667,800.00	For forestry production and for working office, nursery and business establishments	
III	Lands in Lang Son Province	290,239,235.00		816,00	1,915			290,236,504	For forestry production and for working office, nursery and business establishments	
1	Lands in Huu Lung District	132,722,735.00	Dong Bac Forestry Ltd. Company					132,722,735.00	For forestry production and for working office, nursery and business establishments	
2	Lands in Dinh Lap District	87,874,400.00	Dinh Lap Forestry Ltd. Company	816,00	1,915			87,871,669	For forestry production and for working office, nursery and business establishments	586,167,800 (It is the value of land use right of 2,731 m ² of assigned levy liable land)
3	Lands in Loc Binh District	69,642,100.00	Loc Binh Forestry Ltd. Company					69,642,100.00	For forestry production and for working office, nursery and business	

									establishments	
IV	Lands in Quang Ngai Province	68,967,545.00	Ba To Forestry Ltd. Company					68,967,545.00	For forestry production and for working office, nursery and business establishments	
V	Lands in Dong Nai Province	194,152,722.00	La Nga – Dong Nai Forestry Ltd. Company					194,152,722.00	For forestry production and for working office, nursery and business establishments	
Total (A+B)		923,835,169.90		1,230.12	8,888.80	1,559,000.00		922,266,050.98		74,874,167,992

Source: Vietnam Forest Corporation

* Note:

+ 1.559.000 m² of land in Ha Tinh Province which is a levy free assigned land is the natural forest Vinafor managed on behalf of the State for public welfare.

+ Vinafor had assets which is 343 m² of floorspace on the first floor in 343 m² of land in the land plot with the area of 1,795.8 m² in No. 67 Ngo Thi Nham St, Hai Ba Trung Dist., Hanoi (this is confirmed by the Ministry of Finance under Dispatch No. 13531/BTC-QLCS dated 25/09/2014 and Dispatch No. 135/BTC-QLCS dated 06/01/2015 and by the Ministry of Agriculture and Rural Development under Dispatch No. 10281/BNN-QLDN dated 24/12/2014 and by the People's Committee of Hanoi under Dispatch No. 172/UBND-KT dated 06/01/2012)

+ Vinafor signed the cooperative investment agreement to use the land in No. 32 Dai Tu St.

+ Land in No. 05 Thanh Thai St, Ward 14, Dist 10, HCMC has been used as capital contribution to form the new legal entity (Viet Thanh Thai Ltd. Company) and has been evaluated with the value of 44,571,907,403 VND.

Table 12: Classification of forest land managed by Branches and Subsidiaries of Vinafor prior to equitization

Unit: m²

No.	Classification	Total	La Nga – Dong Nai Forestry Ltd. Co.	Dong Bac Forestry Ltd. Co.	Hoa Binh Forestry Ltd. Co.	Ba To Forestry Ltd. Co.	Ha Tinh Forestry Ltd. Co.	Thai Nguyen Forestry Ltd. Co.	MDF Vinafor Gia Lai Co.	Dinh Lap Forestry Ltd. Co.	Loc Binh Forestry Ltd. Co.
1	Production forest land	869,526,796.10	178,711,654.70	148,197,039	112,234,900.00	68,935,957	8,042,600.00	142,455,685	86,307,389.00	60,835,866	63,805,705.4
1.1	Land with planted forest of Vinafor	589,255,552.70	72,090,714.30	118,447,036	60,637,500.00	39,910,700	4,771,200.00	105,757,187	84,511,848.00	56,352,662	46,776,705.4
1.2.	Land with planted forest of other individuals and organizations	56,233,467.00	-	19,260,623	9,304,600.00	-	-	19,914,198	-	-	7,754,046.0
1.3	Land without forest	55,019,362.90	8,195,128.90	10,489,380	25,347,500.00	-	1,712,400.00	-	-	-	9,274,954.0
1.4	Land for breeding and biodiversity conservation to serve FSC	1,795,541.00	-	-	-	-	-	-	1,795,541.00	-	-

1.5	Land with natural forest	167,222,872.50	98,425,811.50	-	16,945,300.00	29,025,257	1,559,000.00	16,784,300	-	4,483,204	-
2	Land of protection forest	16,785,166.80	13,993,966.80	-	2,791,200.00	-	-	-	-	-	-
2.1.	Forest land of Vinafor	9,854,988.00	9,854,988.00	-	-	-	-	-	-	-	-
2.2.	Forest land of other individuals and organizations	-	-	-	-	-	-	-	-	-	-
2.3.	Land without forest	2,621,949.10	2,621,949.10	-	-	-	-	-	-	-	-
2.4	Land with natural forest	4,308,229.70	1,517,029.70	-	2,791,200.00	-	-	-	-	-	-
3	Other kind of agricultural land	35,607,083.60	-	143,063	-	21,501	45,000.00	2,583,791	-	26,984,434	5,829,294.6
	Total (=1+2+3)	921,919,046.50	192,705,621.50	148,340,102	115,026,100.00	68,957,458	8,087,600.00	145,039,476	86,307,389.00	87,820,300	69,635,000.0

Note: The figures in table 12 are extracted from post-equitization land use plans of forestry companies

4. BUSINESS OPERATIONS AND PERFORMANCE OF VINAFOR PRIOR TO EQUITIZATION

4.1. Business operations of the parent company of Vinafor in the period of 2012 – 2015

Note: Data and figures which are extracted from the unaudited financial statement 2015 of the parent company of Vinafor are adjusted according to the enterprise valuation results of Vinafor in accordance with applicable law related to equitization.

4.1.1. Main products and services

Main products and services of Vinafor which are classified into main lines of business are as follows:

- Medium-density fibreboard of Gia Lai: MDF E2, CARB-P2, HMR-E2;
- Trading and services:
 - + Trading of wood;
 - + Leasing office and warehouse;
- Other services related to forestry activities (hotel, restaurant and labor export....)

4.1.2. Net revenue structure

The revenue of the parent company of Vinafor comes from: (i) trading wood (ii) sales of Gia Lai MDF (iii) office and warehouse lease and (iv) other business activities. The revenue breakdown of the parent company of Vinafor prior to equitization is presented as follows:

Table 13: Net revenue breakdown of the parent company of Vinafor in the period of 2012 – 2015

Unit: million VND

No	Year Revenue	Year end 2012		Year end 2013		Year end 2014		Year end 2015	
		Value	%	Value	%	Value	%	Value	%
1	Trading of wood	520,444	67.17	588,383	67.95	762,459	72.91	881,954	73.26
2	Sales of MDF Gia Lai	182,198	23.52	205,674	23.75	209,077	19.99	238,215	19.79
3	Office and warehouse lease	15,322	1.98	28,079	3.24	43,341	4.14	48,405	4.02
4	Other business activities	56,810	7.33	43,820	5.06	30,936	2.96	35,255	2.93
	Total	774,774	100	865,956	100	1,045,813	100	1,203,829	100

Source: Vietnam Forest Corporation

Table 14: Breakdown of gross profit of the the parent company of Vinafor in the period of 2012 – 2015

Unit: million VND

No.	Year Gross profit	Year end 2012		Year end 2013		Year end 2014		Year end 2015	
		Value	%	Value	%	Value	%	Value	%
1	Trading of wood	21,294	27.90	16,572	30.36	25,427	31.01	10,959	14.69
2	Sales of MDF Gia Lai	41,908	54.92	34,465	63.12	36,412	44.39	42,807	57.37
3	Office and warehouse lease	8,955	11.73	1,224	2.24	19,564	23.85	19,804	26.54
4	Other business activities	4,157	5.45	2,339	4.28	619	0.75	1,043	1.40
	Total	76,314	100	54,600	100	82,022	100	74,613	100

Source: Vietnam Forest Corporation

Table 15: Total revenue breakdown of the parent company of Vinafor in the period of 2012 – 2015

Unit: million VND

No.	Year Revenue	Year end 2012		Year end 2013		Year end 2014		Year end 2015	
		Value	%	Value	%	Value	%	Value	%
1	Net revenue	774,774	70.22	865,956	76.02	1,045,813	79.07	1,203,829	82.01
2	Financial income	306,279	27.76	264,617	23.23	248,867	18.81	259,703	17.69
3	Other income	22,345	2.03	8,471	0.74	28,039	2.12	4,397	0.30
	Total	1,103,397	100	1,139,044	100	1,322,719	100	1,467,929	100

Source: Audited financial statements 2012, 2013, 2014 and unaudited financial statement 2015 of the parent Company - Vinafor

Most of net revenue of the parent company of Vinafor in the period of 2012 – 2015 came from trading wood and producing MDF (accounted for 90% of net revenue). In this period, 02 newly established joint venture plants of Vinafor (Vinafor Oji Bac Giang Plywood Plant and Dung Quat

Wood and Wood Chip Processing Plant) together with Vinafor building located in No. 127 Lo Duc St. came into operation, therefore revenue from trading wood and from leasing offices experienced a substantial growth.

Net revenue accounted for the largest proportion of the total revenue of the parent company of Vinafor (accounted for 70 – 80% of total revenue). With over 50 investments in Subsidiaries, Associates and Joint Ventures; financial income also contributed significantly to the total revenue of the parent company of Vinafor with a percentage of around 17 – 28% of total revenue.

4.1.3. Operating Cost structure

Operating Costs of the parent company of Vinafor incurs include: (i) cost of goods sold (ii) financial expense (iii) selling expense (iv) administrative expense and (v) other expenses. Cost structure of the parent company of Vinafor prior to equitization is presented in the following table:

Table 16: Operating Cost structure of the parent company of Vinafor in the period of 2012 – 2015

Unit: Million VND

No.	Year Cost	Year end 2012		Year end 2013		Year end 2014		Year end 2015	
		Value	% of total revenue	Value	% of total revenue	Value	% of total revenue	Value	% of total revenue
1	Cost of goods sold	698,460	63.30	811,355	71.23	963,791	73.06	1,129,216	76.93
2	Financial expense	4,817	0.44	23,501	2.06	15,252	1.52	39,744	2.71
3	Selling expense	21,472	1.95	36,818	3.23	44,460	3.37	50,023	3.41
4	Administrative expense	75,663	6.86	81,321	7.14	69,760	5.32	88,385	6.02
5	Other expenses	9,497	0.86	13,705	1.20	73,054	5.54	1,472	0.10
	Total	809,909	73.40	966,700	84.87	1,166,317	88.81	1,308,840	89.17

Source: Audited financial statements 2012, 2013, 2014 and unaudited financial statement 2015 of the parent Company - Vinafor

4.1.4. Raw materials

Business activities of Vinafor focus mainly on trading and commercial activities: trading of wood and producing MDF.

- With regard to trading of wood, imported natural wood is purchased mainly from Africa, some kinds imported from South America through foreign partners in China, Europe ... or is

exploited by Vinafor's wholly owned subsidiaries, stretching over 8 provinces from the Northern to Southern of Vietnam

- With regard to production and trading of MDF, raw materials consist of wood raw material from planted forest, UF adhesive resin, HMR glue; Wax. Such raw materials are mainly procured domestically, such as wood raw material, adhesive resin and glue; others are imported from Malaysia (Wax).

Several material suppliers of production of MDF are as follows:

- Kong Chieng Forestry one member Ltd. Company
- Management board of Yahoi protection forest
- AICA Dong Nai Ltd. Company
- Technical Chemical Glue Ltd. Company
- GHE specialities SDN Bhd – Malaysia Company

Sources of raw materials of Vinafor are subject to following factors:

- High competition from other enterprises which are procuring the same raw materials as those of Vinafor at local level;
- Seasonality of raw materials, especially those from planted forests;
- Impact of calamities (storm, flood, drought, forest fire ...);
- Exchange rate fluctuations regarding imported raw materials.

Changes in sources of raw materials have a direct impact on businesses, revenue and profit of Vinafor.

4.1.5. Technological application

As a forestry company with a huge area of forest and forest land under management, Vinafor are currently employing GPS technology to measure the area of forest under the management of Vinafor all over Vietnam. Specially, planted forests of Vinafor have been planted with high-quality tree seedlings produced by cell tissue culture technology since 2006. Vinafor has applied advanced intensive cultivate technique in order to enhance productivity of planted forests and wood quality to serve wood processing industry.

Currently, Vinafor has a branch – MDF Vinafor Gia Lai Company specializing in producing MDF with a capacity of 54,000 m³ per year. MDF Vinafor Gia Lai Company is currently employing European assembly lines (Sweden) to produce MDF which meet the quality standards of Association of Euro MDF Board. Vinafor is also investing in upgrading assembly lines in order to enhance the quality and the capacity of current MDF production.

In addition, in order to direct business activities timely, Vinafor established its own internal information exchange system (server mail) which makes information exchange between the head office and Branches and Subsidiaries of Vinafor direct.

4.1.6. Research and development of new products

Recently, Vinafor has increasingly paid attention to research and development of new products. Its focus is mainly on developing tree seedlings with cell tissue culture technology to serve forest reproductive material planting and to improve the quality and productivity of the tree seedlings. In addition, Vinafor is also researching and developing several kinds of high-quality MDF which meet the market demand.

4.1.7. Quality management system

Since 2010 Vinafor has employed the quality management system in accordance with ISO 9001:2008 standard and established internal management regulations for its departments and divisions in order to guarantee and enhance the quality of management of the operation of subsidiaries and associates operating in forestry industry and trading import-export forest products. In 09/2015, International Organization for Standardization published the new official version of quality management standard - ISO 9001:2015 and Vinafor anticipates to employ this standard after equitization.

Vinafor has also applied advanced management model to manage and develop its forestry activities. Vinafor has managed its forests sustainably in line with the FSC Principles and Criteria (Forest Stewardship Council) and now there are 04 Forestry Company of Vinafor certified with 35,268 ha of forest certified under FSC's system. Vinafor has become a forestry company having the largest area of forest certified under FSC's system in Vietnam (at the time of granting certification, the area of forest certified under FSC's system of Vinafor occupies 44% of total area of forest certified under FSC's system in Vietnam). FSC certification enables consumers to identify products with FSC-certified materials. At the same time, these above companies are FSC - CoC certified (FSC - Chain of Custody Certificate). FSC - Coc set standards for chain of custody certified by Forest Stewardship Council (FSC) to verify that FSC certified material is identified or kept segregated from non-certified or non-controlled material through this chain. FSC Chain of Custody certification allows companies to label their FSC products, which in turn enables consumers to identify and choose products that support responsible forest management.

4.1.8. Marketing activities

As a forest product trading, production and processing company, Vinafor attaches great importance to marketing activities.

Vinafor has its own website (www.vinafor.com.vn) to introduce and popularize its products and main business activities of each business unit and of Vinafor. Several its business units (such as MDF Vinafor Gia Lai Company, ...) have even their own websites.

In addition, Vinafor also usually participate in specialized fairs and exhibitions to promote trade with partners and customers.

Market policies Vinafor applies regarding strategy, price and product distribution method are applying flexibly market principles in order to meet the customer demand. In addition, Vinafor often contacts with their customers in order to gather feedbacks and information to adjust quickly its policies to changing customer demand and market development.

After equitization, Vinafor anticipates to keep promoting marketing activities to lead other companies to achieve sustainable development and use and exploit forest appropriately and effectively.

4.1.9. Trademarks and patents

Currently, Vinafor owns or has licenses under patents and trademarks registered with National Office of Intellectual Property of Vietnam which are as follows:

- Trademark Registration Certificate No. 62741 issued by the National Office of Intellectual Property of Vietnam under Decision No. A4823/Q - K dated 16/05/2005 and granted extension under Decision No. 14114/Q -SHTT dated 11/03/2014. Time extension is until 13/08/2024.
- Logo copyright of Vinafor which comprises wording “VINAFOR” and logo of Vinafor applying for 05 bundle of products ranked as 19, 20, 35, 40, 44 in goods and services classification table NICE 10 published by National Office of Intellectual Property of Vietnam.

4.1.10. Material effective contracts

Table 17: List of material effective contracts

No.	Contract detail	Partner	Term of contract	Contract value (Billion VND)
1	Contract No. 238 VF/VJCVA dated 19/10/2010 about Sale and purchase of woodchips produced in Dong Le Woodchips Processing Plant	Viet Nhat – Vung Ang Paper-material Producing Ltd. Co.	From the effective date to now (contracts are extended annually)	These contracts are in principle contracts. The value of each contract is subject to its
2	Contract No. 05/H dated 05/01/2013 about Sale and purchase of woodchips	Duc Toan Ltd. Co.		
3	Contract No. 244/H dated 10/04/2015 about Sale and purchase of roundwood and veneer	Plywood Oji - Vinafor Bac Giang Ltd. Co.		
4	Sale – purchase Contract No. 497/2015/H MB dated 01/06/2015	Vijachip Dung Quat Wood and Woodchips processing Ltd. Co.		

