

THE EQUITIZATION MANAGEMENT COMMITTEE OF WATERWAY AND ROAD VEHICLES REGISTRATION CENTER RECOMMENDS THE INVESTORS TO READ CAREFULLY ALL THE INFORMATION IN THIS DOCUMENT AND AUCTION REGULATIONS BEFORE APPLYING TO JOIN THE AUCTION.

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# INFORMATION DISCLOSURE

## WATERWAY AND ROAD VEHICLES REGISTRATION CENTER

### THE INITIAL PUBLIC OFFERING OF SHARES IN

AUCTION PERFORMING  
ORGANIZATION:



**HOSE**

**HO CHI MINH CITY STOCK EXCHANGE**

Address: No.16 Vo Van Kiet, District 1, HCMC

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

SHARE OFFERING  
ORGANIZATION:

**WATERWAY AND ROAD VEHICLES  
REGISTRATION CENTER**

Address: 420 National Route 1, Cai Tac Town, Chau Thanh A  
District, Hau Giang Province

Tel: (0293) 3848 959

CONSULTING ORGANIZATION:



**BETA SECURITIES INCORPORATION**

Head office: Floor 4&5, Beta Building, 55 Nam Ky Khoi  
Nghia, District 1, HCMC

Phone: (028) 3914 2929 Fax: (028) 3914 3435

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**INFORMATION ABOUT THE INITIAL SHARE OFFERING**

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**1. Share offering organization**

- Organization name : **WATERWAY AND ROAD VEHICLES  
REGISTRATION CENTER**
- Address : 420 National Route 1, Cai Tac Town, Chau Thanh  
A District, Hau Giang Province
- Phone : (0293) 3848 959
- JSC Charter capital : 5,741,200,000 dong
- Share's par value : 10,000 dong
- Number of shares : 574,120 shares

**In which:**

- *Government's share holding* : 206,684 shares, occupied 36% of  
charter capital
- *Share offering for labor in the company according to working period  
standard in Government section* : 19,400 shares, occupied 3.38% of  
charter capital
- *Share offering for labor in the company according to long-term  
working commitment at the Joint Stock Company* : 136,000 shares, occupied 23.69% of  
charter capital
- *Share offering in the public auction* : 212,036 shares, occupied 36.93% of  
charter capital

**2. Share offering for the auction**



- Number of shares offering in the auction : 212,036 shares, occupied 36.93% of charter capital
- Type of share offering : Ordinary shares
- Auction method : Public auction through HCMC Stock Exchange
- Initial price for the auction 10,000 VND/share
- Number of maximum shares registered to be purchased by each investor : 212,036 shares

### **3. Information disclosure about share purchasing registered organizations**

Providing location of Information Disclosure, receiving registration to join the auction, receiving of deposits, distributing of participation sheet: According to regulations of share offering to the public by Waterway and Road Vehicles Registration Center issued by Ho Chi Minh City Stock Exchange.

**I. LEGAL BASIS ABOUT THE AUCTION**

- Decree No. 126/2017/ND-CP on 16 November 2017 issued by the Government about Government organizations and One Member Limited Company with 100% investment by Government to change into Joint Stock Company;

- Circular No. 40/2018/TT-BTC on 04 May 2018 issued by Ministry of Finance guiding about initial share offering and management of receipt from equitization of the Government organizations and One Member Limited Company with 100% investment by Government to change into Joint Stock Company;

- Decision No. 22/2015/QĐ-TTg on 22 June 2015 issued by Minister of Government about changing from Government organizations into Joint Stock Company;

- Circular No. 35/2016/TT-BLĐTBXH on 25 October 2016 issued by Ministry of Labor, War invalids and Social Affairs guiding to perform the policies for the labor when changing from Government organizations into Joint Stock Company according to Decision No. 22/2015/QĐ-TTg on 2 June 2015 issued by Minister of Government;

- Document No. 766/VPCP-DMDN on 25 January 2017 issued by Government office about list of Government organizations in Hau Giang province changing into Joint Stock Company;

- Decision No. 31/2017/QĐ-CP issued by Minister of Government on 17 July 2017 about criteria of sector list performing of change from Government organizations into Joint Stock Company;

- Plan No. 39/KH-UBND on 05 April 2017 issued by Hau Giang People's Committee performing to change the Government organizations into Joint Stock Company for period 2017 – 2020;

- Decision No. 1992/QĐ-UBND on October 27, 2017 issued by President of Hau Giang People's Committee about changing the Waterway and Road Vehicles Registration center into Joint Stock Company;

- Decision No. 2229/QĐ-UBND on November 15, 2017 issued by President of Hau Giang People's Committee about establishing of Equitization Management Board for Waterway and Road vehicles registration center;

- Decision No. 1530/QĐ-UBND on 16 October 2018 issued by President of Hau Giang People's Committee about replacement of Members in Equitization Management Board for Waterway and Road Vehicles Registration Center;

