

EQUITIZATION STEERING COMMITTEE OF THUAN AN COFFEE COMPANY LIMITED AND THE COMPANY RECOMMENDS THAT INVESTORS SHOULD CAREFULLY READ THE INFORMATION HEREIN AND THE AUCTION REGULATION BEFORE PARTICIPATING IN THE AUCTION

INFORMATION DISCLOSURE

INITIAL PUBLIC OFFERING

THUAN AN COFFEE COMPANY LIMITED

THUAN AN COFFEE COMPANY LIMITED

Address: *Thuan Son Hamlet, Thuan An village, Dak Mil district, Dak Nong province*

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SAI GON – HA NOI SECURITIES JOINT STOCK COMPANY

Head office

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Dak Nong, March 2019

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I. LEGAL BASIS FOR THE OFFERING

- Enterprise Law no. 68/2014/QH13 dated 26/11/2014 of National Assembly of the Socialist Republic of Vietnam term XIII, 8th meeting;
- Decree no. 96/2015/NĐ-CP dated 19/10/2015 of the Government on the guidance to implement some article of the Enterprise Law;
- Decree no. 126/2017/NĐ-CP dated 16/11/2017 of the Government on equitization of state-owned enterprises and single-member limited liability companies with 100% charter capital invested by state-owned enterprises;
- Decree no. 118/2014/NĐ-CP dated 17/12/2014 of the Government on restructuring, development and improvement of agriculture and forestry companies;
- Decree no. 63/2015/NĐ-CP dated 22/7/2015 of the Government providing policies towards redundant employees due to the restructuring of State-owned single-member limited companies;
- Circular No. 40/2018/TT-BTC dated 04/05/2018 of the Ministry of Finance on providing guidelines for initial offering of shares and management and use proceeds from equitization of state-owned enterprises and single-member limited liability companies with 100% charter capital invested by state-owned enterprises;
- Circular no. 41/2018/TT-BTC dated 04/05/2018 of Ministry of Finance provising guidelines on financial settlement and enterprise valuation upon equitization of state-owned enterprises and single-member limited liability companies with 100% charter capital invested by state-owned enterprises;
- Circular no. 44/2015/TT-BLĐTBXH dated 22/10/2015 of Ministry of Labour – Invalids and Social Affairs providing guidelines to implement some articles of Decree no. 63/2015/NĐ-CP dated 22/7/2015;
- Circular no. 07/2018/TT-BLĐTBXH dated 01/08/2018 of Ministry of Labour – Invalids and Social Affairs on guidelines for formulating employee utilization plan and implementing employee policies in the context of equitization;

- Dispatch no. 50/TTg-ĐMDN dated 07/01/2013 of Prime Minister on plan for restructuring, development and improvement of agriculture and forestry companies under control of Dak Nong People's Committee;
- Dispatch no. 1827/TTg-ĐMDN dated 14/10/2015 of Prime Minister on plan for restructuring, development and improvement of agriculture and forestry companies under control of Dak Nong People's Committee;
- Dispatch no. 15/KH-UBND dated 14/01/2016 of Dak Nong People's Committee on equitization 100% State-owned enterprises in Dak Nong;
- Decision no. 375/QĐ-UBND dated 16/03/2016 of Dak Nong People's Committee on the foundation of equitization steering committee for 100% State-owned enterprises in Dak Nong;
- Decision no. 134/QĐ-BCĐCPH dated 20/11/2018 of Dak Nong State-owned enterprises equitization steering committee on fulfillment of assistance board for the equitization steering committee;
- Decision no. 1399/QĐ-UBND dated 15/8/2016 of Dak Nong People's Committee on the time of enterprise valuation for equitization;
- Decision no. 762/QĐ-UBND dated 23/05/2018 of Dak Nong People's Committee on the adjustment on the time of enterprise valuation for equitization on the Decision no. 1399/QĐ-UBND dated 15/08/2016, as for Thuan An Coffee Company Limited and Nam Trung Company Limited;
- Decision no. 47/QĐ-BCĐCPH dated 14/06/2018 of Dak Nong Equitization steering committee on the appointment of enterprise valuation advisor and implementing budget of Thuan An Coffee Company Limited;
- Decision no. 53/QĐ-BCĐCPH dated 27/06/2018 of Dak Nong Equitization steering committee on the appointment of advisor for equitization plan, IPO and implementing budget of Thuan An Coffee Company Limited;
- Decision no. 1058/QĐ-UBND dated 09/07/2018 of Dak Nong People's Committee on approval for equitization budget of Thuan An Coffee Company Limited;

- Decision no. 1385/QĐ-UBND dated 05/09/2018 of Dak Nong People's Committee on approval for land usage plan of Thuan An Coffee Company Limited;
- Employee utilization plan of Thuan An Coffee Company Limited has been approved by Dak Nong Department of Labour – Invalids and Social Affairs on 16/01/2019;
- Decision no. 2004/QĐ- UBND dated 05/12/2018 of Dak Nong People's Committee on adjustment of the time for enterprise value determination for equitization of Thuan An Coffee Company Limited;
- Decision no. 111/QĐ- UBND dated 21/01/2019 of Dak Nong People's Committee on announcement of enterprise value for equitization of Thuan An Coffee Company Limited.
- Decision no. 308/QĐ-UBND dated 08/03/2019 of Dak Nong People's Committee on approval of Thuan An Coffee Company Limited Equitization Plan.
- Other related regulatory documents