5	Contract No. 613/H dated 25/08/2015 about Sale and purchase of wood eucalyptus and veneer	Thanh Minh Quan Ltd. Co.		appendices
6	Contract No. 198/H dated 02/04/2015 about Sale and purchase of wood eucalyptus and veneer	Dong Bac Forestry One member Ltd. Co.		
7	Contract No. 163/H dated 26/03/2015 about Sale and purchase of wood eucalyptus and veneer	P.A.H Investment Construction and Trading JSC.		
8	Contract No. 247/H dated 13/04/2015 about Sale and purchase of wood eucalyptus and veneer	Lam Son Ha Ltd. Co.		
9	Contract No. 238/H dated 10/04/2015 about Sale and purchase of ironwood (Tali)	Vui Xuan Ltd. Co.	Within 2015	15.25
10	Contract No. 239/H dated 10/04/2015 about Sale and purchase of ironwood (Tali)	Hai Nam Investment Trading & Production Ltd. Co.	Within 2015	15.22
11	Contract No. 264/H dated 00/04/2015 about Sale and purchase of ironwood (Tali)	N.T. Trading Ltd. Co.	Within 2015	17.8

Source: Vietnam Forest Corporation

4.1.11. Financial position and business performance of the parent company - Vinafor

Table 18: Data on business performance of the parent company - Vinafor in the period of 2012 – 2015

Unit: million VND

No.	Indicator	Year end 2012	Year end 2013	Year end 2014	Year end 2015
1	Total assets	2,445,446	2,522,200	2,506,134	3,734,076
2	Equity	2,123,677	2,233,853	2,176,944	3,503,221
3	Short-term liabilities	161,055	154,870	263,968	188,787
	<i>Of which: Short-term loans</i>	<i>34,862</i>	<i>32,598</i>	<i>93,672</i>	<i>25,071</i>
	<i>Of which: Overdue loans</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
4	Long-term liabilities	170,764	133,476	65,172	42,068
	<i>Of which: Long-term loans</i>	<i>165,051</i>	<i>128,425</i>	<i>56,700</i>	<i>31,700</i>

No.	Indicator	Year end 2012	Year end 2013	Year end 2014	Year end 2015
	<i>Of which: Overdue loans</i>	-	-	-	-
5	Uncollectible receivables	-	-	14,922	9,873
6	Total number of employee	586	543	545	550
7	Average salary (million VND/person/month)	6.61	8.341	8.5	8.6
8	Total salary budget	46,481.5	54,349.9	55,590	56,760
9	Total revenue	1,103,397	1,139,044	1,322,719	1,467,929
10	Total costs	809,909	966,700	1,166,317	1,308,840
11	Gross profit	76,314	54,600	82,022	74,613
12	Operating profit	280,641	177,578	201,417	156,164
13	Net profit before tax	293,488	172,344	156,402	159,088
14	Net profit after tax	280,033	170,516	155,979	158,878
15	ROE	16,08	8,42	7,16	7,39

Source: Vietnam Forest Corporation

Note: Equity in the above table is an average annual equity which is determined according to Circular No. 127/2014/TT-BTC equal to Charter capital plus the balance of the Investment and Development Fund plus the Basic Construction and Investment

Table 19: Key financial ratios of the parent company - Vinafor in the period of 2012 – 2015

No.	Financial indicator	Unit	Year end 2012	Year end 2013	Year end 2014	Year end 2015
I	Liquidity ratios					
1	Current ratio	Times	8.45	9.57	5.66	9.08
2	Quick ratio	Times	7.57	8.50	4.23	7.89
II	Profitability ratios					
1	Gross profit margin	%	9.85	6.31	7.84	6.20
2	Operating profit margin	%	36.22	20.51	19.26	12.97
3	Profit before tax on equity	%	16.86	8.51	7.39	7.40

No.	Financial indicator	Unit	Year end 2012	Year end 2013	Year end 2014	Year end 2015
4	ROE	%	16.08	8.42	7.16	7.39
5	ROA	%	11.40	6.76	6.22	4.25
III	Growth ratios					
1	Growth in net revenue	%	62.04	11.77	20.77	15.11
2	Growth in total assets	%	22.85	2.72	(0.64)	49.00
IV	Gearing ratios					
1	Debt-to-asset ratio	Times	0.14	0.11	0.13	0.06
2	Debt-to-equity ratio	Times	0.16	0.13	0.15	0.06
3	Equity-to-asset ratio	Times	0.86	0.89	0.87	0.94
4	Short-term liabilities/Liabilities	%	48.53	53.71	80.2	81.78
5	Long-term liabilities/Liabilities	%	51.47	46.29	19.8	18.22

Source: Vietnam Forest Corporation

Note: Equity in the above table is an average annual equity which is determined according to Circular No. 127/2014/TT-BTC equal to Charter capital plus the balance of the Investment and Development Fund plus the Basic Construction and Investment

With regard to liquidity ratios, generally the liquidity position of the parent company - Vinafor is strong in the period of 2012 – 2015, ensuring its sufficient liquidity to meet all of its current liabilities.

With respect to gearing ratios, liabilities accounted for a very modest proportion of total capital of the parent company - Vinafor in the period of 2012 – 2015. Liabilities stood at 230,855 million VND at year-end 2015 (accounted for 6% of total assets).

4.1.12. Material factors affecting business activities of Vinafor in the last three years

Over the past years, the global economy as a whole and the Vietnam economy in particular experienced a great deal of difficulties and turbulence, especially in 2011 the global economy faced sovereign debt crises, together with economic recessions in several largest economies such as European, China and Japan. Such events have negatively affected business and production activities of Vinafor in terms of both its inputs and outputs since 2012. In addition, recently, climate change together with calamities (flood, drought, ...) have adversely impacted on its business activities.

Although coping with a number of difficulties and challenges discussed above, Vinafor has achieved a stable growth and applied innovations and scientific and technological advances in order to enhance productivity, quality and value of planted forests. In addition, Vinafor has coordinated closely with the local governments to intensify forest protection, forest fire prevention and to improve the living standard of forest planters. Such achievements result from the following factors:

± Advantages

- Vinafor gains support from the Government, the Ministries, statutory bodies and the local governments through assigning land to Vinafor for the purpose of operation and production and through incentive policies for enterprises investing in agriculture and rural areas, areas with specially difficult socio-economic conditions.
- The governments at various levels support business units of Vinafor to handle and deal with issues and problems related to Vinafor.
- Vinafor has Gia Lai MDF which is produced on European production line and is one of the high quality kind of MDF in Vietnam. Gia Lai MDF gain prestige to be accepted as materials for production by foreign customers. Vinafor also has experienced management team and skillful employees in producing MDF.
- Vinafor has a huge area of forest and forest land, especially has the largest area of FSC certified forest in Vietnam. Many of its forest land are located in areas with favorable soil and climate conditions to cultivate forest trees. Productivity of tree planting of forest plots are high.
- There is the unity and oneness of mind within employees as well as management and director board of Vinafor. Vinafor always takes the initiative in all of its business activities and has a prudent investment view and only focuses on developing its main business activities.
- There is an increase in demand for wood from planted forests compared to wood from natural forest.

± Disadvantages

- Forestry units of Vinafor operate mainly in mountainous areas, areas with specially difficult socio-economic conditions and the local residents in such areas mainly are ethnic minority people with low academic standard. The majority of forestry lands under the management of Vinafor have not been measured and the local Administrations have not placed administrative boundary landmarks, compiled administrative boundary records for these lands and have grant land use rights certificate to Vinafor's business units. As a consequence, land and forest land protection and management of these units have coped with a great deal of difficulties. In addition, local residents transgress forest land under the management of Vinafor, which negatively affects its business activities.

- Calamities (droughts, floods, storms, ...) frequently occurs due to climate changes, which affect significantly business and production of forestry companies of Vinafor.
- Price of imported wood is affected by market factors, especially by exchange rate fluctuations.
- The procurement of wood raw material for producing MDF faces intense competition with local woodchips processing plants. In addition, a number of imported wooden product producing and processing plants are unprofitable hence MDF market has shrunk, meanwhile several MDF producing plants have to reduce their products' price, which result in the highly competitive environment in MDF market.
- A great deal of wood processing companies Vinafor invests in have not penetrated into strict markets which demand FSC - CoC certified products therefore their consumer markets have been modest, especially in northern markets. Meanwhile if penetrating into southern markets, the high transportation costs is a great obstacle for these above companies to compete with their peers.
- Exploiting and recouping investment in associated forests face difficulties due to dispersion. Households which Vinafor assigned forest land exploit forests without control of Vinafor. Therefore recouping investment in associated forests cope with more difficulties compared to the state forest. In addition, planting forests after exploitation still faces dispersion.
- Despite the larger number of employees, their quality and skillfulness have not been equal.

4.2. *Situations of business and production of forestry companies of Vinafor*

- Every year forestry companies of Vinafor plant, care, manage, protect forests and exploit to recoup investments in forests. Their results of operations are as follows:
 - The total area of one-year-old forests planted, cared, managed and protected: about 1,470 ha.
 - The total area of two and three-year-old forests cared, managed and protected: about 2,600 ha.
 - The total area of above-four-year-old forests managed and protected: about 10,500 ha.
 - The total area of forests in which were recouped investment: about 1,500 ha.
 - Average productivity of wood exploitation: 80 – 100 m³ per ha.
 - The total value of forest investment recoupage: 72 - 90 billion VND.
- Most of forestry companies of Vinafor are profitable. The living standard of their employees has been improved thanks to effective forest planting. These companies also create more employment for local households. However two forestry companies which were transferred from the People Committee of Lang Son Province to Vinafor are still

unprofitable (Loc Binh Forestry One member Ltd. Company and Dinh Lap Forestry One member Ltd. Company).

- Forestry companies applied scientific and technological advances in creating new tree seedlings and highly standardized fertilizer via biotechnology for planting forests and advanced intensive cultivation technique. Therefore, the productivity, quality of planted forests and income from them have been improved.
- Regarding land assignment: According to Decision No. 80/2002/Q -TTg dated 24/06/2002 of the Prime Minister of Vietnam on policies to encourage the contractual sale of agricultural products; Decree No. 135/2005/N -CP dated 08/11/2005 of the Government of Vietnam on the contractual allotment of agricultural land, production forest land and land with water surface for aquaculture in the state-run agricultural farms and plantations; forestry companies assigned land to the local residents and instructed them in forest planting technique via meetings and conferences in each hamlet, commune and district.
- Forestry activities have become main income of the local resident since forestry companies instructed them how to use intensive cultivation technique and apply scientific and technological advances in planting forests. Every year, projects of planting forests of forestry companies create thousands of employment for the local residents.
- Numerous households who follow technique and instruction from forestry companies as well as comply with terms and conditions stipulated in land assignment contracts have high income from planted forests.
- Besides creating employment and hence, income for the local residents from planting forests, forestry companies also contributes significantly to the local budget.

4.3. Market position of Vinafor

4.3.1. Market position of Vinafor

Through over 20 years of development, Vinafor have remained the market leader in the wood and forestry industry and have led other peers to achieve sustainable development and use and exploit forest appropriately and effectively.

Currently, Vinafor is managing a huge area of land and forest land stretching out numerous provinces and cities all over Vietnam. On top of planting forest performed by Branches and Subsidiaries, Vinafor also cooperate with local organizations and a thousands of households to plant forest under the land assignment contract under Decree No. 135/2005/N -CP of the Government of Vietnam. Forest planting activities of Vinafor are always associated with the economic, social and environmental aims, particularly contribute to poverty reduction for people living in mountainous areas, barren hills and mountains greening, climate change prevention and environment protection. In many regions, Vinafor has played a more and more important role in contributing to the regional economic development.

The area of planted forest of Vinafor has been increasingly enlarged, the quality and quantity of planted forest has been increasingly improved. These planted forests supply wood raw material for MDF, wooden products, imported woodchips, pit-prop wood processing industry and other social needs.

Productivity of planted forests of Vinafor has been increasingly improved. Prior to 2005, productivity of planted forests stood at 50 - 60 m³ per ha on average. Since 2006, Vinafor have cultivated its planted forests with seedling trees selected in line with geographical conditions of each region and have applied advanced intensive farming technique. As a consequence, productivity of planted forests have been enhanced, there are several plots of forest which productivity stood at 120 m³ per ha, especially the productivity of several plots of forest planted by Ba To Forestry One member Ltd.Co. were 140 m³ per ha. Thanks to economically efficient forest planting, the living standard of forest planters has been improved.

As a forestry companies having the largest area of FSC certified forests in Vietnam, Vinafor frequently innovate, update and upgrade forest management system in accordance with criteria set by Forest Stewardship Council. Planted forests of Vinafor are always ranked as “maintain the FSC certificate” by Woodmark Organization.

In addition, Vinafor pioneers advanced scientific and technological applications to tree seedlings and to producing and processing MDF, marking a shift from using wood from natural forests into using wood from planted forests. This shift is extremely meaningful, contributing to developing and using forests appropriately, effectively and sustainably, creating various high value products to meet domestic and foreign markets.

Vinafor also established joint ventures with huge partners such as Yamaha Motor Corporation to manufacture motor and Sojitz Corporation to process wood chip from Japan. To date, these joint ventures have been highly profitable.

4.3.2. Prospect of industry

After two years of implementing “the forestry sector reform proposal” under Decision No. 1565/Q -BNN-TCLN dated 08/07/2013 of the Ministry of Agriculture and Rural Development, Vietnamese forestry sector has achieved great successes. Particularly, gross output of forestry has maintained a strong growth with an annual growth rate at 6.57%/year on average, significantly higher compared to an annual growth rate at 5.03%/year on average in the period of 2010 - 2012, surpassing the target set forth in the Proposal. In the first half of 2015, the Vietnamese forestry sector experienced a growth rate of 8,3%, the highest growth rate of the sector historically.

The gross output of exported wooden products and forest products increased substantially, doubling in 5 years, from around 3 billion USD/year in the period of 2010 - 2012 to 6.3 billion USD/year from 2013 to date. In the first half of 2015, although the global economy experienced suffered a number of turbulence, the gross output of exported wooden products and forest products increased by 8% as compared with the same period in 2014, standing at around 2.7

billion USD. Of which, the proportion of export finished products is approximately 85%. Export turnover of these products are estimated to reach around 7 – 7.2 billion USD. These statistics above imply that the potential of exporting wooden products and forest products of Vietnam is highly promising.

According to the Vietnam Administration of Forestry, the Vietnam's forestry sector will continue diversifying consumer markets by taking measures to accommodate to new requirements on the origin of wood set by European and the United States and take necessary steps to join the International Tropical Timber Organization (ITTO). An important progress of the Vietnam's forestry sector is to enter into a negotiation to sign a Voluntary Partnership Agreement on Forest Law Enforcement, Governance and Trade (VPA/FLEGT) with EU. A special event which is anticipated to be favorable for the forestry sector is the completion of TPP negotiation in October, 2015 which is anticipated to be signed in February, 2016 by 12 participating countries, namely: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam.

TPP is the largest trade agreements within the past 20 years, is considered to “set the rules for the 21st century for trade”. According to the Ministry of Agriculture and Rural Development, Vietnam reached important agreements to open markets of TPP members. Tariff reduction will be applied to a wide range of Vietnam's export goods and products. Particularly, tariffs on 100% of export turnover of wood from Vietnam to the United States will be eliminated when TPP comes into effect.

The awareness and knowledge of forest planters and forest product processing and trading enterprises have changed positively. Numerous enterprises have shifted their business activities from processing and exporting woodchips to processing and exporting wooden products in order to enhance added value from export. Considering only the first five months of 2015, the volume of the exploited wood was 13% higher than the same period in 2014 meanwhile the volume of woodchip export was 15% less than the same period in 2014 and China is the largest importer. Several provinces which focus on woodchip export such as Binh Dinh planned to cease processing woodchip export since 2015 in order to supply wood raw material for exported wooden products processing and production.

Forest planting activities have been actively carried out by the locals. According to the Vietnam Administration of Forestry, 226,000 ha of forest is planted per annum in Vietnam, 196,000 ha of which is production forest (accounts for 86.7%). A thousands of forest owners in 16 provinces in 4 regions which are Northeast, North Central Coast, Coastal Central and Central Highlands planted nearly 2,000 ha of forest for trading large diameter timber. Currently, the total area of forest for planting large diameter timber trees in Vietnam is 157,119 ha. Vietnam is forecasted to have around 16.2 – 16.5 ha of forest in 2020, 50% of which is production forest. These will be an important source of raw material for exported wooden product processing industry which is

forecasted to process 5 million m³ of wooden products in 2020. In addition, the living standard of forest planters will be raised.

However, in 2015, Vietnam's wood industry coped with several certain difficulties, namely the Renminbi depreciation, the weaker Chinese economic growth, the Euro depreciation. These events caused fluctuations in exchange rates of VND relative to currencies of main export countries and negatively impacted on export revenue translated into domestic currency of Vietnamese enterprises. In addition, prices for inputs increased, such electricity, labor cost meanwhile there were still no contracts with high value in major markets ... As well as this, Vietnam's wood industry faced challenges arising from two anti-dumping investigations in the India and Turkey markets. Regarding the TPP pact, according to forecast of the Ministry of Industry and Trade, it take 1.5 - 2 years to approve this agreement by 12 country members.