II. DEFINITIONS AND ABBREVIATIONS USED IN THE INFORMATION DISCLOSURE

- The Company/Thuan An : Thuan An Coffee Company Limited
Company/the Enterprise
- Advisor : Sai Gon – Ha Noi Security Joint Stock Company
- JSC : Joint Stock Company
- Ltd Co. : Limited Company
- BOS : Board of Supervisor
- F&B : Food and Beverage
- HR : Human resource
- VAT : Value added tax
- Team : The Company's production team
- The law : All the Vietnamese related laws and regulations
- COGS : Costs of goods sold
- WB : World Bank
- GDP : Gross Domestic Product
- FTAs : Free Trade Agreements

III. EQUITIZED COMPANY INFORMATION

1. General Information

- *Company Information*

- Company name (in Vietnamese) : CÔNG TY TNHH MỘT THÀNH VIÊN CÀ PHÊ THUẬN AN

- Company name (in English) : THUAN AN COFFEE COMPANY LIMITED

- Address : Thuan Son Hamlet, Thuan An village, Dak Mil district, Dak Nong province

- Phone number : 028 6269 0099

- Fax : 028 6269 9099

- business registration certificate : business registration certificate no. 6000173846, first registration on 01/07/2010

- Charter capital : 6.636.065.918 VND

- *History of establishment and development*

Thuan An Coffee Company Limited is State-owned Company, which was previously under Duc Lap Coffee Enterprises Union (dependant to Dak Lak Trade Union), was founded in 1978 after the Southern Liberation under the Decision of forming State-owned enterprises and agricultural, forestry farms to continue the works of former regime, with the purpose to develop the economy, defense ability and life settlement for ethnic minority people. On June 1990, the Farm was splited to run under dependant accounting system; on March 1990, the Farm was re-established according to Decree no. 388/NĐ-HĐBT of Miniter's Council (now is Prime Minitr) and worked under indenpendant accounting system and enterprise law. Since then, after many re-arrangements and transformations, on 01/07/2010, according to Decision no. 934/QĐ-UBND on approval of transforming plan of Thuan An Coffee Company, the Company has changed its name into Thuan An Coffee Company



Limited.

From the Farm with dependant accounting system, limited human and natural resources, until now, the Company has become State-owned enterprise with indenpendant accounting system, step by step cofirming its position and leading role in local economy and the country's. Despite many challenges including changing economy regime, unstable product price and climate, difficulties in business operation, etc, the Company has played a vital task in life settlement and poverty reduction for local people, as well as consolidating national defense and security, and maintain political stability and social order. The Company has successfully represented the role and responsibility of a State-owned enterprise in the locality.

2. Business lines of The Company

According to Business Registration Certificate no. 6000173846, first registration on 01/07/2010, main business lines of the Company are as followed:

- Planting and processing coffee bean for export;
- Purchasing and selling agricultural materials (fertilizers, plant protection drugs, veterinary drugs, plant varieties and livestock breeds) and coffee;
- Trading on purchasing and selling of petrol, engine lubricants;
- Trading on General Services (purchasing and selling of agricultural products, goods, car washing service, parking, F&B service, etc.

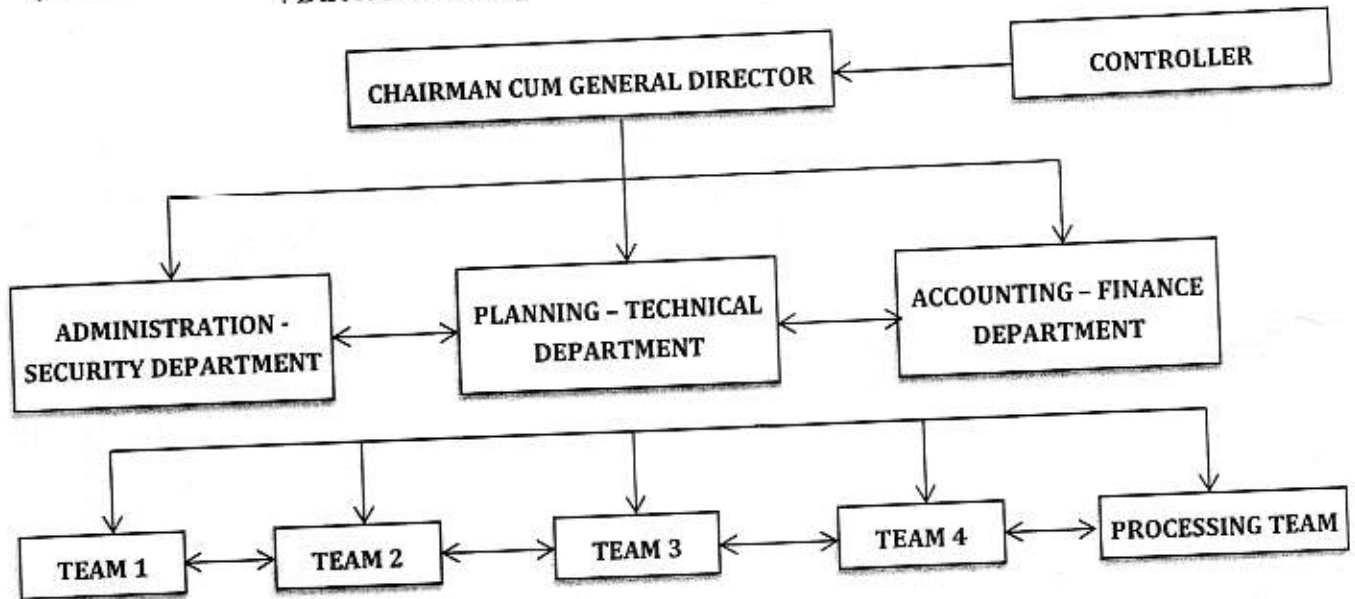
Company Structure

In accordance with Charter for Organizing an Operating of Thuan An Coffee Company Limited issued with Decision no. 935/QĐ-UBND on 01/07/2010 by Chairman of Dak Nong People's Committee).

Organizational Structure Map:

↔ : Functional relationship

← : Direct relationship



(Source: The Company)

Departments Functions and Duties

❖ **Executive Management:**

Company's Chairman: Performing rights and duties on behalf of the owner, bearing responsibilities for assigned rights and duties to the owner and the law, including:

- Making plan and decision on development strategy; annual, mid and long-term growth of the Company; solutions for market development, promotion and technology; investment projects; contracts on purchasing, selling, lending, borrowing and other types of contract whose values under 50% of total asset value recorded on the Company accouting book or lower proportion as stipulated in the Company's Charter.
- Deciding on the Company's structure, business planning, internal control regulation and executive management personnel.
- Other rights and duties regulated by the law and the Company's Charter.

Controller: Assisting the owner in controlling the implementation of



exercising owner's rights and Company's business of Chairman and General Director.

General Director: Running the Company's daily business in accordance with Company's Charter and Chairman's decisions; Bearing responsibilities to Chairman and the law for assigned rights and duties, including:

- Implementation of Chairman's decisions;
- Making decision on Company's daily business;
- Implementing trading and investment plans of the Company;
- Issuing internal control management of the Company;
- Appointing, dismissing managerial positions in the Company except for those under the authority of the Chairman;
- Signing contracts on behalf of the Company, except for those under the Chairman's authority
- Making recommendation on the Company's organisational structure;
- Submitting the annual financial statement to the chairman of the Company;
- Making recommendation on profit usage or loss handling of the business;
- Employment recruitment.

Chief Accountant: Implementing the accounting duties of the Company; assisting the General Director in supervising the Company's finance issues in accordance with the law of finance and accounting; bearing responsibilities to General Director and the law on the assigned tasks.

❖ **Functional Department:**

Administration and Security Department

- Consultation on HR recruitment and management; Processing of employment regimes including sickness, maternity, employment termination and retirement, social and medical insurance, etc.
- Participation in formulating working wages and norms.

- In charge of executive management salary fund building and preparing workforce monthly salary.
- Managing and purchasing office facilities, kitchen utensils.
- Performing clerical, archiving, and secretarial duties.
- Driving for business trip.
- Military advisory: Building self-defense forces, managing and training self-defense forces, ensuring combat readiness in all circumstances.
- Company's securities implementation: ensuring the safety of the Company's physical assets and workforces and location securities.

Accounting and Finance Department

- In charge of the Company's financial planning.
- Managing financial assets and capital of the Company.
- Making fund provisions; managing funds, payments of cash or cheque.
- Tracking of debts
- Accounting book record in accordance with related law.
- Tax duties implementation.
- Participation in formulating working wages and norms.
- Recommendation on selling price of products.
- Performing expertise field as regulated by the law.

Planning – Technical Department

- In charge of business planning; Real estate and Company's physical asset management.
- In charge of production from planting, tending, harvesting and processing coffee and other crops.
- Participation in formulating working wages and norms.

- Coordinating with other departments and production teams in checking and payment for production stages as planned.

3. Primary product and service provided

The main products and services of the Company are planting and processing exported Robusta coffee beans. After harvesting the beans, the Company will make process of drying and processing the beans followed exporting standards.

4. The Company Employment

4.1 Employment before Equitization

Total employees in labor list of the Company at the time of enterprise value determination (30/06/2018) are 72 employees with the details as follow:

Criteria	Number	(%)
Level of Education		
- Higher Education	0	0
- Bachelor degree	10	13,89%
- College or vocational	5	6,94%
- Other	57	79,17%
Types of labour contract		
- Not entitled for contract	2	2,78%
- Indefinite contract	70	97,22%
- 1 – 3 years contract	0	0
- Seasonal contract	0	0
Gender		
- Male	46	63,89%
- Female	26	36,11%

Besides, the Company also has assigned-work-contract with 90 households for coffee tree plant and processing.

4.2 Employees transferred to joint stock company

- Total employees in labor list of the Company at the time of enterprise value determination (30/06/2018): 72 employees
- Total employees transferred to joint stock company: 67 employees.
- Total redundant employees: 03 employees
- Total employees not entitled for signing labour contract in accordance with Decree 108/2014/NĐ-CP and Decree 113/2018/NĐ-CP amendments and supplements of Decree 108/2014/NĐ-CP: 02 persons, including Mr. Nguyen Trong Trung – Chairman cum General Director and Mr. Dinh Cu – Chief Accountant of the Company.
- Thus, the employment structure of Joint stock company as follow:

Seq.	Education level	Number	%
1	- Higher Education	0	0
2	- Bachelor degree	6	8,96%
3	- Colledge or vocational	5	7,46%
4	- Others	56	83,58%

5. Enterprise Value as at the Time of Enterprise Valuation

According to Decision no. 111/QĐ-UBND on 21/01/2019 of Đắk Nông People's Committees on adjustment of announcement of enterprise value of Thuan An Coffee Company Limited for equitization, the actual enterprise value and the State owned value according to the State Auditor as at 30th June 2018 are:

- Actual enterprise value: **44.432.784.417 VND.**
- Actual State owned value: **41.286.215.463 VND**

In: VND

Seq.	Account title	Accounting book value	Value estimated by State Auditor	Differences compared to Accounting book
(1)	(2)	(3)	(4)	(4=3-2)
1	Actual enterprise value	19.369.644.827	44.432.784.417	25.063.139.590
2	Actual State owned value	16.136.853.982	41.286.215.463	25.149.361.481