On top of that, there were still problems and obstacles in the process of implementing "the forestry sector reform proposal". To date, there were 25 provinces and cities which have approved forestry sector reform Proposal/Plan.

The reform is actually the first step necessary to be taken and it has not made a significant change when the growth of the forestry sector has not been sustainable. Renovation and the development of production forms have been slow; the closed household economy has shown shortcomings and weaknesses; the State plantations and state-owned forestry companies have been slow in improving their awareness ...

The main reason is from subjective weaknesses, such as the limited awareness of the sector reform. In addition, research and technology transfer has not been effective and efficient meanwhile the connection between enterprises has been weak. Numerous kinds of productive tree seedlings have been publicized, however only acacia and eucalytus have been planted due to the market demand.

4.4 The assessment on the alignment of Vinafor's development strategy with *the sector trend, the Government's policies and the common global trend*

Since its establishment, Vinafor have developed stably in line with the guidelines and policies of the Communist Party and the Government.

With the forestry production as a core business activity, Vinafor plays a crucial role in implementing the Scheme on restructuring the agriculture sector toward improvement of the added value and sustainable development of the Prime Minister of Vietnam and development strategies and national programs the Ministry of Agriculture and Rural Development initiated such as poverty reduction, barren hills and mountains greening, climate change prevention and environment protection.

Vinafor is a leader in the Vietnam's forestry sector, applying forest planting, caring and protection techniques in accordance with standards set by FSC and exploiting and processing wood in accordance with standards set in FSC - CoC by Forest Stewardship Council (FSC).

In line with the global trend in the forestry sector, the future strategies of Vinafor is to apply extensive cultivation, plant large diameter timber forest which increases the added value for Vinafor, diversify a wide range of goods and products, raise export of product made from wood from a FSC and FSC – CoC certified forests which contributes to an increase in the total national export turnover.

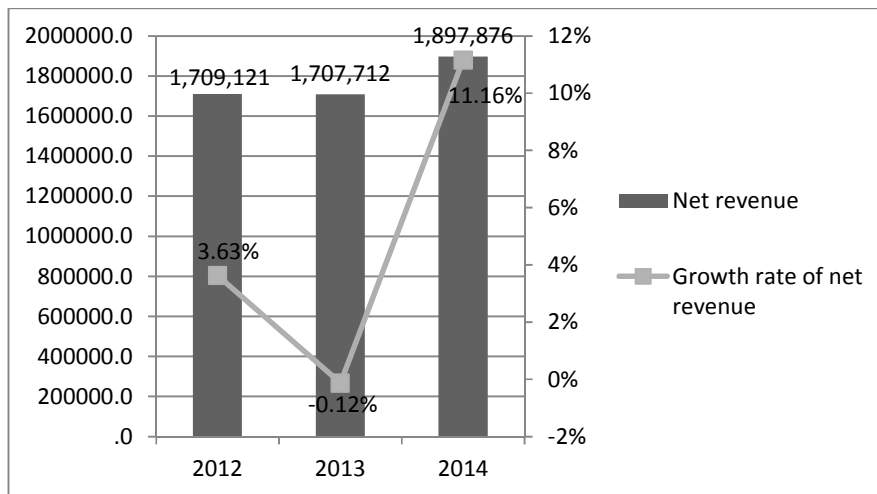
Vinafor will reinforce joint ventures and associates with foreign partners to produce and export wooden products. Wood raw material is sourced from forest planting companies of Vinafor which contributes to create more jobs for employees and to local economic development, especially in rural areas in line with socio-economic stability policies set forth by the Socialist Party, the Government and the Ministry of Agriculture and Rural Development.

4.5. Business operations of the Group in the period of 2012 – 2014

(* Note: consolidated data and figures in this section still comprises data on Soc Trang Forestry One member Ltd. Company (to date Vinafor handed over the status quo of this company to the People’s Committee of Soc Trang Province), data on companies from which Vinafor divest in 2015 and does not comprise data on Loc Binh Forestry One member Ltd. Company and Dinh Lap Forestry One member Ltd. Company (to date these two companies are handed over to Vinafor).

4.5.1. Size and growth rate of net revenue

Figure 2: Size and growth rate of net revenue of the group of Vinafor



Source: Audited consolidated financial statement 2012, 2013, 2014 of Vinafor

Net revenue of the Group increased slightly with the annual growth rate of 4.89% in the period of 2012 - 2014. The annual growth rate of net revenue decreased slightly in 2013 and then reach two digit number, equivalent to 11.16% in 2014.

4.5.2. Net revenue breakdown

Net revenue of the Group comes from: (i) goods sale (ii) services offering (iii) trading of investment property (iv) revenue from construction contracts và (v) other business activities. The breakdown of the Group prior to equitization is presented in the following table:

Table 20: The breakdown of net revenue of the Group prior to equitization in the period of 2012 – 2014

Unit: million VND

No.	Year Revenue	Year end 2012		Year end 2013		Year end 2014	
		Value	%	Value	%	Value	%
1	Revenue from goods sale	1,667,146	97.55	1,598,067	93.62	1,792,800	94.46
2	Revenue from providing services	-	-	93,552	5.48	90,653	4.78
3	Revenue from trading investment properties	-	-	1,616	0.09	1,850	0.10
4	Revenue from construction contracts	38,664	2.26	7,480	0.40	9,913	0.52
6	Revenue from other business activities	3,311	0.19	6,297	0.37	2,660	0.14
	Total	1,709,121	100	1,707,296	100	1,897,876	100

Source: Consolidated financial statement 2012, 2013, 2014 of Vinafor

Table 21: The breakdown of total revenue of the Group prior to equitization in the period of 2012 – 2014

No.	Year Revenue	Year end 2012		Year end 2013		Year end 2014	
		Value	%	Value	%	Value	%
1	Net revenue	1,709,121	83.12	1,707,012	85.47	1,897,876	86.69
2	Financial income	303,497	14.76	264,459	13.24	235,564	10.76
3	Other income	43,531	2.12	25,680	1.29	55,862	2.55
	Total	2,056,149	100	1,997,151	100	2,189,302	100

Source: Consolidated financial statement 2012, 2013, 2014 of Vinafor

As can be seen from the table above, revenue from goods sale accounted for the largest proportion with around 93.6 – 97.5% of total net revenue in the period of 2012 - 2014. Making the second largest proportion of total net revenue is from providing services, ranging within 4 – 5.5% of total net revenue. Revenue from other business activities only accounted for a very modest proportion.

4.5.3. Operating Cost structure

Operating Costs of the Group incurs include: (i) cost of goods sold (ii) financial expense (iii) selling expense (iv) administrative expense and (v) other expenses. Cost structure of the Group prior to equitization is presented in the following table:

Table 22: Cost structure of the Group in the period of 2012 – 2014

Unit: million VND

No.	Year Cost	Year end 2012		Year end 2013		Year end 2014	
		Value	% of total revenue	Value	% of total revenue	Value	% of total revenue
1	Cost of goods sold	1,488,347	72.39	1,507,816	75.50	1,671,728	76.36
2	Financial expense	21,896	1.06	21,203	1.06	28,042	1.28
3	Selling expense	57,600	2.80	66,397	3.32	77,007	3.52
4	Administrative expense	171,121	8.32	176,082	8.82	164,480	7.51
5	Other expenses	15,942	0.78	16,307	0.82	91,334	4.17
	Total	1,754,906	85.35	1,787,805	89.52	2,032,591	92.84

Source: Consolidated financial statement 2012, 2013, 2014 of Vinafor

4.5.4. Indicators reflecting operating and business performance of the Group

Table 23: Indicators reflecting operating and business performance of the Group in the period of 2012 – 2014

Unit: million VND

No.	Indicator	Year end 2012	Year end 2013	Year end 2014
1	Total assets	4,092,277	4,215,666	4,180,215
2	Equity (*)	3,203,897	3,399,791	3,353,588
3	Short-term liabilities	574,660	540,508	649,098
	<i>Of which: Short-term loans</i>	189,322	186,538	270,659

No.	Indicator	Year end 2012	Year end 2013	Year end 2014
	<i>Of which: Overdue loans</i>	-	-	-
4	Long-term liabilities	230,106	188,506	111,977
	<i>Of which: Long-term loans</i>	215,741	172,937	93,664
	<i>Of which: Overdue loans</i>	-	-	-
5	Total number of employees *	1,254	1,223	1,133
6	Average salary (million VND per person per month) *	5.301	6.226	6.951
7	Total revenue	2,056,149	1,997,151	2,189,302
8	Net revenue	1,709,121	1,707,012	1,897,876
9	Total cost	1,754,906	1,787,805	2,032,591
10	Gross profit	220,774	199,195	226,148
11	Operating profit	273,654	199,972	192,183
12	Other income	27,589	9,373	(35,472)
13	Profit from associates and joint-ventures	76,419	60,972	36,315
14	Net profit before tax	377,663	270,317	193,026
15	Net profit after tax	358,871	257,111	186,806
16	ROE	18.81	12.22	8.61

Source: Vietnam Forest Corporation

Note:() This figure only includes consolidated datas of the parent company and wholly owned subsidiaries of Vinafor*

+ Regarding uncollectible receivables: currently, Vinafor does not have sufficient information on its member company's uncollectible receivables in the period of 2012 - 2014. Therefore, throughout the execution of the IPO, if there are significant changes in their uncollectible receivables, Vinafor will provide additional information timely and adequately.

+ Equity in the above table is an average annual equity which is determined according to Circular No. 127/2014/TT-BTC equal to Charter capital plus the balance of the Investment and Development Fund plus the Basic Construction and Investment..

4.5.5. Key financial ratios

Table 24: Key financial ratios of the Group in the period of 2012 – 2014

No.	Ratio	Unit	2012	2013	2014
I	Liquidity ratios				
1	Current ratio	Times	3.43	3.85	3.20
2	Quick ratio	Times	2.61	2.92	2.21
II	Profitability ratios				
1	Gross profit margin	%	12.92	11.67	11.92
2	Operating profit margin	%	16.01	11.71	10.13
3	Profit before tax on equity	%	19.80	12.85	8.90
4	ROE	%	18.81	12.22	8.61
5	ROA	%	8.76	6.10	4.77
III	Growth ratios				
1	Growth in net revenue	%	3.63	(0.12)	11.16
2	Growth in total assets	%	5.08	3.02	(0.87)
IV	Gearing ratios				
1	Debt-to-asset ratio	Times	0.20	0.17	0.18
2	Debt-to-equity ratio	Times	0.25	0.21	0.23
3	Equity-to-asset ratio	Times	0.78	0.81	0.80
4	Short-term liabilities/Liabilities	%	71.41	74.14	85.29
5	Long-term liabilities/Liabilities	%	28.59	25.86	14.71

Source: Vietnam Forest Corporation

Note: Equity in the above table is an average annual equity which is determined according to Circular No. 127/2014/TT-BTC equal to Charter capital plus the balance of the Investment and Development Fund plus the Basic Construction and Investment.

PART IV: POST-EQUITIZATION INVESTMENT PLANS AND DEVELOPMENT STRATEGIES OF VINAFOR

1. GENERAL INFORMATION OF VINAFOR AFTER EQUITIZATION

1.1. General information

Vietnamese name	:	TONG CONG TY LAM NGHIEP VIET NAM – CONG TY CO PHAN
Transaction name	:	TONG CONG TY LAM NGHIEP VIET NAM
Full English name	:	VIETNAM FORESTRY CORPORATION - JOINT STOCK COMPANY
Abbreviated name	:	VINAFOR
Head office	:	No. 127 Lo Duc St, Dong Mac Ward, Hai Ba Trung Dist., Hanoi
Tel	:	(84-4) 36410799
Fax	:	(84-4) 36410800
Website	:	www.vinafor.com.vn/
Logo	:	



1.2. Business activities

a. Main business activities:

- Planting and caring forests;
- Manufacturing agriculture and forestry machinery;
- Planting vegetables, beans, flowers and bonsai;
- Exploiting wood;
- Exploiting other forest products, not including wood;
- Collecting products from forest and other forest products, not including wood;
- Providing forestry services;
- Sawing, shaving and preserving wood;
- Producing plywood, veneer, HDF and other kinds of thin fiberboard;

- Producing wooden products for construction;
 - Producing wood package;
 - Producing other wooden products; producing handicrafts made of bamboo, neohouzeaua and straw;
 - Making beds, wardrobes, tables and chairs;
- b. Business activities related to main business activities:
- Manufacturing motorbikes;
 - Constructing houses in different kinds;
 - Wholesale trading of raw agricultural and forest products (not including wood, bamboo and neohouzeaua) and live animals;
 - Wholesale of other specialized products (Fertilizer and other chemicals used for agriculture);
 - Wholesale of agricultural machinery, equipment and spare parts;
 - Wholesale of other agricultural machinery, equipment and spare parts;
 - Trading of motorbikes;
 - Wholesale of other materials and installations for construction;
 - Wholesale of metals and metal ores (not including uranium and thorium ores);
 - Miscellaneous wholesale trading (not including pharmaceutical products and products banned by the state);
 - Trading real estates, land use rights belonged to owner, user or rented;
 - Providing storage and warehousing services;
 - Providing the short-term accommodation services (hotel services);
 - Travel agent;
 - Providing travel tours;
 - Providing supporting services for advertising and holding travel tours;
 - Supplying and managing labor force;
 - Operating centres, counseling agencies for employment;
 - Vocational education;
 - Providing supporting services for education;
 - Providing nurturing and nursing home;
 - Other business activities in accordance with legislation and applicable regulations.

1.3. Post-equitization organizational structure

1.3.1. Organizational structure

The post-equitization organizational structure of Vinafor will be established on the basis of strengthening the organization structure of the parent company – Vinafor and reorganizing units in the parent company – subsidiaries conglomerate. The organizational structure of Vinafor will be established as follows:

- Employ the corporate governance model in the form of large-scale public joint stock company in line with Vinafor’s development strategies;
- The organizational structure must be attached to Vinafor’s objective which is operating effectively and efficiently, strengthening risk control and management, together with strengthening the link between Vinafor’s members in order to create a complete product chain which is ”from plantation to product”;
- The organizational structure will be decentralised according to specialized function and there will be clear assignment of responsibilities and tasks to each functional department and division. The centralised organizational structure will be a foundation for operating efficiently and minimize operating costs. Specialized departments and divisions actively coordinate and deal with assigned tasks together to maximize Vinafor’ overall effectiveness;
- Ensure the balance between rights and responsibilities of Vinafor’s members;
- Ensure a flexible organizational structure to accommodate to changes in external business environment. Internal operating procedures should be systematic in order to respond quickly with contingencies and to accommodate to changes in operation of the Company;
- Restructure capital contribution to its subsidiaries and associates to enhance the effectiveness of business and production of the Group and avoid internal competitions.

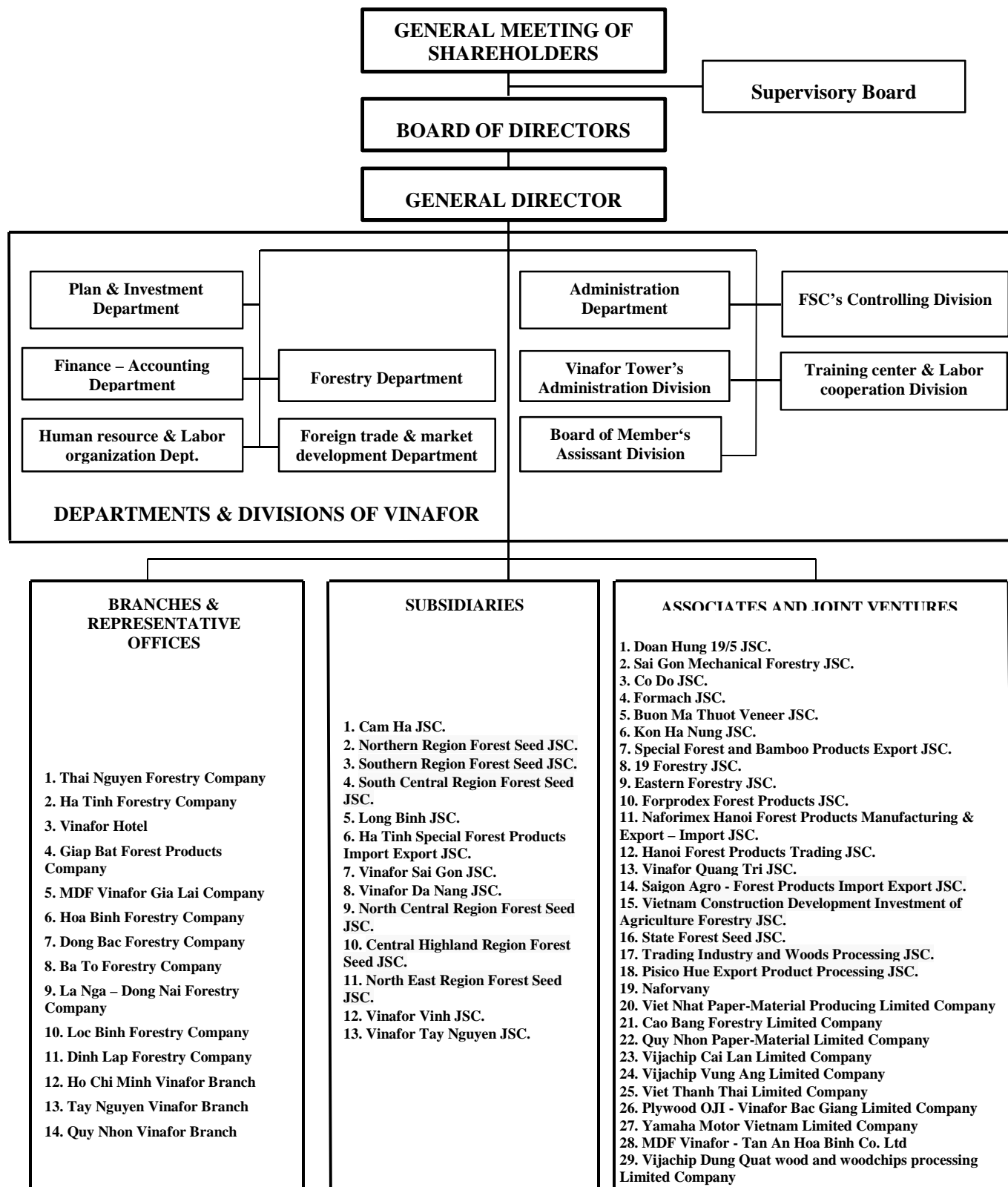
The expected management and organizational structure of Vinafor after transforming into a joint stock company comprises:

- General Meeting of Shareholders
- Board of Directors: expected to be 05 - 07 members. The number of members of the Board of Directors is determined by the General Meeting of Shareholders in line with temporary requirements in each period.
- Supervisory Board: expected to be 05 members who are elected by the General Meeting of Shareholders.
- General Director: is a legal representative of Vinafor. The General Director is appointed by the Board of Directors and may be one of The Board of Directors or not.