➤ Detailed enterprise valuation as at 30/06/2018

In: VND

Account Title		Accounting book value	Value estimated by State Auditor	Differences compared to Accounting book
(1)		(2)	(3)	(4=3-2)
A.	In use assets (I+II+III+IV)	19.369.644.827	44.432.784.417	25.063.139.590
I.	Fixed assets and long-term investments	13.632.921.718	35.830.374.225	22.197.452.507
1.	Fixed assets	13.456.073.785	35.653.526.292	22.197.452.507
a.	Tangible fixed assets	13.456.073.785	35.653.526.292	22.197.452.507
b.	Intangible fixed assets	-	-	-
2.	Long-term financial investments	-	-	-
3.	Long-term assets in progress	118.079.966	118.079.966	-
a.	Long-term work in progress	-	-	-
b.	Construction in progress	118.079.966	118.079.966	-

Account Title		Accounting book value	Value estimated by State Auditor	Differences compared to Accounting book
4.	Long-term prepaid expenses	58.767.967	58.767.967	
5.	Deferred income tax assets	-	-	
6.	Long-term equipment and spare parts for replacement	-	-	
7.	Other long-term assets	-	-	
II.	Current Assets and Short-term investments	5.736.723.109	5.736.723.109	-
1.	Cash	813.305.396	813.305.396	-
a.	Cash in hand	488.188.015	488.188.015	-
b.	Bank deposits	325.117.381	325.117.381	-
c.	On-transferred cash	-	-	-
d.	Cash equivalent	-	-	-
2.	Long-term financial investments	-	-	-
3.	Account receivables	721.024.075	721.024.075	
4.	Inventories	4.202.393.638	4.202.393.638	
5.	Short-term prepaid expense	-	-	-
6.	Deductible VAT	-	-	-
7.	Taxes and other receivables from government budget	-	-	-
8.	Government bonds purchased	-	-	-



Account Title		Accounting book value	Value estimated by State Auditor	Differences compared to Accounting book
	for resale			
9.	Other short-term assets	-	-	-
10.	Non-business expenses	-	-	-
III.	Goodwill	-	2.865.687.083	2.865.687.083
IV.	Land use rights	-	-	-
B.	Not in use assets	-	-	-
I.	Fixed assets and Long-term investment	-	-	-
1.	Fixed assets	-	-	-
a.	Tangible fixed assets	-	-	-
	<i>In which assets formed from bonus and welfare fund</i>			
b.	Intangible fixed assets	-	-	-
2.	Long-term investments			-
3.	Construction in progress			-
4.	Long-term collaterals & deposits			-
II.	Current assets and Short-term investment	-	-	-
1.	Irrecoverable debts and allowances	-	-	-

Account Title		Accounting book value	Value estimated by State Auditor	Differences compared to Accounting book
2.	Stagnant and deteriorative inventories	-	-	-
C.	Assets awaiting for liquidation	-	-	-
I.	Fixed assets and long-term investments	-	-	-
II.	Current assets and short-term investments	-	-	-
D.	Assets formed from bonus and welfare fund	-	-	-
	Total enterprise assets value (A+B+C+D)	19.369.644.827	44.432.784.417	25.063.139.590
	Total actual enterprise value (A)	19.369.644.827	44.432.784.417	25.063.139.590
E1.	Actual payables	3.232.790.845	3.146.568.954	(86.221.891)
	In which: the value of land use right received must to pay to State budget			
E2.	Non-business expenditure	-	-	-
	Total actual State owned value in the enterprise [A-(E1+E2)]	16.136.853.982	41.286.215.463	25.149.361.481

Source: Audit report of the State Auditor Enterprise valuation dossier – Thuan An Coffee Company Limited

6. Main assets of the Company

6.1. Land in used

According to Decision no 1385/QĐ-UBND on 05/09/2018 of Đắk Nông People's Committees on approval of land usage plan of Thuan An Coffee Company Limited, total current land area in use is 299,53 ha, in which 289,107 ha has been granted the Certificate for land using right no. AN 951655 on 20/04/2009 by Dak Nong People's Committees (this amount has been subtracted from the area handed over to the locality for the construction of works); and specialized land with area of 7,077ha is being applied for land using right certificate. The estimated land classification for use is as follow:

- Retained leasing area for production: 295,307 ha.
- Area transferred back to local and applied for household certificate land using right (if conditions are satisfied): 4,286 ha.
- Assigned land: none

295,307 ha retained area (already covers 134,704 ha of land area under planning of Duc Lap urban area), which locates on Thuan An village, Dak Mil district, Dak Nong province, will be leased for production and used as follow::

- Agriculture land (*used for plant tree*): 276,388 ha.
- Non-agriculture land (*Land for office, production team halls, commercial and service land; ...*): 18,919 ha.

6.2. Equipments:

The tree planting is assigned to local households according to Decree 135/2005/NĐ-CP of the Government, thus, the Company does not have equipments with high value, except for coffee beans processing machine that costs 425 million VND. However, this machines had been handovered to debt pruchasing company.

6.3. Means of transportation:

The Company owns 1 Fortuner automobile manufactured in 2012 which costs 952 million VND and remained value of 571 million VND (according to State Auditor).

6.3. Tangible fixed assets as at 31/12/2017 and 30/06/2018

In: VND

Title	31/12/2017		30/06/2018	
	Cost	Retained value	Cost	Retained value
Building & architectonic model	12.813.887.351	8.225.823.336	12.813.887.351	7.770.704.712
Equipment	629.464.500	(33.682.000)	203.478.000	-
Means of transport	1.266.786.514	369.102.659	952.500.800	248.047.500
Management tools	418.850.000	287.999.000	418.850.000	268.849.000
Perennial Gardens	12.157.464.928	5.410.287.064	12.157.464.928	5.168.472.573
Total	27.286.453.293	14.259.530.059	26.546.181.079	13.456.073.785

(Source: The Company's Audited financial report year 2017 and first 6 months of 2018)

7. List of Parent and Subsidiary Company

Parent Company: None

Subsidiaries: None

8. Business operation and performance result before equitization

8.1. Business operation

a) Revenues and Profit

b) In: million VND

Seq	Criteria	2015		2016		2017		6 months in 2018	
		Value	%	Value	%	Value	%	Value	%
1	Revenue from sales of coffee	9.202	99,74	11.641	96,01	9.016	94,02	9.913	96,40

Seq	Criteria	2015		2016		2017		6 months in 2018	
		Value	%	Value	%	Value	%	Value	%
2	Revenue from soil products	-	-	468	3,86	489	5,09	369	3,59
3	Other revenues	25	0,26	16	0,13	85	0,89	1	0,01
Total		9.227	100	12.125	100	9.590	100	10.283	100

c) (Source: The Company's Audited financial reports for year 2015 – 2017 and first 6 months of 2018)

Business operation witnessed stable growth with slightly increase in production before equitization. As for soil assigned contract, according to land using plan, the Company manages and uses of 38,26ha, which is assigned completely to households. The household will sign assigned-work-contract with the Company, in which they shall have full mangement of the land area for planting and the Company shall take only the amount as representing households' responsibility of 12.000.000 VND/year/ha.

d) **Input materials**

Material sources

Input materials for production include: electronic, water, fuels, fertilizers, plant seeds, plant protective drugs, etc purchased mainly from domestic companies and domestic market.

The stability of suppliers

Price movement has been considerably unstable during the past years and the Company has had to sign the contracts with suppliers depending on materials quality. Inventories, which imported mainly based on the mutual trust, are checked by Planning – Technical Department of the Company.

Impact of material price to the Company's revenue and profit

The fluctuation of the materials prices have had great influence to the

Company's revenue through years. However, apart from the mutual trust with suppliers, by good application of input materials sources management, the Company has partially controlled the prices of the suppliers.

e) *Production expenses*

In: million VND

Seq.	Criteria	2015		2016		2017		6 months in 2018	
		Value	%	Value	%	Value	%	Value	%
1	COGS	4.105	51,01	5.293	50,86	3.160	43,22	5.405	58,84
2	Financial expense	56	0,70	82	0,79	-	-	-	-
3	Selling expense	-	-	-	-	-	-	-	-
4	Administrative expense	3.832	47,61	4.740	45,55	4.121	56,37	2.865	31,18
5	Others	55	0,68	292	2,80	30	0,41	917	9,98
Total expense		8.048	100	10.407	100	7.311	100	8.260	9.187
Total revenue		10.817		13.509		10.285		9.287,2	
Expense/revenue (%)		74,40%		77,04%		71,08%		88,94%	

Source: The Company's Audited financial reports for year 2015 – 2017 and first 6 months of 2018

Costs of goods sold and Administrative expense (approximately 45% of total expense) take largest proportion in expense structure of the Company. In 2017, COGS decreased dramatically which led to a improvement in the Company's profit compared to previous years.

f) *Production technology:*

The Company has made efforts to improve productivity by investing in

agricultural mechanization and applying high technology to production activities. There are factories and processing machine with the capacity of 8 tons of bean per day. However, since the Company started to sign full-assigned contracts with local households, the fresh beans collected have decreased due to self-processing of the households. In short, the production technology of the Company is considered low, which has led to low production efficiency.

g) Quality control system

The product quality is checked under the TCVN 4193:2014 standard with the process as described: input fresh beans – drying – rub out the kernel.

Process of receiving products from assigned contract households: there is term in the assigned contracts for product proportion, thus, the Company only takes full amount of fresh bean for further processing steps.

h) Marketing activities

The Company intends to improve marketing activities, which has not yet invested in currently, after equitization to extend the consuming market for products.

i) Trademark, patent registration and copyright

None

j) Implementing provided contract

Contract	Signing date	Customer	Product/Service	Value (VND)	Completion
Land assigned for short-day tree plant implementation	18/03/2019	Mr. Tran Van Van	Land area of 4.8 ha (plant corn tree)	50 million VND	In 2019

8.2. Financial facts and Business results 3-year-before Equitization

8.2.1. Financial facts and Business results

Criteria	In	2016	2017	6m/2018
1. Total Assets	Mil. VND	19.850	22.129	19.370
2. State capital (book value)	Mil. VND	14.571	15.418	16.137
3. Short-term debt	Mil. VND	4.893	5.965	2.767
In which, overdue debt		-	-	-
4. Long-term debt	Mil. VND	386	746	446
In which, overdue debt		-	-	-
5. Bad debt	Mil. VND	-	-	-
6. Total employees	Person	78	71	72
7. Total Payroll fund	Mil. VND	425,1	394,05	399,6
8. Income (person/month)	Mil. VND	5,45	5,55	5,55
9. Total revenue	Mil. VND	12.125	9.590	10.283
10. Total Expenses	Mil. VND	10.407	7.311	9.187
11. Profit before tax	Mil. VND	3.103	2.974	1.427
12. Profit after tax	Mil. VND	2.777	2.636	1.361
13. Profit after tax/State capital	%	19,62%	17,58%	8,43%

8.2.2. Others business criteria

Criteria	2015	2016	2016/2015 (%)	2017	2017/2016 (%)	6 m/ 2018
Average number of employees	80	78	-2,5%	71	-8,97	72
Average income/VND/month	5,35	5,45	1,87%	5,55	1,83	5,55

Criteria	2015	2016	2016/2015 (%)	2017	2017/2016 (%)	6 m/ 2018
Payables to State budget	282	326	15,45%	338	3,78%	4.500
ROA	12,62%	14,04%	11,27%	12,56%	-10,56%	7,03%
Payables	5.969	5.279	-11,54%	6.711	27,12%	3.233
Receivables	335	39	-88,27%	187	376,54%	721
ROE	18,10%	19,62%	8,39%	17,58%	-10,40%	8,43%
Quick ratio	0,08	0,03	-66,21%	0,07	141,44%	0,55
Current ratio	1,38	1,03	-25,56%	1,28	24,62%	2,07
Debt ratio	0,30	0,27	-12,19%	0,30	14,03%	0,17
Debt to Equity ratio	0,43	0,36	-16,60%	0,44	20,14%	0,20
Receivables turnover	27,58	308,96	1020,11%	51,28	-83,40%	14,26