- Assisting system of the General Director: are the Deputy General Directors, the Chief Accountant, specialized departments and divisions of the head office who advise and assist the General Director in management and execution. Based on actual situation, essentially Vinafor is anticipated to unchange structure of specialized departments and divisions prior to equitization except that the Financial Investment Department and the Plan & Investment Department are merged into one (the Plan & Investment Department have functions and tasks of the Financial Investment Department prior to equitization besides its function).
- Branches and office representatives; subsidiaries, associates and joint ventures.

The post-equitization management and organizational structure of Vinafor is presented as follows:

Figure 3: The post-equitization management and organizational structure of Vinafor



1.3.2. Ownership structure

In order to strengthen capital management and use of Vinafor in the post-equitization period and enhance capabilities of business and production, establish closely the link between its members to create product chain with high added value; with the aim of “From plantations to product”, unify management of tree seedlings, plantation, wood and timber eplotation and processsing to serve domestic market and export; Vinafor will reorganize 06 wholly owned subsidiaries which are forestry companies into branches of the parent company – Vinafor in the post-equitization period, namely:

- Loc Binh Forestry Company
- Dinh Lap Forestry Company
- Dong Bac Forestry Company
- Hoa Binh Forestry Company
- Ba To Forestry Company
- La Nga – Dong Nai Forestry Company

The parent company - Vinafor will comprise 11 branches, 03 representative offices, 13 subsidiaries, 18 associates and 11 joint ventures in the post-equitization period, namely:

Table 23: List of Branches, Representative Offices, Subsidiaries, Associates, Joint Ventures of Vinafor in the post-equitization period

No.	Branches and Representative Offices
1	Thai Nguyen Forestry Company
2	Ha Tinh Forestry Company
3	Vinafor Hotel
4	Giap Bat Forest Products Company
5	MDF Vinafor Gia Lai Company
6	Ba To Forestry Company
7	Hoa Binh Forestry Company
8	La Nga – Dong Nai Forestry Company
9	Dinh Lap Forestry Company
10	Dong Bac Forestry Company
11	Loc Binh Forestry Company
12	Ho Chi Minh Vinafor Branch
13	Tay Nguyen Vinafor Branch
14	Quy Nhon Vinafor Branch

No.	Subsidiaries
1	Cam Ha JSC.
2	Northern Region Forest Seed JSC.
3	Southern Region Forest Seed JSC.
4	South Central Region Forest Seed JSC.
5	Long Binh JSC.
6	Ha Tinh Special Forest Products Import Export JSC.
7	Vinafor Sai Gon JSC.
8	Vinafor Da Nang JSC.
9	North Central Region Forest Seed JSC.
10	Central Highland Region Forest Seed JSC.
11	North East Region Forest Seed JSC.
12	Vinafor Vinh JSC.
13	Vinafor Tay Nguyen JSC.
No.	Associates
1	Doan Hung 19/5 JSC.
2	Sai Gon Mechanical Forestry JSC.
3	Co Do JSC.
4	Formach JSC.
5	Buon Ma Thuot Veneer JSC.
6	Kon Ha Nung JSC.
7	Special Forest and Bamboo Products Export JSC.
8	19 Forestry JSC.
9	Eastern Forestry JSC.
10	Forprodex Forest Products JSC.
11	Naforimex Hanoi Forest Products Manufacturing & Export – Import JSC.
12	Hanoi Forest Products Trading JSC.
13	Vinafor Quang Tri JSC.
14	Saigon Agro – Forest Products Import Export JSC.
15	Vietnam Construction Development Investment of Agriculture Forestry JSC.
16	State Forest Seed JSC.
17	Trading Industry and Woods Processing JSC.

18	Pisico Hue Export Product Processing JSC.
No.	Joint Ventures
1	Naforvany
2	Viet Nhat Paper-Material Producing Ltd. Company
3	Cao Bang Forestry Ltd. Company
4	Quy Nhon Paper-Material Ltd. Company
5	Vijachip Cai Lan Ltd. Company
6	Vijachip Vung Ang Ltd. Company
7	Viet Thanh Thai Ltd. Company
8	Plywood OJI - Vinafor Bac Giang Ltd. Company
9	YAMAHA MOTOR Vietnam Ltd. Company
10	MDF Vinafor - Tan An Hoa Binh Ltd. Company
11	Vijachip Dung Quat Wood and Woodchips processing Ltd. Company

Source: Vietnam Forest Corporation

2. CHARTER CAPITAL AND CHARTER CAPITAL STRUCTURE

2.1. Charter capital

According to Decision No. 215/Q -TTg dated 03/02/2016 of the Prime Minister of Vietnam on approval of the equitization plan of the parent company in the Vietnam Forest Corporation, the post-equitization charter capital of Vinafor is as follows:

- Charter capital: 3,500,000,000,000 VND (Three thousand and five hundred billion VND)
- Par value per share: 10,000 VND (Ten thousand VND)
- Number of shares: 350,000,000 shares (Three hundred and fifty million shares)

2.2. Charter capital structure

According to Decision No. 215/Q -TTg dated 03/02/2016 of the Prime Minister of Vietnam on approval of the equitization plan of the parent company in the Vietnam Forest Corporation, charter capital structure based on shares owned by shareholders is expected as follows:

Table 25: Expected post-equitization charter capital structure

No.	Shareholder	Number of shares	Par value (VND)	Shareholding
1	The State (the Ministry of Agriculture and Rural Development is an owner's representative)	178,500,000	1,785,000,000,000	51%

2	Public investors	24,342,700	243,427,000,000	6.955%
3	Strategic investors	140,000,000	1,400,000,000,000	40%
4	Employees	2,369,900	23,699,000,000	0.68%
4.1	Employees who purchase shares at preferential price based on number of working years for the State (100 shares per year)	1,396,700	13,967,000,000	0.40%
4.2	Qualified employees who purchase shares at preferential price based on the number of years they commit to work for Vinafor (200 shares per year)	973,200	9,732,000,000	0.28%
4.3	Employees who are expert (shares per year)	0	0	0.00%
5	Labors with long term land assignment contract (According to Circular No. 51/2015/TT-BTC)	4,627,400	46,274,000,000	1.32%
6	Labor Union	160,000	1,600,000,000	0.045%
	Total	350,000,000	3,500,000,000,000	100%

3. POST-EQUITIZATION INVESTMENT PLANS AND DEVELOPMENT STRATEGIES OF VINAFOR

3.1. Post-equitization development strategies

3.1.1. Development strategies regarding forestry activities

- Develop the raw material areas in line with investing in wood processing plants and resin processing plants.
- Strengthen forest planting to improve effectiveness of use of lands leased or assigned by the State.
- Cooperate, associate and form joint ventures with landowners to expand the area of land for planting forest.
- Strengthen application of the scientific and technological advances, especially in tree seedlings. From 2016 onwards, Vinafor will plant eucalyptus and acacia totally via cell tissue cultures in the state forest. As well as this, Vinafor will select new kinds of tree seedlings and tree species to be planted to enhance the productivity and quality of forest.
- Extend the business cycle to plant and trade large diameter timber.

- Maintain and strengthen forest management in accordance with FSC standards and apply digital technology in management, such as apply digital maps to the management of forest and forest land.
- Promote the construction of artificial board processing plants equipped with modern technology in all 3 regions in Vietnam to produce high quality products for domestic market and export.

3.1.2. Development strategies regarding joint ventures and associates

- Focus on developing its existing joint ventures and strengthen and give priority to expand international cooperative relationships.
- Focus on seeking for new partnerships establish new effective joint ventures and develop new products; focus on promoting marketing activities.

3.1.3. Development strategies regarding wood processing activities

- Develop wood processing activities from planted forest, especially from wood raw material source from forest planted by forestry companies of Vinafor.
- Develop artificial boards including: MDF, HDF, Plywood, finger-jointed board ...
- Focus on trade promotion and market research, thoroughly exploit traditional export markets as well as developing new markets.
- Formulate and promote the implementation of projects on producing interior and exterior wooden products to serve domestic demands.
- Gradually invest in modern equipments and technology to produce high quality products effectively in order to enhance competitiveness in both domestic and international markets.

3.1.4. Development strategies regarding trading and providing services

- Strengthen and expand trading activities and services providing of the parent company - Vinafor to ensure business effectiveness and fully exploit existing accessible resources.
- Expand the market for export and import trading, diversify products to meet consumer needs.

3.2. Post-equitization land use plans

All post-equitization land use plans of Vinafor for lands under the management of Vinafor in 12 cities and provinces are approved in writing by the People's Committee. Of which:

3.2.1. Post-equitization land area under management

The expected total area of land for trading and production under the management of Vinafor is around 434,495,630 m² (43,449.56 ha) stretching over 12 provinces and cities, of which:

- Agriculture land : 434,007,676 m² (43,400.76 ha).

- Non - Agriculture land : 487,954 m².

(Note: area of agricultural land is printed in m² and is rounding in ha)

3.2.1.1. Lands in Hanoi

- Land in No. 127 Lo Duc St, Dong Mac Ward, Hai Ba Trung Dist., Hanoi
 - Total area: 3,640 m².
Of which: total area of non-agricultural land: 3,640 m²; total area of agricultural land: 0 m².
 - Form of land use: leased land with annual rent payment.
 - Land use purpose: For working office and for lease.
- Land in Km 11.5 Ngoc Hoi Road, Van Dien Town, Thanh Tri Dist., Hanoi:
 - Total area: 2,400 m².
Of which: total area of non-agricultural land: 2,400 m²; total area of agricultural land: 0 m².
 - Form of land use: leased land with annual rent payment.
 - Land use purpose: For working offices, vocational education and training center for labors.
- Land in No. 32 Dai Tu St, Dai Kim Ward, Hoang Mai Dist, Hanoi:
 - Total area: 38,609 m².
Of which: total area of non-agricultural land: 38,609 m²; total area of agricultural land: 0 m².
 - Form of land use: leased land with annual rent payment.
 - Land use purpose: For production, business establishments and warehouse. Vinafor will continue considering implementing the project of constructing the complex of trade center, office building and multi-apartment named “ECO LAKE VIEW” with Song Da 1.01 JSC. and Ecoland JSC. after the plan at the scale of 1:500 and investment of this project is approved by the People’s Committee of Hanoi.
- Land in No. 67 Ngo Thi Nham St, Hai Ba Trung Dist, Hanoi:
 - 343 m² of floor space at the first floor of the 3-storey building is Vinafor’s asset located in 343 m² of land in the land plot with the area of 1,795.8 m² in No. 67 Ngo Thi Nham St, Hai Ba Trung Dist, Hanoi.
 - Form of land use: common use (Vinafor and Hanoi Forest Products Trading JSC. have assets on this land in common; Certificate of land use right of land in No. 67 Ngo Thi Nham St. is belonged to Hanoi Forest Products Trading JSC. According to asset receipt

and delivery records, records determining division and consensus on rights to manage and use the building in No. 67 Ngo Thi Nham, plans of assigning land lease cost and non-agricultural land use tax between Vinafor and Hanoi Forest Products Trading JSC., every year, since 1999, Vinafor pays land lease, land use taxes related to 343 m² of floorspace on the first floor of the 3-storey building for Hanoi Forest Products Trading JSC. to the National budget).

- Currently, 343 m² of floor space at the first floor of the 3-storey building belonged to Vinafor in No. 67 Ngo Thi Nham St, Hai Ba Trung Dist, Hanoi is under dispute with Hanoi Forest Products Trading JSC.
- After equitization, Vinafor will deal with related regulatory bodies of Hanoi to amend the certificate of land use right of this asset according to the request of the Ministry of Finance under Dispatch No. 13531/BTC-QLCS dated 25/09/2014.
- Land in No. 55 Road 430, Van Phuc Ward, Ha Dong Dist., Hanoi:
- Total area: 4,557.30 m².

Of which:

- + 2,187.0 m² of land is used for constructing the complex of Vinafor multi-functional building and high-quality apartment. Form of land use: assigned long term levy liable land.
- + 1,577.9 m² of land is used for yards, gardens, internal roads and basements. Form of land use: assigned levy liable land. The term of land use is 50 years commencing from 19/12/2012.
- + 792.4 m² of land which is roads and pavements lies within the red line boundary. After completing the complex, this land will be returned to the specialized agencies for common use.
- Land use purpose: Vinafor are cooperating with Song Da 1.01 JSC. under investment cooperation agreement to construct the complex of multi-functional building complex and high quality apartment VINAFOR Ha Dong. Under this agreement, Vinafor will get around 3,100 m² of complete floorspace

3.2.1.2. Lands in Hai Phong City

- Land in Van Son Ward, Do Son Dist., Hai Phong City

- Total area: 10,356 m²

Of which: total area of non-agricultural land: 10,356 m²; total area of agricultural land: 0 m².

- Form of land use: leased land with annual rent payment.
- Land use purpose:

- + 7,913 m² of land is used for constructing hotel.
- + 2,443 m² of land is used for planting trees to serve hotel services.

3.2.1.3. Lands in Binh Dinh Province

- Land in No. 05 - 07 Dong Da St, Quy Nhon City, Binh Dinh Province:
 - Total area: 657.3 m²
Of which: total area of non-agricultural land: 657.3 m²; total area of agricultural land: 0 m².
 - Form of land use: Assigned levy liable land.
 - Land use purpose: for constructing representative office, office building for lease and showroom.
 - Term of land use: 50 years commencing from 18/09/2012 to 18/09/2062.

3.2.1.4. Lands in Ho Chi Minh City

- Land in No. 169 Vo Thi Sau St, Ward 7, Dist. 3, HCMC
 - Total area: 126 m²
Of which: total area of non-agricultural land: 126 m²; total area of agricultural land: 0 m².
 - Form of land use: Assigned levy liable land.
 - Land use purpose: for transaction office and for lease.
- Land in No. 05 Thanh Thai St, Ward 14, Dist. 10, HCMC:
 - Total area: 1,633.20 m²
Of which: total area of non-agricultural land: 1,633.20 m²; total area of agricultural land: 0 m².
 - Form of land use: Assigned levy liable land.
 - Land use purpose: for constructing building and trade center. Vinafor signed the cooperation agreement with Van Nien Construction and Service JSC. to implement the project of constructing and trading high-quality office buildings and trade center. The cooperation takes the form of capital contribution to establish new legal entity (Viet Thanh Thai Ltd. Company).

3.2.1.5. Lands in Gia Lai Province

- Land in No. 13 Phan Boi Chau Road, Hoi Thuong Ward, Pleiku City, Gia Lai Province
 - Total area: 535.78 m²
Of which: total area of non-agricultural land: 535.78 m²; total area of agricultural land: 0 m².

- Form of land use: leased land with annual rent payment
- Land use purpose: for business and production and for leasing office.
- Land under the management of MDF Vinafor Gia Lai Company:
 - Total area: 36,019,162.3 m² (3,601.91 ha).
Of which: total area of non-agricultural land: 128,340.3 m²; total area of agricultural land: 35,890,822 m² (3,589.08 ha).
 - Form of land use: leased land with annual rent payment.
 - Land use purpose: For forestry production and working office and for production and business establishments.