Source: The Company's Audited financial reports for year 2015 – 2017 and first 6months of 2018

8.3. Factors affect business operation in reporting years

❖ Advantages:

- The Company has always received the attentions, guidance and instructions from the local authorities during its business operation and development.
- Executive management system remains stable, human resources have high proficiency in works.
- Improvement in technology affects the enhancement in trees seed and productivity.
- Efficient working regime for employee and assigned contracting households.
- Good connection between functional department of the Company.
- High perception in taking responsibility of employees leads to increasing

productivity compared to the past years.

❖ ***Challenges:***

- Increasingly intense competition both in domestic and international coffee market.
- Irregular weather and climate changes have been affecting badly on productivity of the trees.
- Moderate level of capacity and management skills of technical and production employees compared to competitors.

9. Market position of the Company

9.1. Market position

The Company has a small size of business compared to its competitors in term of capital, productivity, technology – management investment and development. The business lines and types of product have not yet been diversified in this industry.

9.2. Coffee industry development prospect

Having been through the period of bubble growth phenomenon, coffee sector has faced many difficulties and challenges due to fluctuating prices and high interest rates.

In the past few years, there has been positive movements from enterprises operating in coffee industry appreciated to adjusted bank interest rate, which has created changes for agrarian households to reach lending capitals, together with low input material and better planting zone plan.

There have been many coffee zone has been replanting in macro-size in order to increase the productivity, lower down the production costs thus increase competitiveness. The quality of products is enhanced with higher stability and consuming rate. This is also long-term sustainability for the development of the industry.

9.3. Evaluation on the suitability of the Company in the industry's growth

Despite the limitation in the Company's investment to catch up the growth of the industry, there has been a consistent endeavour to make a change from both executives and employees of the Company. Together with the renovate business

structure forthcoming and new external investors' resource, the Company is expected to be more flexible in its investments to match the industry development tendency.

10. Investment plan and Development strategy after Equitization

10.1. Joint stock company information

➤ *Name of the Company*

- Company name : **CÔNG TY CỔ PHẦN CÀ PHÊ THUẬN AN**
- English name : Thuan An Coffee Joint Stock Company
- Abbreviation : Thuan An Coffee Co.,JSC
- Address : Thuan Son Hamlet, Thuan An village, Dak Mil district, Dak Nong province
- Phone : (0261) 3747053

➤ *Business lines*

Thuan An Coffee Joint stock company is intended to operate in its main business lines as follow:

- + Planting and processing coffee bean for export;
- + Purchasing and selling agricultural materials (fertilizers, plant protection drugs, veterinary drugs, plant varieties and livestock breeds) and coffee;
- + Trading on purchasing and selling of petrol, engine lubricants;
- + Trading on General Services (purchasing and selling of agricultural products, goods, car washing service, parking, F&B service, etc).

10.2. Investment plan and Development strategy after equitization

10.2.1. The Joint stock company development orientation and objectives

The Company has advantages in natural conditions such as weather, land, water supply that contribute to the quality of coffee production. The location is

considered famous for planting qualified coffee tree of Dak Lak – Dak Nong province. Besides, when Vietnam entered the World Trade Organisation (WTO), coffee tree will be able to bring considerable benefits to the producers by expanding the market and following up with the price trends of the world. Hence, the Company's business operation is planned as follow: Focusing on investment, improvement and development of coffee production in the direction of intensifying productivity and quality commensurate with the potential and quality requirements, quality for export, step by step building brand goods and products.

Apart from these mentioned advantages, the Company has to face with difficulties such as natural disasters, climate change; input prices continue to increase, output prices are unstable and erratic. Thus, along with implementing the business plan, the Company will also do research for crop transformation plans, thereby expanding and diversifying trades, finding high-income products to support the business lines. By doing so, the Company shall make efficiency use of land, create more jobs for locals thus contributes to the growth of economy.

In the condition of narrowing the land, the need for applying the technology improvements to remained land area to improve the capacity of coffee tree planting and processing is intense requirement. The company is gradually building a new management mechanism which is suitable for organization in order to promote rapid and effective application of technological advances to production, thus, creating a driving force for economic restructuring.

10.2.2 . Business development orientation

Business activities of the Company after equitization will mainly focus on development and investment in replanting coffee trees. According to Dispatch no. 614/UBND – NN on liquidation of old coffee tree land and replanting new ones of Thuan An Coffee Company Limited, based on the real condition of years after equitization, the replanting of coffee trees is as follow:

Year	Removed area (ha)	New plant area (ha)	Restructure area (ha)	Business area (ha)	Estimated cost (mil. VND)
2019	10	-	-	-	100
2020	20	-	-	-	200
2021	20	10	-	-	1.005
Total	50	10	-	-	1.305

According to Decision no. 967/QĐ-UBND dated 26/06/2018 of Dak Nong People Committee on the slot for investment and plant coffee tree to equitized Thuan An Coffee Company Limited, the investment for 1ha is: 177.198.561 VND/ha, in which:

+ New plant: 80.466.825 VND/ha and land reclaiming: 10.000.000 VND/ha;

⇒ Total: 90.466.825 VND/ha

+ Construction in year 01 : 35.954.984 VND/ha

+ Construction in 02 : 50.776.752 VND/ha

Starting to exploit when coffee tree is ready for harvesting in 2024.

New coffee tree to plant: Robuta - TR4.

10.3. The main economic criteria of business plan in 3 years after equitization

Seq.	Criteria	Yearly plan				
		2019	2020	Difference (%) 2020/2019	2021	Difference (%) 2021/2010
1	Charter Capital	16.137	16.137	0,00%	16.137	0,00%
2	Revenue	10.683	11.720	9,71%	12.860	9,72%
3	Cost of goods sold	4.378	4.812	9,92%	5.290	9,93%
4	General and administrative expenses	4.273	4.688	9,71%	5.144	9,72%
5	Profit from financial activities	43	63	0,00%	79	0,00%

6	Other profit	530	481	-9,31%	527	9,71%
7	Profit before taxes	2.606	2.763	0,00%	3.032	0,00%
8	Corporate income tax (*)	261	276	0,00%	303	0,00%
9	Profit after taxes	2.345	2.487	0,00%	2.729	0,00%
10	Dividend ratio (%)	10%	11%	10,00%	12%	9,09%
11	Cash dividend	1.577	1.735	10,00%	1.893	9,09%
12	Total salary fund	5.395	5.712	5,88%	5.998	5,01%
13	Total number of employees (People)	81	85	4,94%	88	3,53%
14	Average income of employees	5,55	5,60	0,89%	5,68	1,43%

Source: Equitization plan of Thuan An Coffee Company limited

(): Main proportion of profit before tax is estimated coming from planting and exploiting coffee activity, which is exempted from corporate income tax according to Clause 1, Article 8 Circular No. 78/2014 / TT-BTC dated June 18, 2014 of Ministry of Finance. So, based on actual business situation of previous years before equitization, the Company has estimated the tax rate must be paid for business plan from 2019 -- 2021 shall be 10% of total profit before taxes.*

In order to take advantages of the existing agriculture land, as well as maximize the benefits of business activities on agriculture products, the Company will research and implement plant conversion options on re-cultivation area step by step, then aims to target of covering all area of perennial plantation of the company. In the meantime, the company will continue to research in growing, processing avocado, lemon, sweet potato, pumpkin, etc. These products are popular in domestic and export market, the consumption is also predicted to be good and have long term prospects.

11. Charter capital

❖ Charter capital

- Capital : 16.136.900.000 VND
- Share par value : 10.000 VND/share
- Number of shares : 1.613.690 shares

❖ Capital structure

Seq	Title	Share value (VND)	Ownership (%)
1	State – owned	806.850.000	5%
2	Share offered to employees, in which:	1.895.000.000	11,74%
2.1	Shares offered at a discount	1.193.000.000	7,39%
2.2	Shares sold to employees based on the working commitment	68.000.000	0,42%
2.3	Assigned-work-contract employees' shares are registered to buy at discount(*)	634.000.000	3,93%
3	Shares offered to Company Union trade	-	-
4	Shares offered to strategic investor	-	-
5	Share offered for auction (IPO)	13.435.050.000	83,26
Total		16.136.900.000	100%

(*) Assigned-work- contract employee is a person who represents assigned contract household, each assigned contract household nominates a representative.

12. Estimated risks to the Company operation

12.1. Economic risks

Economic growth

In 2017, the economy maintained recovery with the rate of over 6.5%. GDP has overcome the bottom moment with average increase of 5.88% from 2011 – 2015 and is estimated to have the average growth of 6.5% - 7.0% from 2016 – 2020. Per capita income in 2017 is estimated to be 2,550 USD and increased to 3,200 – 3,500 USD in 2020. 10% of population is middle-class and predicted to increase to about 50% in 2035 according to WB. Manufacturing industry has been an important motivator for GDP growth in recent years.

In 2018, GDP is forecasted to increase 6,6% based on some factors such as Viet Nam will still attract FDI thanks to government's preferential policies. FTAs will be signed and low labor cost, especially in the manufacturing and processing industry, the demand of consumption is recovering well, especially in service area; the policies to promote credit due to inflation are under control, the VND/USD exchange rate tends to be stable, etc.

Inflation

According to the announcement of General Statistics Office, the consumer price index (CPI) in the end of 2017 increased only 0,21%, 2,6% in comparison with the month and December last year, respectively. The average CPI in 2017 grew up to 3,53% in comparison with 2016. So, the stable inflation index is helping to implement the monetary policy of the State Bank effectively as well as maintaining the growth rate of the economy sustainably, affect to the business activities of enterprises positively, help enterprises control the price, cost of inputs, and ensure the stable business activities.

12.2. Legal risks

The Company's business operation is under the provisions of the law including: Enterprise law, VAT law, Corporate tax law, etc. In the meantime, after transforming into JSC, the business operation is in addition under the regulation on stock market. The changes in the law, if any, will directly affect the Company business activities.

To cope with this risk, the Company is supposed to follow and keeping its legal tracking system up to date and in accordance with the growth of the country.

12.3. Specific risks

Market risks:

The market for agricultural products in general and coffee in particular are affected greatly by seasonal factors, supply and demand. The characteristic of these enterprises operating in the industry is the variable output price that requires the risk management solutions from enterprises.

Material price risk:

Cost of input material such as seeds, fertilizers and pesticides takes high proportion of production expense so the fluctuation of their prices will affect directly to cost of goods sold and capacity of creating company's profit. However, the suppliers of company are traditional, capable and reputable partners in the market so the company still has stable sources of the raw material for production and minimize the input risk.

Financial risk:

The company rarely mobilizes capital from financial institutions for production and business, thus, the fluctuation of interest rates will have little impact on the business results of the Company. However, in case the company has to use leverage to invest in other activities, then high interest rate will increase the operating costs, reduce the production and business efficiency of the Company.

12.4. Offering risks

Initial offering risk is the risk that the company may not proceed the offering or not offer all the shares as expected as the investors refuse to buy shares.