3.2.1.6. Lands in Ha Tinh Province

- Land under the management of Ha Tinh Forestry Company
 - Total area: 6,422,614.12 m² (642.26 ha).
Of which: total area of non-agricultural land: 414.12 m²; total area of agricultural land: 6,422,200 m² (642.22 ha)
 - * Regarding non-agricultural land (414.12 m²)
 - Form of land use: transferred land
 - Land use purpose: for working office
 - Term of land use: stable long-term.
 - * Regarding agricultural land (6.422.200 m²)
 - Form of land use:
 - + Leased land with annual rent payment: 4,863,200 m²
 - + Assigned levy free land: 1,559,000 m².
 - Land use purpose: for forestry production.

3.2.1.7. Lands in Thai Nguyen Province

- Land under the management of Thai Nguyen Forestry Company:
 - Total area: 41,652,591 m² (4,165.25 ha).
Of which: total area of non-agricultural land: 16.915 m²; total area of agricultural land: 41,635,676 m² (4,163.56 ha).
 - Form of land use: Leased land with annual rent payment.
 - Land use purpose: for forestry production, working office and nursery.

3.2.1.8. Lands in Hoa Binh Province

- Land under the management of Hoa Binh Forestry Company:
 - Total area: 83,497,300 m² (8,349.73 ha).
Of which: total area of non-agricultural land: 79,500 m²; total area of agricultural land: 83,417,800 m² (8,341.78 ha).
 - Form of land use: Leased land with annual rent payment.
 - Land use purpose: for forestry production, working office and nursery, business establishments.

3.2.1.9. Lands in Quang Ngai Province

- Land under the management of Ba To Forestry Company:
 - Total area: 29,949,012 m² (2,994.9 ha).
Of which: total area of non-agricultural land: 10,087 m²; total area of agricultural land: 29,938,925 m² (2,993.89 ha).
 - Form of land use: Leased land with annual rent payment.
 - Land use purpose: for forestry production, working office and nursery, business establishments

3.2.1.10. Lands in Dong Nai Province

- Land under the management of La Nga – Dong Nai Forestry Company:
 - Total area: 87,581,394 m² (8,758.13 ha).
Of which: total area of non-agricultural land: 108,678.5 m²; total area of agricultural land: 87,472,715.5 m² (8,747.27 ha).
 - Form of land use: Leased land with annual rent payment.
 - Land use purpose: for forestry production, working office and nursery, business establishments.

3.2.1.11. Lands in Bac Giang Province

- Land under the management of Dong Bac Forestry Company:
 - Total area: 15,000,000 m² (1,500 ha).
Of which: total area of non-agricultural land: 17,962 m²; total area of agricultural land: 14,982,038 m² (1,498.20 ha).
 - Form of land use: Leased land with annual rent payment.
 - Land use purpose: for forestry production, working office and nursery, business establishments

3.2.1.12. Lands in Lang Son Province

- Land under the management of Dong Bac Forestry Company:
 - Total area: 39,996,200 m² (3,999.62 ha).
Of which: total area of non-agricultural land: 16,200 m²; total area of agricultural land: 39,980,000 m² (3,998 ha).
 - Form of land use: Leased land with annual rent payment
 - Land use purpose: for forestry production, working office and nursery, business establishments
- Land under the management of Loc Binh Forestry Company:
 - Total area: 39,690,600 m² (3,969.06 ha).
Of which: total area of non-agricultural land: 6,600 m²; total area of agricultural land: 39,684,000 m² (3,968.4 ha).
 - Form of land use: Leased land with annual rent payment.
 - Land use purpose: for forestry production, working office and nursery.
- Land under the management of Dinh Lap Forestry Company:
 - Total area: 54,623,900 m² (5,462.39 ha).
Of which: total area of non-agricultural land: 40,400 m²; total area of agricultural land: 54,583,500 m² (5,458.35 ha).
 - Form of land use:
 - + Leased land with annual rent payment: 54,621,169 m².
 - + Assigned levy liable land: 1,915 m² (land in Khon Phat Hamlet, Mai Pha Commune - Lang Son City).
 - + Transferred land: 816 m² (land in Khau Vuong Hamlet - Dinh Lap Commune - Dinh Lap Dist - Lang Son Province).
 - Land use purpose: for forestry production, working office and nursery, business establishments

Note: Dinh Lap Forestry One member Ltd. Company paid land use tax for 1,915 m² of land under its management due to change in land use purpose and this tax was accounted into enterprise value of Vinafor to be equitized. However, according to Dispatch No. 1139/UBND-KTN dated 06/11/2015 of the People's Committee of Lang Son Province on approval of post-equitization land use plan of Dinh Lap Forestry One member Ltd. Company, form of land use of this land after equitization is leased land with annual rent payment. Therefore, Vinafor are dealing with related regulatory bodies of Lang Son Province to change form of land use of this land.

❖ ***Classification of agriculture land (43,400.76 ha):***

- Production forest land: 39,545.35 ha, including:
 - Land with forest: 25,288.59 ha (the State forest land: 11,185.01 ha; associated land: 14,103.58 ha).
 - Land for breeding and biodiversity conservation to serve FSC: 179.55 ha.
 - Plantable land: 4,511.20 ha.
 - Long term assigned land: 5,512.39 ha.
 - Unplantable land (river, spring, slit, slot, upland, forestry road): 2,951.92 ha.
 - Land transgressed by local residents: 1,101.7 ha.
- Land with natural forest : 2,176.90 ha.
- Land with protection forest : 1,678.52 ha.

3.2.2. Total land area returned to the local council

Total land area returned to the local council is expected to be 489,339,539.9 m², including: non-agriculture land is 1,428,169.9 m²; agriculture land is 487,911,370 m² (48,791.13 ha).

Lands returned to the local council are lands overlapping farmers' fields, incolletible lands which the local residents has transgressed for many years, river, spring, pond, lake, road; natural forest and other kind of lands which are not able to used for forestry trading and production.

❖ ***Classification of agriculture land returned to the local council (48,791.13 ha)***

- Land with production forest: 48,182.35 ha (14,545.39 ha of which is land with natural forest).
- Land with protection forest: 0 ha.
- Land with special use forest: 0 ha.
- Other agriculture land (including road for forestry production and transportation, river, spring and upland mixed forest): 608.78 ha.

Table 26: Summary of the total area of lands of forestry companies of Vinafor returned to the local council after equitization

Unit: m²

No.	Land	Total	La Nga – Dong Nai forestry company	Dong Bac forestry company	Hoa Binh forestry company	Ba To forestry company	Ha Tinh forestry company	Thai Nguyen forestry company	MDF Vinafor Gia Lai company	Dinh L p forestry company	Loc Binh forestry company
I	Agriculture land	487,911,370.0	105,232,906.0	93,378,064.0	31,608,300.0	39,018,533.0	1,665,400.0	103,403,800.0	50,416,567.0	33,236,800.0	29,951,000.0
1	Land with planted forest	336,369,687.0	17,391,642.6	93,318,336.0	21,363,600.0	12,918,174.0	1,665,400.0	86,619,500.0	50,416,567.0	28,554,762.0	24,121,705.4
2	Land with natural forest	145,453,826.4	87,841,263.4	-	10,244,700.0	26,100,359.0	-	16,784,300.0	-	4,483,204.0	-
3	Other kind of agriculture land	6,087,856.6	-	59,728.0	-	-	-	-	-	198,834.0	5,829,294.6
II	Non-agriculture land	1,428,169.9	1,338,423.0	16,271.0	25,740.9	-	-	30,177.0	3,358.0	13,700.0	500.0
1	Non-agriculture land	1,402,829.0	1,338,423.0	16,271.0	400.0	-	-	30,177.0	3,358.0	13,700.0	500.0
2	Other kind of non-agriculture land	25,340.9	-	-	25,340.9	-	-	-	-	-	-
Total land area returned to the local council (I + II)		489,339,539.9	106,571,329.0	93,394,335.0	31,634,040.9	39,018,533.0	1,665,400.0	103,433,977.0	50,419,925.0	33,250,500.0	29,951,500.0

Source: Vietnam Forest Corporation

Table 27: Summary of the total area of lands remain under the management of forestry companies of Vinafor after equitization

Unit: m²

No.	Land	Total	La Nga – Dong Nai forestry company	Dong Bac forestry company	Hoa Binh forestry company	Ba To forestry company	Ha Tinh forestry company	Thai Nguyen forestry company	MDF Vinafor Gia Lai company	Dinh Lap forestry company	Loc Binh forestry company
A	Total land area remains under management	434,432,773.42	87,581,394.0	54,996,200	83,497,300	29,949,012	6,422,614.12	41,652,591	36,019,162.3	54,623,900	39,690,600
1	Agriculture land	434,007,676.50	87,472,715.5	54,962,038	83,417,800	29,938,925	6,422,200.00	41,635,676	35,890,822.0	54,583,500	39,684,000
2	Non-agriculture land	425,096.92	108,678.5	34,162	79,500	10,087	414.12	16,915	128,340.3	40,400	6,600
B	Total area of agriculture land	434,007,676.50	87,472,715.5	54,962,038	83,417,800	29,938,925	6,422,200.00	41,635,676	35,890,822.0	54,583,500	39,684,000
1	Land with product forest	387,703,282.70	73,478,748.7	54,878,703	80,626,600	29,917,424	6,377,200.00	39,051,885	35,890,822.0	27,797,900	39,684,000
1.1	Land with forest planted by Vinafor	252,885,865.70	54,699,071.7	25,128,700	39,273,900	26,992,526	3,105,800.00	19,137,687	34,095,281.0	27,797,900	22,655,000
1.2	Land with forest planted by other individuals and organizations	56,233,467.00	-	19,260,623	9,304,600	-	-	19,914,198	-	-	7,754,046
1.3	Land without forest	55,019,362.90	8,195,128.9	10,489,380	25,347,500	-	1,712,400.00	-	-	-	9,274,954
1.4	Land for breeding and biodiversity conservation to meet	1,795,541.00	-	-	-	-	-	-	1,795,541.0	-	-

	FSC										
1.5	Land with natural forest	21,769,046.10	10,584,548.1	-	6,700,600	2,924,898	1,559,000.00	-	-	-	-
2	Land with protection forest	16,785,166.80	13,993,966.8	-	2,791,200	-	-	-	-	-	-
2.1	Land with protection forest of Vinafor	9,854,988.00	9,854,988.0	-				-			
2.2	Land with protection forest of other individuals and organizations	-									
2.3	Land without forest	2,621,949.10	2,621,949.1								
2.4	Land with natural forest	4,308,229.70	1,517,029.7		2,791,200			-			
3	Other kind of agriculture land	29,519,227.00	-	83,335	-	21,501	45,000.00	2,583,791	-	26,785,600	-
C	Total area of non-agriculture land	425,096.92	108,678.5	34,162	79,500	10,087	414.12	16,915	128,340.3	40,400	6,600
1	Non-agriculture land	424,429,92	108,678,5	33,495	79,500	10,087	414.12	16,915	128,340.3	40,400	6,600
2	Other kind of non-agriculture land	667.00	-	667	-	-	-	-	-	-	-

Source: Vietnam Forest Corporation

3.3. *Investment and development activities within 03 years after equitization*

Post-equitization investment and development plans of Vinafor focus on following plans:

3.3.1. *Focus on completing ongoing projects*

- ***The investment project of constructing the representative office building of Vinafor in No. 05 - 07 Dong Da St, Quy Nhon City, Binh Dinh Province:*** Total investment value is approximately 34.26 billion VND. The project is expected to be completed in later 2016. The size of building is: 08 storeys + 01 basement, total floorspace area is 3,090 m². The building is used as the representative office, showroom and office for lease.
- ***The investment project of constructing the outdoor lift system of Vinafor building in No. 127 Lo Duc St, Dong Mac Ward, Hai Ba Trung Dist., Hanoi:*** Total investment value is approximately 14.29 billion VND. The project is expected to be completed in the second Quarter of 2016.
- ***The investment project of constructing, exploiting and trading the complex of the multifunctional building and high quality apartment in No. 55 Road 430 - Van Phuc - Ha Dong - Ha Noi:*** Total investment value is around 998 billion VND. The project's owner is Vinafor and Song Da 1.01 JSC. Vinafor contribute capital in the form of value of land use right and will get 3,100 m² of floorspace after the project is completed. The project is expected to be completed in the fourth Quarter of 2017.
- ***The project of repairing and overhauling the crusher, the project of investing in latex splitting machines and the project of replacing boilers for assembly lines of production of MDF of MDF Vinafor Gia Lai Company:*** Total investment value is approximately 49.1 billion VND. The projects are expected to be completed and put into use in the third Quarter of 2016.
- ***The project of overhauling and upgrading the Vinafor Hotel in Do Son - Hai Phong:*** Total investment value is around 15 billion VND. The project is expected to be completed and put into use in the second Quarter of 2016.
- ***The project of overhauling and upgrading stages of production process of MDF Gia Lai plant.*** The project is expected to be completed in the fourth Quarter of 2016.

3.3.2. *Continue considering investing in new projects in the period of 2016 - 2018*

- Projects regarding processing wood and other products made from planted forest:
 - + The project of constructing the paper pulp processing plant in Quang Ngai Province: Vinafor, together with Sojitz Corporation (Japan) and JK Paper (India) will plan to establish a joint venture specializing in processing paper pulp in Quang Ngai Province. Total investment value is expected to be 156 million USD, equivalent to 3,500 billion VND. Vinafor is expected to contribute 12% of its charter capital (equivalent to 420 billion VND, 294 billion VND of which is financed by equity and the rest is financed

by debts and loans). The plant is expected to produce 150,000 ton of paper pulp per year.

- + The project of expanding the production lines of MDF Gia Lai plant: Total investment value is expected to be 530 billion VND. 70% of which is financed by equity and the rest is financed by commercial loans. Its capacity is expected to be 100,000 m³ of products per year.
- + The projects regarding processing wood and other products made from planted forest such as projects of producing plywood, thin fiber board interior wooden product and producing pine resin.
- + The project of constructing the complex of trade center, office building and apartment named ECO LAKE VIEW in No. 32 Dai Tu St, Dai Kim Ward, Hoang Mai Dist, Hanoi. (already signed the cooperation agreement)

3.4. Capital contribution and divestment plans of Vinafor within 03 years after equitization

3.4.1. Divestment plans of Vinafor within 03 years after equitization

- Pursuant to Decisions of the Ministry of Agriculture and Rural Development, namely Decision No. 2006/Q -BNN- MDN dated 22/08/2012 on approval of the project of restructuring the Vietnam Forest Corporation – One member Ltd. Company; Decision No. 1408/Q -BNN- MDN dated 24/06/2013 on amendment and complement of Article 1 Decision No. 2006/Q -BNN- MDN; Decision No. 2497/Q -BNN- MDN dated 13/12/2013 on approval of the divestment plan of the Vietnam Forest Corporation – One member Ltd. Company; Decision No. 457/Q -BNN-QLDN dated 05/02/2015 on amendment and complement of Article 1 Decision No. 2006/Q -BNN- MDN; Dispatch No. 5521/BNN-QLDN dated 10/07/2015 on divestment of the State in Cao Bang Forestry Ltd. Company; and Decision No. 282/Q -BNN-QLDN dated 22/01/2016 on amendment and complement of Article 1 Decision No. 2006/Q -BNN- MDN.
- Taking its actual situation into account, Vinafor will divest its capital from subsidiaries and associates in the following schedule:

Table 28: Divestment plans of Vinafor

No.	Company name	Charter capital	Current state capital		Divestment plan		Expected execution time	Note
			Book value	% of charter capital	Divestment method	Divestment-to-existing shareholding		
1	Cao Bang Forestry Ltd. Company	15,635,309,260	4,690,798,378	30.00%	Negotiation	100%	Fourth Quarter of 2015	Ongoing
2	MDF Vinafor - Tan An Hoa Binh Ltd. Company	50,000,000,000	24,500,000,000	49.00%	Negotiation	100%	First Quarter of 2016	Ongoing
3	Ha Tinh Special Forest Products Import Export JSC.	2,700,000,000	3,378,665,100	85.00%	Auction	100%	Second Quarter of 2016	
4	Special Forest and Bamboo Products Export JSC.	2,600,000,000	910,000,000	30.00%	Auction	100%	Second Quarter of 2016	
5	Vietnam Construction Development Investment of Agriculture Forestry JSC.	6,036,000,000	920,000,000	17.24%	Auction	100%	Third Quarter of 2016	

Source: Vietnam Forest Corporation

3.4.2. Capital contribution plans of Vinafor within 03 years after equitization

According to the equitization plan, wholly owned subsidiaries are expected to reorganize into the Branches of the parent company of the Vietnam Forest Corporation, therefore all of their capital demands for business and production will be supplied directly by Vinafor based on their plans.

Other companies Vinafor invests in, based on the size of capital demand as well as the business performance, Vinafor will consider investing additional capital, granting loans or guarantee loans in accordance with legislation and applicable regulations.