The Company proceeds equitization followed Clause 2, Article 5 of Decree No. 126/2017/ND-CP dated 16/11/2017: "*Selling a part of the current State-owned capital at enterprise*", in which, the estimated charter capital of joint stock company is **16.136.900.000 VND**. The offering happens when there are still fluctuations in the economic and stock market, thus, it is difficult to avoid the impacts of these fluctuations to the offering.

12.5. Other risks

Business activities of the Company may be affected by other risks such as natural disasters, enemy sabotage, political and social facts, war, epidemic, etc, which might cause the reduction in profit of the Company, lost of traditional customer and stable potential markets. These risks, more or less, will have direct or indirect impacts on the business results of the Company.

13. Offering method and Share purchase payment

13.1. Offering method

✚ Share offered to Employee

❖ Discounted preference shares (equals 60% value of share par value) stipulated in Point a, Clause 1, Article 42 of Decree No. 126/ND-CP:

- Total number of labors as at 30/06/2018: 72
- Total number of labors who do not meet the requirement to buy shares: 0
- Total number of labors registered to buy shares: 72
- Number of working years correspond to the number of shares registered to buy: 1.193 years
- Total of share registered to buy at discount: **119.300 shares**, occupy **7,39%** of joint stock company's charter capital.

❖ Preference shares stipulated in Clause 2 Article 42 of Decree No. 126/2017/ND-CP: 6.800 shares, occupy **0,42%** JSC charter capital

✚ Assigned-work-contract employees' shares registered to buy at a discount

❖ Discounted preference shares (equal 60% value of share par value) stipulated in Point c, Clause 1, Article 42 of Decree No. 126/ND-CP:

- Total number of assigned-work-contract employee at 30/06/2018: 90 people
- Total number of assigned-work-contract employee who do not meet the requirement to buy shares: 06 people
- Total number of employees registering to buy shares: 79 people

- Number of working years based on assigned contract correspond to the number of shares registered to buy: 634 years
- Total number of discounted preference shares: 63.400 shares, take 3,93% of joint stock company's charter capital.

✚ **Shares offered to Company Trade Union**

Company's Trade Union does not register to buy share.

✚ **Shares offered to strategic investors**

Not applied

✚ **Share offered to public through auction**

- Number of shares for auction: **1.343.505** shares, occupy **83,26%** charter capital.
- Time for offering shares is specified and publicly announced in auction regulation but should not exceed 3 months from the date of announcing approval decision of the equitization plan.
- Auction agent: Ha Noi stock exchange.
- Auction participator: Foreign and domestic organisational or individual investors under the provisions of the law.

13.2. Payment details

- As to shares offered through auction: stipulated in Auction Regulation;
- As to shares offered to employees: decided by Equitization Steering Committee;

14. Plan to use Proceeds from equitization

The management and use of proceeds from equitization are complied with the provisions in Section III of Circular No. 40/2018/TT-BTC dated 04/05/2018 of the Ministry of Finance on providing guidelines for initial offering of shares and management and use proceeds from equitization of state-owned enterprises and single-member limited liability companies with 100% charter capital invested by state-owned enterprises.

IV. PERSONS RESPONSIBLE FOR THE INFORMATION DISCLOSURE CONTENT

1. *Equitization Steering Committee*

Mr. Tran Ngoc Duc

Position: **Deputy General Director – Dak Nong Department of Finance –
Head of Steering Committee**

This information disclosure document, which is prepared by Equitized Company and the Advisor, is approved by the Equitization Steering Committee

2. *Equitized Company*

THUAN AN COFFEE COMPANY LIMITED

Mr. Nguyen Trong Trung Position: **Chairman cum General Director**

We hereby assure that all information and data provided in this Information Disclosure are consistent with reality or has been investigated, collected in a reasonable manner so that the investors may evaluate the Company's assets, financial condition, outlook of business performance and prospect before register for the auction participation.

We take full responsibility for the accuracy, transparency, full compliance with the provisions of the law on equitization of the information and data provided in herein document.

3. *Advisor*

SAI GON - HA NOI SECURITIES JOINT STOCK COMPANY (SHS)

Ms. Tran Thi Thu Thanh Position: **Deputy General Director**

This information disclosure has been participative made by SHS based on advisory contract with Thuan An Coffee Company Limited. We assure that the analysis, evaluation and selection of words for this Information disclosure have been done in a reasonable and prudent manner based on the information and data that were provided by the Company.

CONCLUSION

This information disclosure is a part of IPO profile of Thuan An Coffee Company limited, which is provided to investors with the purpose to assist them in their own evaluation on the assets, business performance, financial situation and the prospect of the Company in the future. These herein information do not guarantee for the share's value.

This information disclosure is made on the basis of information as well as the data provided by the Company which ensure the openness, transparency, fairness, together with the protection of the investors' legitimate interests.

Investors should take the reference on this information disclosure before making the decision to participate in the auction.

Lastly, this English version of the Company IPO Information Disclosure is only for translation and reference purposes. If there are any conflicts between the two documents, the Vietnamese one shall prevail./.

Dak Nong, March , 2019

**REPRESENTATIVE OF EQUITIZATION STEERING COMMITTEE
HEAD OF EQUITIZATION STEERING COMMITTEE**



Nguyen-Ngoc Duc

**REPRESENTATIVE OF OFFERING ORGANIZATION
THUAN AN COFFEE COMPANY LIMITED
CHAIRMAN CUM GENERAL DIRECTOR**



Nguyen Trong Trung

**REPRESENTATIVE OF ADVISOR
SAIGON – HA NOI SECURITIES JOINT STOCK COMPANY
DEPUTY GENERAL DIRECTOR**



Tran Thi Thu Thanh