3.5. Business plans, objectives and solutions
Table 29: Expected business plan in the period of 2016 – 2018

No.	Indicator	Unit	2016	2017	2018
1	Charter capital	Million VND	3,500,000	3,500,000	3,500,000
2	Total revenues and other income	Million VND	3,600,000	4,000,000	4,500,000
3	Forestry plan	ha	28,138	29,671	31,500
3.1	<i>Total area of newly planted forest</i>	<i>ha</i>	4,700	5,150	5,690
3.2	<i>Total area of forest cared in the second and third year</i>	<i>ha</i>	6,100	8,065	9,864
3.3	<i>Total area of forest managed and protected from the fourth year onwards</i>	<i>ha</i>	17,338	16,456	15,946
4	Total costs and expenses	Million VND	3,369,497	3,741,807	4,211,557
5	Net profit before tax	Million VND	230,503	258,193	288,443
6	Net profit after tax	Million VND	212,051	239,063	274,603
7	EPS	VND	606	683	785
8	Dividend	Million VND	95,423 (*)	215,157	247,142
9	Profit allocated to the Investment and Development Fund	Million VND	10.603	11.953	13.730
10	Profit allocated to the Bonus and Welfare Fund	Million VND	10,603	11,953	13,730

11	Dividend-to-charter capital ratio	%	5.5%	6.1%	7.1%
12	Total number of employees	Persons	771	771	771
13	Salary budget	Million VND per year	71,240	78,364	78,364
14	Average income of employee	Thousand VND per month	7,700	8,470	8,470

Source: Vietnam Forest Corporation

Note:

- *Income from dividend paid out by companies Vinafor invests in is corporate tax exempt.*
- *Vinafor will be expect to operate in the form of the joint stock company from 01/07/2016, therefore the distribution of dividend will be expected from the second half of 2016*

3.5.1. Specific objectives

3.5.1.1. Objectives regarding forestry activities

- Regarding the quantity: the average annual area of newly planted forest in the period of 2016 - 2018 will be around 4,700 – 5,690 ha.
- Regarding the business cycle: The total area of newly planted 7-year-cycle forest will account for 30 - 40% of total average annual area of newly planted forests. 60 - 70% of total average annual area of newly planted forests will be above-10-year-cycle forest with large diameter tree.
- From 2016 onwards, eucalyptus and acacia will be entirely planted via cell tissue culture in the state forest.
- The productivity of planted forest will be improved to reach 200 - 250 m³ per ha per cycle.
- Regarding sustainable forest management, Vinafor will maintain and expand the total area of FSC certified forest.
- Information and data on all of forest areas will be collected in order to manage forest with digital and computer based method.

3.5.1.2. Objectives regarding wood processing activities

- Develop and invest in the production of artificial boards (including MDF, plywood and finger joints). The capacity of producing artificial boards of the Group will be 100,000 – 154,000 m³ of products per year in 2020.
- Maintain existing wood producing and processing plants and establish new plants.

3.5.1.3. Objectives regarding wood trading activities

- Maintain and expand the wood imports to meet the demand of processing wood within Vinafor and the outside.
- Expand customer base to enhance revenue and effectiveness in wood trading activities.

3.5.1.4. Objectives regarding financial investments and infrastructure construction and services providing

- Focus on investment activities, expand joint ventures and associations with domestic and foreign partner in forest planting and wood processing activities and actively participate in capital market to raise capital.
- Renovate and create appropriate mechanisms in management of the state capital representatives in companies Vinafor invests in.
- Focus on constructing and completing works in progress to put them into use.

3.5.2. Specific solutions**3.5.2.1. Solutions regarding forestry activities**

- Direct forestry company members to attempt to complete procedures to be issued the certificate of land use right by 2016 and to implement land assignment in accordance with Decree No. 135 of the Government of Vietnam regarding labors assigned the land, mechanisms of land assignment; actively exploit and recoup investments in forests.
- Actively seek and expand new raw material areas for existing wood processing plants and new plants in the future. Formulate investment projects which focus on expanding raw material areas and make forest planting activities attach to wood producing and processing plants.
- Reinforce management and promote applications of scientific and technological advances in production and usage of tree seedlings and apply advanced intensive farming technique to enhance the productivity of planted forests.
- Execute assignment and management appropriately to increase individual and organizational responsibilities in forestry companies for managing and using land and enhancing the productivity of planted forests and improving the living standard of their employees.
- Maintain and expand FSC certified forests of its forestry companies to enhance forest managerial skill in accordance with international regulations on forest planting as well as to enhance the value of planted forests under the management of Vinafor.
- Wood producing and processing units of Vinafor maintain and focus on totally exploiting traditional markets, as well as pay attention to develop new markets and promote activities of producing interior and exterior wooden to meet the domestic demand.

3.5.2.2. Solutions regarding trading and services providing activities

- Strengthen and expand trading and services providing activities, especially trading wood raw material and providing services (office, factory, warehouse leasing services) in its head office to improve business effectiveness. Expand trading markets and diversify products.
- Direct to import wood from Africa and FSC certified wood from South America and other countries to reinforce business effectiveness and meet the demand for wood processing companies within Vinafor and the outside.

3.5.2.3. Solutions regarding financial investment activities

- Actively participate in financial markets to raise capital for business and production. Actively formulate and implement investment and divestment plans regarding its subsidiaries and associates.
- Focus on investment activities and promote to establish associates and joint ventures with domestic and foreign partners effectively and efficiently and strictly not invest in business lines other than its main business lines.
- Strengthen cooperations with its member units to implement plans and projects of producing and planting forest trên nguyên t c b o m an toàn v n, hi u qu và hai bên cùng có l i.

3.5.2.4. Solutions regarding financial accounting

- Control flow of capital actively and timely to ensure sufficient capital for business and production. Plan to support its member units to get loans to deal with financial difficulties in business and production.
- Strengthen supervision and monitoring on the financial position of its subsidiaries according to announced plans or without announcement.

3.5.2.5. Solutions regarding market research activities

- Promote to research and expand markets, including both traditional markets and several new potential markets.
- Assign experts to visit and research foreign markets.
- Formulate plans to coordinate with wood processing companies to improve technology and create new products labeled Vinafor and gradually dominate the domestic market.

3.5.2.6. Solutions regarding basic construction activities

- Based on the level of importance and actual situation of each project, review and cease or extend ineffective ones.
- Speed up the completion of ongoing projects to put them into use, actively research highly effective projects.

- Continue implementing construction projects with partners.

3.5.2.7. *Solutions regarding scientific and technological application and training*

- Focus on selecting appropriate tree seedlings, apply scientific and technological advances to meet the demand for high quality forestry tree seedlings, employ the advanced intensive cultivation technique to enhance the productivity of planted forests and the quality of wood raw material for wood processing industry.
- Planting, exploiting and managing forests must be in accordance with standards set by the FSC.
- Coordinate with wood processing units with advanced technology and make new products.
- Actively set up training and re-training programs for employees and select sufficiently qualified employees to meet both the short-term and long-term demand for human resource.

3.5.2.8. *Solutions regarding legislation compliance and saving policies*

- Strictly Comply with legislation, applicable laws and regulations.
- Comply with regulatory regulations and directive of Vinafor regarding administration cost reduction plans to reduce production costs.

3.5.2.9. *Solutions regarding management and supervision of the state capital representatives*

- Continue reviewing and completing “Regulation on management of capital and Vinafor’s capital representatives in companies it invests in” in accordance with actual situations; strictly comply with this regulation and frequently review and supervise all activities of the representatives.
- Maintain an annual conference for Vinafor’s capital representatives.
- Renovate and make appropriate mechanisms in the management of Vinafor’s capital representatives in companies it contributes capital to.

PART 5: GENERAL INFORMATION ON THE PUBLIC OFFERING

1. RISK FACTORS

Potential investors should consider carefully the following risk factors, as well as other information presented in this Prospectus before making an investment decision.

Any of the following risks, if actually occur, could materially and adversely affect our business, results of operations and financial condition and could negatively impact on the share price. Other related issues and uncertainties which Vinafor does not identify or are considered to be unimportant also negatively impact on the share price of Vinafor.

1.1. Economic risks

As a company operating in the market economy, results of operations as well as the development of Vinafor is associated with and is directly affected by changes in macroeconomic condition which is presented via the growth rate of GDP, inflation, interest rates and exchange rates, ... Such factors have a systematic impact on the economy.

In 2015, signs of positive recovery presented via flexible fiscal and monetary policies, together with the stability of inflation and the flexibility of exchange rate policies supported significantly manufacturing companies in general and Vinafor in particular.

- ✦ Regarding GDP growth: According to the General Statistics Office of Vietnam, the growth rate of GDP increased from 5.42% in 2013 to 5.98% in 2014. In 2015, GDP is estimate to be around 6.68%, higher than the target of 6.2% set out by the Socialist Party. This growth rate is also the highest growth over the past 05 years. Such signs indicate that the economy has experienced an obvious recovery and the purchasing power has been improved. Therefore results of operations of enterprises have been improved.
- ✦ Regarding inflation: T m c l m phát 2 con s vào nh ng n m tr c n m 2012, the Government has executed policies and measures to restrain and control inflation and stabilize macroeconomic environment drastically. Such policies and measures resulted in inflation rate reducing to 4.09% in 2014 and 0.63% in 2015 compared to the double-digit inflation rate prior to 2012. This inflation rate in 2015 is also the lowest rate over the past 15 years. Remaining a low inflation rate plays an important role to maintain the macroeconomic stabilization, to increase confidence in the economy and to promote the expansion of production and business.
- ✦ Regarding interest rates: Currently, the State Bank of Vietnam has executed policies to reduce interest rates gradually consistent with macroeconomic conditions in order to reduce lending rates, which facilitates enterprises, co-operatives and households to promote their business and production. Since 2012, deposit interest rates has fallen sharply and the banks' liquidity position has been improved thanks to their stable source of raised capital, therefore local enterprises could get the bank loans with lower interest expenses. From the lending rates of over 20% per year in the period of 2010 – 2011, to date the

lending rates has fallen significantly to 8 – 9% per year for short-term loans and to 9 - 11% per year for medium- and long-term loans.

- ✦ Regarding exchange rates: In 2015, the Renminbi depreciation, the weaker Chinese economic growth as well as the Euro depreciation caused fluctuations in exchange rates of VND relative to currencies of main export countries. Such events also negatively impacted on export translated into domestic currency of Vietnamese enterprises. In 04/01/2016, the State Bank of Vietnam promulgated Decision No. 2730/Q -NHNN on announcement of the central exchange rate of VND relative to USD and cross rates of VND relative to other currencies. These new mechanisms of executing exchange rates are expected to impact positively on enterprises, financial institutions by helping them actively making business decisions related to foreign exchange compared to the previous mechanisms of executing exchange rates. However, the possibility China, the second largest economy will keep carrying out the devaluation of the Renminbi is still high and impacts on policies of executing exchange rates of the State Bank of Vietnam.

1.2. Legal and regulatory risks

As a state owned enterprise transforming into a joint stock company, the operation of Vinafor will be regulated by the Enterprise Law 2014 and a system of decrees and circulars relating to equitization. As well as this, Vinafor will be regulated by regulations on securities and securities market when becoming a public company or a listed company.

In addition, because of operating in forest planting, exploitation, caring, trading and protection, Vinafor will also be regulated by specialized laws such as Law on forest protection and development, Commercial Law, ...

Laws and regulations mentioned above will be amended and complemented consistent with actual situations. Any changes in them will impact on business and production activities of Vinafor.

The ability to manage and control business activities plays an important role in minimizing legal risks. Vinafor will continue to maintain mechanisms to monitor, update and amend its policies to accommodate to changes in legal environment.

1.3. Specific risks

Vinafor operates in special business lines related to forestry activities (forest planting, caring, protection, exploitation and wood processing). Its business activities are closely associated with land and are dependent on weather, climate and soil. Its operation stretches over numerous regions, mainly in mountainous areas, areas with specially difficult socio-economic conditions and the local residents in such areas mainly are ethnic minority people with low academic standard. Therefore, impacts of calamities (storm, flood, drought, forest fire ...) or humanity (land transgression, forest destruction and degradation, environmental pollution) will negatively affect business and production of Vinafor.

1.4. Risks of public offering

This offering is the initial public offering of Vinafor which is a part of the equitization process of Vinafor. The total value of shares offered is **243,427,000,000 VND** in par value. Due to the absence of the underwriter, the total number of shares sold out might be less than the number shares offered to the public. The shares which are not sold out will be handled in accordance with the provisions of Article 40, Decree No. 59/2011/N -CP dated 18/07/2011 of the Government of Vietnam on transforming 100% state-owned enterprises into joint-stock company and with other related regulations.

These risks, if happen, will alter the size and structure of charter capital of Vinafor, at the same time, reduce the share capital surplus, and partly affect the implementation of the business plans of Vinafor after equitization.

1.5. Risks associated with the commercial dispute between Vinafor and Hanoi Forest Products Trading JSC.

Hanoi Forest Products Trading JSC., which was equitized from a state owned enterprise, has a charter capital of 18 billion VND, of which Vinafor holds 30%.

- ✦ In 2014, Vinafor had a dispute with Hanoi Forest Products Trading JSC. Particularly, according to resolutions of the annual general meeting of shareholders, meeting minutes and decisions of the Board of Directors, Hanoi Forest Products Trading JSC. forced shareholders to contribute additional capital of 29,200,800,000 VND (of which Vinafor had to contribute 8,760,240,000 VND) not in accordance with Enterprise Law and its corporate charter. Vinafor sued Hanoi Forest Products Trading JSC. at the People Court's of Hanoi for invalidation of resolutions of the annual general meeting of shareholders, meeting minutes and decisions of the Board of Directors of Hanoi Forest Products Trading JSC. regarding this dispute. In 24/09/2015, the People Court's of Hanoi promulgated the Judgment No. 46/2015/KDTM-ST which accepted the request of Vinafor and invalidate resolutions of the annual general meeting of shareholders, meeting minutes and decisions of the Board of Directors of Hanoi Forest Products Trading JSC. However, Hanoi Forest Products Trading JSC appealed against this judgment.
- ✦ Vinafor has the asset which is 343 m² of floorspace on the first floor at the 3-storey building on 343 m² of land in No. 67 Ngo Thi Nham St, Hai Ba Trung Dist., Hanoi. According to asset receipt and delivery records, records determining division and consensus on rights to manage and use the building in No. 67 Ngo Thi Nham and plans of assigning land lease cost and non-agricultural land use tax between Vinafor and Hanoi Forest Products Trading JSC., since 1999, every year, Vinafor has paid land lease, land use taxes related to 343 m² of floorspace on the first floor of the 3-storey building for Hanoi Forest Products Trading JSC. to the National budget. Vinafor has sufficient records, documents and legal basis to confirm that 343.04 m² of floorspace on the first floor in No. 67 Ngo Thi Nham St belong to Vinafor (assets the State assigned Vinafor to manage and

utilize). However, since 2014, Hanoi Forest Products Trading JSC. appealed to related regulatory bodies, the People's Committee of Hanoi and now is suing to the court to inspect the ownership of assets in 343 m² of land in No. 67 Ngo Thi Nham mentioned above.

- ✦ Besides, Vinafor and Hanoi Forest Products Trading JSC has a dispute regarding the amendment of Charter and an increase from 18 billion VND to 20 billion VND of Charter Capital of Hanoi Forest Products Trading JSC.

1.6. Other risks

Besides aforementioned risks, other irresistible risks such as fires, calamities, war or epidemic diseases ... are least likely to occur but if occur, they will inevitably cause damage to people, property, and subsequently affect substantially results of operations of Vinafor.

Investors should consider carefully the risk factors mentioned above, along with the information presented in this Prospectus. Operation of the Company could be influenced by any of the risks which are listed or not listed above. The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. Investors should study all available information, including information from other reliable sources and their own professional advisors before participating in the public auction.

2. SHARE OFFERING METHOD

The share issuance in the equitization of both the parent company and wholly owned subsidiaries of the Vietnam Forest Corporation consists of five components: (i) an initial public offering (IPO), (ii) offering of shares to employees, (iii) offering of shares to labors with long term land assignment contract, (iv) offering of shares to the Labor Union and (v) offering of shares to strategic investor.

2.1. The initial public offering

2.1.1. Eligible participant

Eligible participants in the IPO are institutional and individual domestic and international investors (including employees of the enterprise undergoing equitization) as stipulated by law.

According to Article 4, Circular No. 196/2011/TT-BTC dated 26/12/2011, the following entities may not be allowed to participate in the IPO:

- Members of the Equitization Steering Committee, excluding those whose are representatives of the enterprise undergoing equitization;
- Intermediary financial institutions and their employees engaged in providing financial consultancy, valuation and financial statement audit service, audit agencies engaged in enterprise valuation; except for the underwriter(s) that purchase unsubscribed shares under its underwriting contract;

- The Auctioneer and its employees engaged in the auction;
- Subsidiaries and Associates of the enterprise undergoing equitization.

2.1.2. Offering and payment method for investors participating in the public auction

Shares in the IPO would be publicly auctioned in a domestic offering, which is to be held at the Hanoi Stock Exchange. Its details are as follows:

Name of offered shares	: Shares of the Vietnam Forest Corporation – Joint Stock Company established from the process of equitizing of the Vietnam Forest Corporation One member Ltd. Company
Type of shares	: Ordinary share
Par value	: 10,000 VND per share
Starting price	: 10,100 VND per share
Total number of offered shares	: 24,342,700 shares (equivalent to 6.955% of charter capital)
Participant	: Domestic and international institutions and individuals meeting conditions as required in the Auction Regulation for the IPO of the Vietnam Forest Corporation are eligible to register and participate in the public auction
Auction method	: Shares will be offered in the form of the public auction at the Hanoi Stock Exchange according to Decision No. 895/Q -UBCK dated 29/10/2012 of the Head of the State Securities Commission issuing the standard form of the Auction Regulation held at the Stock Exchange
Registration time and location	: According to the Auction Regulation for the IPO of the Vietnam Forest Corporation issued by the Hanoi Stock Exchange
Auctioneer	: Hanoi Stock Exchange
Payment method and deadline	: According to the Auction Regulation for the IPO of the Vietnam Forest Corporation issued by the Hanoi Stock Exchange

Further details regarding the public auction will be set out in the Auction Regulation for the IPO of the Vietnam Forest Corporation issued and announced by the Hanoi Stock Exchange.

2.2. Shares to be offered to employees of Vinafor

The total number of shares offered to the employees of Vinafor according to preferential policies in the enterprise undergoing equitization is **2,369,900 shares**, equivalent to **0.68%** of charter capital. The details are as follows:

2.2.1. Shares to be offered to employees eligible to purchase shares at preferential price

According to Clause 1, Article 48, Decree No. 59/2011/N -CP of the Government of Vietnam and Circular No. 33/2012/TT-BL TBXH dated 20/12/2012 of the Ministry of Labor, Invalid and Social Affairs; the offering of shares to employees eligible to purchase shares at preferential price is as follows:

Total number of eligible employees	: 992 persons
Total number of shares at preferential price	: 1,396,700 shares (equivalent to 0.4% of charter capital)
Share price	: 60% of the lowest winning price of the IPO
Execution time	: The share offering will be executed after the IPO

2.2.2. Shares to be offered to employees at preferential price based on the number of years they commit to work for Vinafor and to employees who are experts

According to Clause 2, Article 48 Decree No. 59/2011/N -CP of the Government of Vietnam and Circular No. 33/2012/TT-BL TBXH dated 20/12/2012 of the Ministry of Labor, Invalid and Social Affairs:

At the time of publicizing enterprise value of Vinafor, employees who are in the list of permanent employees of the parent company of the Vietnam Forest Corporation, Ba To Forestry One member Ltd. Company, Hoa Binh Forestry One member Ltd. Company, La Nga – Dong Nai Forestry One member Ltd. Company, Dong Bac Forestry One member Ltd. Company, Loc Binh Forestry One member Ltd. Company and Dinh Lap Forestry One member Ltd. and who commit to continue their employment with the equitizing company for at least 3 years (after the equitized enterprise successfully applied for its first business registration certificate) under the approval of the company can purchase additional 200 shares for each additional year of working commitment, provided that the total number of additional purchased shares does not exceed 2,000 shares per employee.

- The estimated total number of additional shares offered to employees based on the number of years they commit to work for Vinafor is: **973,200 shares**.

Employees who are experts or highly skillful and commit to work for Vinafor can purchase additional 500 shares for each additional year of working commitment provided that the total number of additional purchased shares does not exceed 5,000 shares per employee. Mandatory criteria to determine employees who are experts or highly skillful are as follows:

- Has a good moral character and a good health.
- Works for the Company for at least 05 years and has at least 05 working years ahead (men under 55 and women under 50 years old).
- Have a PhD in forestry industry or wood processing industry.
- Holding the following titles:
 - + For employees working at the head office: officers, senior officers, department's deputy manager and above.
 - + For employees working at the branches and representative offices: Deputy Director and above.
 - + For employees working at wholly owned subsidiaries: Department's manager or Director of the dependent company and above.
- The preferential price for employees who commit to continue their employment with the equitizing company and who are experts or highly skillful is the lowest winning price of the IPO.
- The estimated total number of additional shares offered to employees who are experts or highly skillful: 0 share.

General information on additional shares to be offered to employees who commit to continue their employment with the equitizing company and who are experts or highly skillful

Total number of employees who commit to continue their employment and register to purchase additional shares : 578 persons

The estimated total number of additional shares offered to employees who commit to continue their employment and register to purchase additional shares : 973.200 shares (equivalent to 0.28% of charter capital)

Total number of employees who are experts or highly skillful and register to purchase additional shares : 0 person

The estimated total number of additional shares offered to employees employees who are experts or highly skillful : 0 share

skillful

Share price : 100% of the lowest winning price of the IPO

Execution time : The share offering will be executed after the IPO

2.3. Shares to be offered to labors with long term land assignment contract

❖ Determination of the number of shares to be offered to labors with long term land assignment contract:

According to Clause 5, Article 21, Decree No. 118/2014/N -CP dated 17/12/2014 of the Government of Vietnam, labors with long term land assignment contract (contract holders) can purchase shares of Vinafor at the preferential price as the permanent employees of Vinafor;

According to Article 48, Decree No. 59/2011/N -CP dated 18/07/2011 of the Government of Vietnam, employees who are in the list of permanent employees of the equitizing company at the time of publicizing enterprise value of Vinafor can purchase the maximum of 100 shares for each year they work for the State;

According to Article 11, Circular No. 51/2015/TT-BTC dated 17/04/2015 of the Ministry of Finance, the number of shares offered to the contract holders at the preferential price does not exceed 3,000 shares per person. The preferential price is equal to 60% of the lowest winning price of the IPO (in case the IPO is held first) or equal to 60% of the lowest selling price for strategic investors (in case the shares are sold first to strategic investors);

According to Article 4, Circular No. 33/2012/TT-BL TBXH dated 20/12/2012 of the Ministry of Labour, Invalids and Social Affairs, the time determined the number of shares offered to the contract holders at the preferential price is counted in full year;

According to the above regulations and actual situations and land assignment contract, the total number of shares offered to the contract holders is determined as follows:

- The total number of shares offered to the contract holders at the preferential price is determined based on the length of time the land assignment contract exists, with remaining plantations at the time of publicizing enterprise value of Vinafor.
- The time determined the number of shares offered to the contract holders at the preferential price is counted in full year, starting from the time of signing the land assignment contract to the time of publicizing enterprise value of Vinafor.
- In case the ongoing contracts of the contract holders are transferred from the others in accordance with regulations, the time determined the number of shares offered to the contract holders at the preferential price is starting from the time of transferring the contract to the time of publicizing enterprise value of Vinafor.

- In case the contract holders hold 02 ongoing contracts and above, the time determined the number of shares offered to the contract holders at the preferential price is equal to the number of full years the contract with the earliest signing date exists and not take the number of full years other contracts exist into account.
- The contract holders can purchase up to 100 shares per contract year but the number of shares offered to the contract holders at the preferential price does not exceed 3,000 shares per person.

❖ **General information on shares to be offered to labors with long term land assignment contract at the preferential:**

The total number of the contract holders of the parent company and 06 wholly owned subsidiaries of the Vietnam Forest Corporation eligible to purchase shares at the preferential price at the time of publicizing enterprise value of Vinafor is **6,753 persons**, of which:

- The number of the contract holders who are also the permanent employees of the parent company and wholly owned subsidiaries of the Vietnam Forest Corporation is 100 persons. However all of them have the number of years they work for the State higher than the number of years their land assignment contracts exists, therefore according to Clause 4.c, Article 11, Circular No. 51/2015/TT-BTC dated 17/04/2015 of the Ministry of Finance, the maximum number of shares offered to them at the preferential price is based on the number of years they work for the State.
- The number of the contract holders who are not the permanent employees of the parent company and wholly owned subsidiaries of the Vietnam Forest Corporation is 6,653 persons. The details of the offering of shares to the contract holders are as follows:

Total number of the contract : 6,653 persons.
holders

Total number of shares offered to : 4,627,400 shares (equivalent to 1.32% of charter capital)
the contract holders at the
preferential price

Share price : 60% of the lowest winning price of the IPO

Execution time : The share offering will be executed after the IPO

2.4. Shares to be offered to the Labor Union

According to Clause 2.c, Article 36, Decree No. 59/2011/N -CP dated 18/07/2011 of the Government of Vietnam, the share offering to the Labor Union is executed as follows:

Number of shares offered to the Labor : 160,000 shares (equivalent to 0.045% of charter

Union at the preferential price	capital)
Share price	: 60% of the lowest winning price of the IPO
Execution time	: The share offering will be executed after the IPO

2.5. Shares to be offered to strategic investors

2.5.1. Offering size

The number of shares to be offered to strategic investors is expected to be **140,000,000** shares. The total value of shares offered is **1,400,000,000,000 VND** in par value, equivalent to **40%** of charter capital.

2.5.2. Execution time

According to Decision No. 215/Q -TTg dated 03/02/2016 of the Prime Minister of Vietnam on approval of the equitization plan of the parent company in the Vietnam Forest Corporation and Dispatch No. 1926/BNN-QLDN dated 10/03/2016 of the Ministry of Agriculture and Rural Development, the share offering to strategic investors will be executed after the IPO.

Strategic investors have to deposit 10% of the value of shares which they register to purchase at the starting price approved by the regulatory agencies determining the equitization plan. The time for strategic investors to deposit coincides with the registration and payment time for investors to purchase shares in the IPO. In case of waiving a right to purchase shares, the deposit will not be refunded to strategic investors. The procedures for payment and signing the sale and purchase contract will be announced by Vinafor after the IPO and after the Equitization Steering Committee and strategic investors reach an agreement on the negotiated share price.

2.5.3. Share price

According to Clause 3. , Article 6 Decree No. 59/2011/N -CP dated 18/07/2011 of the Government of Vietnam: “The selling price of shares will be negotiated directly with strategic investors but not lower than the lowest winning price of the IPO”.

2.5.4. Restriction on transfer of shares by strategic investors

Strategic investors cannot transfer or sell shares of Vinafor for at least five consecutive years since the date the Certificate of business registration is issued to the Vietnam Forest Corporation – Joint Stock Company under the Enterprise Law 2014. In case the strategic investor need to transfer their shares within the transfer restriction time mentioned above, their transfers must be approved by the General Meeting of Shareholders of the Vietnam Forest Corporation – Joint Stock Company.

2.5.5. Strategic investors

According to Decision No. 215/Q -TTg dated 03/02/2016 of the Prime Minister of Vietnam on approval of the equitization plan of the parent company in the Vietnam Forest Corporation and

Dispatch No. 1926/BNN-QLDN dated 10/03/2016 of the Ministry of Agriculture and Rural Development, the strategic investor of Vinafor is expected to be T&T Group JSC. with the general information as the following:

Vietnamese name	: Cong ty Co phan Tap doan T&T
English name	: T&T Group Joint Stock Company
Certificate of business registration No.	: 0100233223, first issued on 30/11/2007, 16 st amendment dated 16/09/2015
Head office	: No. 18 Hang Chuoi St, Pham Dinh Ho Ward, Hai Ba Trung Dist, Hanoi
Registered charter capital	: 5,000,000,000,000 VND (In words: five thousand billion VND)
Tel	: (84-4) 39721776/77/79
Fax	: (84-4) 39721775
Website	: www.ttgroup.com.vn

3. PLAN TO UTILIZE THE PROCEEDS FROM EQUITIZATION

The Vietnam Forest Corporation (including the parent company and 06 wholly owned subsidiaries) implements the reorganization in accordance with Decree No. 118/2014/N -CP dated 17/12/2014 of the Government of Vietnam and, at the same time, implements equitization in accordance with Decree No. 59/2011/N -CP dated 18/07/2011 of the Government of Vietnam.

- According to Article 42, Decree No. 59/2011/N -CP dated 18/07/2011 of the Government of Vietnam, form of equitization is to sell part of existing state capital in equitizing enterprises and issue additional shares to increase their charter capital. The proceeds from the equitization of an enterprise which is equal to the value of shares offered at par value plus the capital surplus will be used to cover equitization expenses and benefits payable to employees left redundant as a result of equitization in accordance with legislation and applicable regulations.
- According to Decree No. 118/2014/N -CP dated 17/12/2014 of the Government of Vietnam, “Expenses for reviewing, measuring, marking, mapping land and issuing certificate of land use right for agriculture and forestry companies shall be paid by the local budget; the state budget will pay a part of these expenses for the local council having financial trouble. In case agriculture and forestry companies make advanced payments for reviewing, measuring, marking, mapping land and issuing certificate of land use right, the central budget will reimburse these companies for these expenses when such expenses are

accepted by the State. In case agriculture and forestry companies transformed into a joint stock company, the advanced payments will be offset against the proceeds from equitization”.

Therefore, Vinafor estimates to make advance payments with the total value of **156,100,000,000 VND** (based on the norms established by the authority for each region) for reviewing, measuring, marking, mapping signing the land lease contract, getting the certificate of land use right for lands Vinafor continue managing and for reviewing, mapping and establishing dossier to return lands to the local council, of which:

- + Expenses for measuring the area and getting the certificate of land use right of lands Vinafor keep managing after equitization : 76.38 billion VND
- + Expenses for measuring the total area of lands returned to the local council : 79.72 billion VND

Such advanced payments (specific advanced payments are based on actual situation and decision on approval of settlement of competent agency) will be subtracted from the proceeds from equitization in accordance with Decree No. 118/2014/N -CP and with Decision No. 215/Q -TTg dated 03/02/2016 of the Prime Minister of Vietnam on approval of the equitization plan of the parent company in the Vietnam Forest Corporation.

- The remaining proceeds from the sale of the state capital will be remitted into the Supporting Fund for enterprise restructuring and development.

The proceeds from equitization of Vinafor is calculated based on the following assumptions:

- The size and the structure of its initial charter capital have been approved by the Prime Minister of Vietnam;
- The lowest winning price of the IPO and the selling share price for strategic investors are equal to the starting price of the IPO (**10,100 VND** per share);
- All of shares to be offered is sold out.

The remaining proceeds from the sale of the state capital remitted into the Supporting Fund for enterprise restructuring and development is expected to be **1,494,434,052,899 VND**.

Table 30: Expected proceeds from equitization
Unit: VND

No.	Item	Value
1	The actual value of the state capital in Vinafor according to Decision No. 4624/Q -BNN-QLDN on approval of the enterprise value of the Vietnam Forest Corporation to be equitized	3,458,341,475,074
2	Charter capital of Vinafor after equitization	3,500,000,000,000
2.1	<i>The State capital</i>	<i>1,785,000,000,000</i>
2.2	<i>The capital its employees and the contract holders hold</i>	<i>71,573,000,000</i>
2.3	<i>The capital other investors hold</i>	<i>243,427,000,000</i>
2.4	<i>The capital strategic investors hold</i>	<i>1,400,000,000,000</i>
3	Starting price	10,100
4	Proceeds from the sale of share	1,707,166,236,000
4.1	<i>Proceeds from the sale of share to its employees based on the number of years they work for the State</i>	<i>8,464,002,000</i>
4.2	<i>Proceeds from the sale of share to its employees based on the number of years they work for the State based on the number of years they commit to work for Vinafor after equitization</i>	<i>9,829,320,000</i>
4.3	<i>Proceeds from the sale of share to labors with the long term land assignment contract</i>	<i>28,042,044,000</i>
4.4	<i>Proceeds from the IPO</i>	<i>245,861,270,000</i>
4.5	<i>Proceeds from the sale of share to the Labor Union</i>	<i>969,600,000</i>
4.6	<i>Proceeds from the sale of share to strategic investors</i>	<i>1,414,000,000,000</i>
5	Total value of the sale of State's capital contribution and shares issued additionally at par (5 = 2.2+2.3+2.4)	1,715,000,000,000
6	The difference between the proceeds from the sale of shares and the par value of shares sold out (6=4-5)	-7,833,764,000
7	The capital surplus kept in the equitized company	0

8	Equitization expenses	6,378,800,000
9	Benefits payable to employees left redundant as a result of equitization	8,594,858,175
10	Expenses for reviewing, measuring, marking, mapping land under the management of Vinafor	156,100,000,000
10.1	<i>Expenses for measuring the total area of lands Vinafor keep managing after equitization</i>	76,380,000,000
10.2	<i>Expenses for measuring the total area of lands returned to the local council</i>	79,720,000,000
11	Total value of the state capital in the equitized company after equitization	1,785,000,000,000
12	The remaining proceeds from the sale of the state capital remitted into the Supporting Fund for enterprise restructuring and development (11= 1+6-7-8-9-10-11)	1,494,434,052,899

Note: Benefits payable to employees left redundant as a result of equitization is calculated according to Decision No. 215/Q -TTg of the Prime Minister of Vietnam.

The actual proceeds from equitization are based on actual results of selling shares and decision on approval of settlement of equitization expenses by competent agency.

4. SCHEDULE FOR LISTING, REGISTRATION FOR TRADING AFTER EQUITIZATION

According to Clause 5, Article 4, Circular No. 180/2015/TT-BTC dated 13/11/2015 and Clause 12, Article 9, Circular No. 202/2015/TT-BTC dated 18/12/2015 of the Ministry of Finance, Vinafor has the following responsibilities:

- Within sixty (60) days from the date on which Vinafor receives the confirmation of the results of the offering issued by the State Securities Commission of Vietnam, Vinafor will complete the procedures for registration of shares to be deposited centrally at the Vietnam Securities Depository and for registration of trading shares in the Upcom in accordance with Clause 2, Article 4, Circular No. 180/2015/TT-BTC.
- In case Vinafor meet all the conditions for listing on the Stock Exchange, Vinafor will register for listing in accordance with current regulations

After the completion of equitization, in case Vinafor meet all requirements for the public company and the listed company according to legislation and applicable regulations, Vinafor commits to follow these regulations.

PART 6: CONCLUSION

This Prospectus is provided to prospective investors with the aim of assisting them in the evaluation of assets, capital, financial position, results of operations and the prospect of Vinafor before subscribing in the offering.

This Prospectus is elaborated on the basis of the equitization plan of Vinafor approved by the Prime Minister of Vietnam and information, data provided by Vinafor to protect the legitimate interests of investors and guarantee the publicity and fairness of the auction. The assessment and selection of information and wording in this Prospectus has been presented on a reasonable and prudent basis.

We do not carry out any analysis as well as nor make any assessment to guarantee the value of shares. The investors should make their own investment decision and take responsibility for these decisions. Therefore, investors should refer to additional information on the issuer before deciding to participate in the auction, as well as guarantee that the deposit and money used for share purchase are from legal source in accordance with legislation and applicable regulations.

This Prospectus is prepared in Vietnamese and English. In cases differences between them occur, the Vietnamese version will be the reference source.

Hanoi, 11st March 2016

REPRESENTATIVE OF THE EQUITIZATION STEERING COMMITTEE

**CHAIRMAN OF VIETNAM FOREST CORPORATION and DEPUTY HEAD OF THE
EQUITIZATION STEERING COMMITTEE**



CAO VAN THUY

REPRESENTATIVE OF THE EQUITIZED ENTERPRISE

VIETNAM FOREST CORPORATION – ONE MEMBER LIMITED COMPANY




PHI MANH CUONG

REPRESENTATIVE OF THE FINANCIAL ADVISOR

VIET CAPITAL SECURITIES JSC.

DEPUTY GENERAL DIRECTOR AND DIRECTOR OF HANOI BRANCH


NGUYEN QUANG BAO

PART 7: APPENDICES
PRE-EQUITIZATION SITUATIONS OF BUSINESS AND PRODUCTION OF WHOLLY OWNED SUBSIDIARIES TO BE EQUITIZED TOGETHER WITH THE PARENT COMPANY OF VIETNAM FOREST CORPORATION
1. Ba To Forestry One member Ltd. Company

- Address: Ba Cung Commune, Ba To Dist, Quang Ngai Province.
- Main business activities: Plant, care, protect and exploit forests.

Ba To Forestry One member Ltd. Company (Ba To Forestry Co.) which is the successor of Ba To Forestry Company was established on the basis of transformation from the state owned enterprise according to Decision No. 535/Q -BNN- MDN dated 21/02/2008 of the Ministry of Agriculture and Rural Development.

Its main business activities is planting forest and supplying acacia wood from planted forests. Its main customers are woodchip crushing, processing and exporting plants and các finger joint processing plants located in Quang Ngai, Quang Nam và Binh Dinh Province. With FSC certified wooden products to be exported, consumer markets for its wooden products from planted forests are very huge and its products are favored by consumers.

Ba To Forestry Co. is a typical company with a straightforward management structure (It has only production units and not intermediary plantations), meanwhile its economic effectiveness of investment in planting forests is relatively high. It is a good model for forestry companies of Vinafor to replicate in the future.

Several pre-equitization key indicators of Ba To Forestry Co. are presented in detail in the following table:

Table 31: Key indicators of Ba To Forestry One member Ltd. Company in the period of 2012 - 2015

Unit: Million VND

No.	Indicator	YE 2012	YE 2013	YE 2014	Ye 2015 estimate
1	Total revenue and other income	29,986	35,945	35,368	30,381
2	Net profit before tax	2,832	3,123	3,016	1,453
3	Net profit after tax	2,654	2,944	2,820	1,332
4	Total assets	46,676	50,960	50,490	61,808
5	Equity	15,308	16,191	21,755	29,927

6	Charter capital	13,400	13,400	21,000	
7	Short-term liabilities	22,817	24,700	16,475	22,188
8	Long-term liabilities	8,551	10,069	12,260	9,693
9	Uncollectible receivables			0	0
10	Amount paid to the state budget	155	214	229	613
11	Total number of employees	58	59	57	
12	Average salary (million VND per person per year)	5.700	5.900	6.613	
13	ROA (%)	5.69	5.78	5.6	2.16
14	ROE (%)	17.33	18.18	14.86	6.07

Source: Ba To Forestry One member Ltd. Company

Note: Equity in the above table is an average annual equity which is determined according to Circular No. 127/2014/TT-BTC equal to Charter capital plus the balance of the Investment and Development Fund plus the Basic Construction and Investment.

2. Hoa Binh Forestry One member Limited Company

- Address: Dan Ha Commune, Ky Son Dist., Hoa Binh Province.
- Main business activities: plant forests and process wood.

Hoa Binh Forestry One member Ltd. Company (Hoa Binh Forestry Co.) is a wholly state owned transformed from Hoa Binh Forestry Company under Decision No. 444/Q -BNN- MDN dated 01/02/2008 of the Ministry of Agriculture and Rural Development.

Main products of Hoa Binh Forestry Co. are roundwood exploited from its planted forests; peeled wood, saw good; eucalyptus seedlings for cell tissue culture; hybrid acacia and acacia mangium seedlings, ... Currently, Hoa Binh Forestry Co. have numerous consumers of FSC certified wood with the great demand.

Several pre-equitization key indicators of Hoa Binh Forestry Co. are presented in detail in the following table:

Table 32: Key indicators of Hoa Binh Forestry One member Ltd. Company in the period of 2012 - 2015

Unit: million VND

No.	Indicator	YE 2012	YE 2013	YE 2014	2015 estimate
1	Total revenue and other income	30,328	35,848	49,540	56,156
2	Net profit before tax	2,488	1,402	1,818	1,673
3	Net profit after tax	1,866	1,148	1,377	1,330
4	Total assets	99,312	86,629	93,967	105,144
5	Equity	30,093	27,288	38,492	48,928
6	Charter capital	20,947	19,700	35,131	
7	Short-term liabilities	47,722	32,258	25,665	27,599
8	Long-term liabilities	21,497	27,083	29,810	28,617
9	Uncollectible receivables			905	1,221
10	Amount paid to the state budget	2,134	3,649	756	2,696
11	Total number of employees	191	151	142	142
12	Average salary (million VND per	5.300	5.800	6.200	6.250

No.	Indicator	YE 2012	YE 2013	YE 2014	2015 estimate
	person per year)				
13	ROA (%)	1.88	1.33	1.47	1.27
14	ROE (%)	6.20	4.21	4.60	3.74

Source: Hoa Binh Forestry One member Ltd. Company

Note: Equity in the above table is an average annual equity which is determined according to Circular No. 127/2014/TT-BTC equal to Charter capital plus the balance of the Investment and Development Fund plus the Basic Construction and Investment.

3. La Nga – Dong Nai Forestry One member Ltd. Company

- Address: Ngoc Dinh Commune, Dinh Quan Dist, Dong Nai Province.
- Main business activities: Plant, care, protect and exploit forests.

La Nga – Dong Nai Forestry One member Ltd. Company (La Nga – Dong Nai Forestry Co.) is a wholly state owned transformed from La Nga Forestry Company under Decision No. 534/Q - BNN- MDN dated 21/02/2008 of the Ministry of Agriculture and Rural Development.

The predecessor of La Nga – Dong Nai Forestry Co. is Association of La Nga Forestry – Agriculture – Industrial Science and Production which had a long tradition of forestry activities, especially of planting forests. Areas for planting forest of La Nga – Dong Nai Forestry Co. have favorable weather and land conditions, convenient transportation system and plentiful workforce.

Since 1997, under the directives of Vinafor, La Nga – Dong Nai Forestry Co. has shifted its kinds of planted trees for production forest from long life cycle trees (such as Teak, Golden Oak, Apitong) into short life cycle trees (such as Acacia) to form raw material areas for wood industry processing industry.

The main income of La Nga – Dong Nai Forestry Co. comes from exploiting and supplying wood from planted forests. Its consumer markets mainly are provinces of the Southeastern. Its large consumers are export pulp producing companies located in Dong Nai, Ba Ria – Vung Tau Province and artificial board producing companies located in Dong Nai, Binh Duong Province and Hochiminh City, ...

Several pre-equitization key indicators of La Nga – Dong Nai Forestry Co. are presented in detail in the following table:

Table 33: Key indicators of La Nga – Dong Nai Forestry One member Ltd. Company in the period of 2012 - 2015

Unit: million VND

No.	Indicator	YE 2012	YE 2013	YE 2014	2015 estimate
1	Total revenue and other income	20,143	20,915	18,694	16,420
2	Net profit before tax	4,548	4,707	3,047	1,436
3	Net profit after tax	3,395	3,631	2,401	1,148
4	Total assets	36,238	44,887	51,435	106,652
5	Equity	21,543	22,632	25,947	73,548

No.	Indicator	YE 2012	YE 2013	YE 2014	2015 estimate
6	Charter capital	11,792	11,792	25,619	
7	Short-term liabilities	14,355	21,400	24,993	32,774
8	Long-term liabilities	341	855	495	330
9	Uncollectible receivables			-	-
10	Amount paid to the state budget	1,584	1,531	1,751	1,343
11	Total number of employees	121	119	115	107
12	Average salary (million VND per person per year)	5,899	6,226	7,000	
13	ROA (%)	9.37	8.09	4.67	1.08
14	ROE (%)	15.76	16.04	9.91	4.72

Source: La Nga – Dong Nai Forestry One member Ltd. Company

Note: Equity in the above table is an average annual equity which is determined according to Circular No. 127/2014/TT-BTC equal to Charter capital plus the balance of the Investment and Development Fund plus the Basic Construction and Investment.

4. Dong Bac Forestry One member Ltd. Company

- Address: Xuong Giang Road, Huu Lung Dist, Lang Son Province.
- Main business activities: Plant, care, protect and exploit forests, supply pit-prop wood for the coal industry.

Dong Bac Forestry One member Ltd. Company (Dong Bac Forestry Co.) which is the successor of Dong Bac Agriculture and Forestry Company was established on the basis of transformation from the state owned enterprise according to Decision No. 786/Q -BNN- MDN dated 13/03/2008 of the Ministry of Agriculture and Rural Development.

Dong Bac Forestry Co. plays a key role in supplying pit-prop for the demand of the coal industry. In addition, Dong Bac Forestry Co. also supplies wood raw material for export wood crushing plants of Vinafor and for Oji - Vinafor Bac Giang Plywood Plant. Planted forests of Dong Bac Forestry Co. stretches over Lang Son và Bac Giang Province.

Several pre-equitization key indicators of Dong Bac Forestry Co. are presented in detail in the following table:

Table 34: Key indicators of Dong Bac Forestry One member Ltd. Company in the period of 2012 - 2015

Unit: million VND

No.	Indicator	YE 2012	YE 2013	YE 2014	2015 estimate
1	Total revenue and other income	91,162	84,554	94,109	94,769
2	Net profit before tax	(7,289)	637	4,079	690
3	Net profit after tax	(7,289)	598	3,057	690
4	Total assets	95,620	85,683	45,432	50,798
5	Equity	39,962	40,541	12,097	22,079
6	Charter capital	18,808	18,808	18,537	
7	Short-term liabilities	43,085	39,070	30,438	28,719
8	Long-term liabilities	12,573	6,072	2,897	-
9	Uncollectible receivables			634	598
10	Amount paid to the state budget	6,306	8,175	8,776	2,489
11	Total number of employees	263	287	216	216

No.	Indicator	YE 2012	YE 2013	YE 2014	2015 estimate
12	Average salary (million VND per person per year)	2.800	3.500	4.000	
13	ROA (%)	(7.62)	0.70	6.73	1.36
14	ROE (%)	(18.24)	1.48	16.30	4.53

Source: Dong Bac Forestry One member Ltd. Company

Note: Equity in the above table is an average annual equity which is determined according to Circular No. 127/2014/TT-BTC equal to Charter capital plus the balance of the Investment and Development Fund plus the Basic Construction and Investment.

5. Loc Binh Forestry One member Ltd. Company

- Address: Loc Binh Town, Loc Binh Dist, Lang Son Province.
- Main business activities: Plant, care, protect and exploit forests.

Loc Binh Forestry One member Ltd. Company is the successor of Loc Binh Plantation.

Playing an important role in planting forests and trading wood from planted forests in Loc Binh Dist, the revenue of Loc Binh Forestry One member Ltd. Company is mainly from exploiting pine roundwood and pine resins.

Several pre-equitization key indicators of Dinh Lap Forestry One member Ltd. Company are presented in detail in the following table:

Table 35: Key indicators of Loc Binh Forestry One member Ltd. Company in the period of 2012 - 2015

Unit: million VND

No.	Indicator	YE 2012	YE 2013	YE 2014	2015 estimate
1	Total revenue and other income	5,819	5,736	6,012	4,717
2	Net profit before tax	383	231	314	(7,156)
3	Net profit after tax	316	179	252	(7,156)
4	Total assets		19,911	22,910	25,041
5	Equity		14,433	15,651	16,188
6	Charter capital		11,000	11,000	
7	Short-term liabilities		1,228	1,010	1,868
8	Long-term liabilities		4,249	6,249	6,985
9	Uncollectible receivables			0	0
10	Amount paid to the state budget	652	418	286	229
11	Total number of employees	61	61	58	59
12	Average salary (million VND per person per year)	2.800	3.000	3.200	

13	ROA (%)		0.90	1.10	
14	ROE (%)		1.24	1.69	

Source: Loc Binh Forestry One member Ltd. Company

Note:

- *Equity in the above table is an average annual equity which is determined according to Circular No. 127/2014/TT-BTC equal to Charter capital plus the balance of the Investment and Development Fund plus the Basic Construction and Investment.*
- *Loss of Loc Binh Forestry one member Ltd. Co. in 2015 include loss of the value of plantations before transferring to Vinafor mentioned in section 2.3 in Part 3.*

6. Dinh Lap Forestry One member Ltd. Company

- Address: Dinh Lap Commune, Dinh Lap Dist., Lang Son Province.
- Main business activities: Plant, care, protect and exploit forests.

Dinh Lap Forestry One member Ltd. Company is the successor of Dinh Lap Plantation.

Playing an important role in planting forests and trading wood from planted forests in Dinh Lap Dist, the revenue of Dinh Lap Forestry One member Ltd. Company is mainly from exploiting pine roundwood to sell small traders and wood processing units in Northern region such as Lang Son, Bac Giang, Bac Ninh, Hai Duong, Thai Binh, Quang Ninh and from pine resins.

Several pre-equitization key indicators of Dinh Lap Forestry One member Ltd. Company are presented in detail in the following table:

Table 36: Key indicators of Dinh Lap Forestry One member Ltd. Company in the period of 2012 - 2015

Unit: million VND

No.	Indicator	YE 2012	YE 2013	YE 2014	2015 estimate
1	Total revenue and other income	8,258	3,286	2,054	346
2	Net profit before tax		(19)	(1,225)	(16,590)
3	Net profit after tax	1,044	(19)	(1,225)	(16,590)
4	Total assets		26,128	26,606	21,784
5	Equity		20,012	19,032	12,081
6	Charter capital		19,989	20,000	
7	Short-term liabilities		3,291	3,999	2,653
8	Long-term liabilities		2,824	3,754	7,050
9	Uncollectible receivables			532	532
10	Amount paid to the state budget	840	361	82	67
11	Total number of employees	90	74	64	64
12	Average salary (million VND per person per year)	3.800	3.300	3.500	

13	ROA (%)		(0.07)	(4.61)	
14	ROE (%)		(0.10)	(6.09)	

Source: Dinh Lap Forestry One member Ltd. Company

Note:

- *Equity in the above table is an average annual equity which is determined according to Circular No. 127/2014/TT-BTC equal to Charter capital plus the balance of the Investment and Development Fund plus the Basic Construction and Investment.*
- *Loss of Dinh Lap Forestry one member Ltd. Co. in 2015 include loss of the value of plantations before transferring to Vinafor mentioned in section 2.3 in Part 3.*