- Plan No. 917/KH-UBND on 22 May 2017 issued by Hau Giang People's Committee to perform equitization for Waterway and Road Vehicles Registration center;

- Decision No. 01/QĐ-BCĐCPH on 24 November 2017 issued by Head of Equitization Management Board for on establishment of Assistance Team for Equitization Management Board of Hau Giang Waterway and Road Vehicles



**Registration Center;**

- Consultancy contract no. 004/06/2018/HĐTV/TTĐKHG-BETA between Beta securities incorporation and Hau Giang Waterway and Road Vehicles Registration Center dated July 20, 2018 on equitization consultancy;
- Document No. 717/UBND-KT on 02 April 2019 issued by President of Hau Giang People's Committee about changing of timeline for business value determination of Waterway and Road Vehicles Registration Center;
- Decision No. 1283/QĐ-UBND on 22 August 2019 issued by Hau Giang People's Committee about approval of value of Waterway and Road Vehicles registration center as at 31 May 2018 to equitize;
- Decision No. 1995/QĐ-UBND dated November 11, 2019 by People's committee of Hau Giang province on approval of equitization plan for waterway and road vehicles registration center
- Other related legal documents.

## **II. PRINCIPALLY RESPONSIBLE PARTIES FOR THE CONTENTS OF INFORMATION DISCLOSURE.**

### **1. Representative of Equitization Management Board**

- Mr. Nguyen Thanh Ha                      Position: Head of Equitization Management Board
- This Information Disclosure prepared by equitization organization and consulting organization has been approved by Equitization Management Board.

### **2. Representative of the center**

- Mr. Ngo Minh Khang                      Position: Head of Equitization Management Board
- We are completely responsible for the assurance of the information and data in this Information Disclosure to be true, comply with the reality, full and necessary for the investors to evaluate about properties, business operation, financial situation, results and prospect of the Center.

### **3. Representative of Consulting Organization – Beta Securities Inc.**

- Mr. Huynh Van Tot                      Position: General Director
- We assure that the analysis, evaluation and language selection in this Information Disclosure are reasonably and carefully performed based on the information and data provided by the Center

## **III. CONCEPTS AND ACRONYMS.**

KVNN	Government Area
NĐT	Investor
TNHH	Limited Company
TSCĐ	Fixed assets
TSLĐ	Working capital
UBND	People's Committee
VĐL	Charter Capital



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Center	Waterway and Road vehicles registration center
XDCB	Capital Construction

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#### **IV. SITUATION AND CHARACTERISTICS OF OFFERING ORGANIZATION**

##### **1. Summary of formation and development**

Waterway and Road Vehicles Registration Center which used to be known as Hau Giang Waterway and Road Vehicles Registration Center was established basing on name changing of Road Vehicles Registration Station under Can Tho provincial Department of Transportation according to Decision no. 82/2004/QĐ-UB dated February 25, 2004 of Hau Giang Provisional People's Committee.

In June 22, 2009, People's committee of Hau Giang province issued Decision no. 1715/QĐ-UBND on establishment of Waterway and Road Vehicles Registration Center.

In January 25, 2016, Hau Giang provincial Department of Transportation issued Decision no. 72/QĐ-SGTVT on functions, missions, rights, structure and personnel of Hau Giang Waterway and Road Vehicles Registration Center.

During its operation of assigned functions and missions, the Center has achieved plenty of achievements such as: collective merit for waterway and road vehicles registration center to have gain excellent achievement in patriotic emulation movement in the period from 2011 – 2015; Merit by People's committee of Hau Giang Province in 2015 and 2018; Merit by General Department of Taxation in 2014, 2015 and 2016.

##### **2. Main types of business**

According to Decision No. 72/QĐ-SGTVT on 25 January 2016 on main functions, missions, rights, structure and personnel of Hau Giang Waterway and Road Vehicles Registration Center as following:

###### **Position, functions:**

The center is a unit under Hau Giang Provincial Department of Transportation, implements registration for domestic waterway and road motor vehicles in uses and some other services authorized by the Government.

The center is a non-business unit with revenues which self-ensures its operation costs ( self-funded non-business unit for short), with legal person status, has its own stamp , can open bank/treasury accounts and is under Department of Transportation 's management and administration in organization, personnel and operation.

###### **Responsibility and rights:**

- Develop and submit the short term, long term and annual plan of technical safety testing and environment protection for road motor vehicles (hereinafter referred as motor vehicles), special motorbikes and domestic waterway vehicles of the province

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to Director of Department of Transportation;

- Perform testing and issue of technical safety and environment protection certificates for motor vehicles, special motorbikes and domestic waterway vehicles according to regulations. The head of testing unit together with testing performers must take responsibility for testing results;

- Check, maintenance and repair to ensure the accurate of testing equipment and machines according to the regulations; submit to Department of transportation for approval of investment in new testing equipment and machines according to regulations by Ministry of Transportation and Vietnam Register;

- Make records when encountering an objective incident which lead to suspension of inspection and report to the specialized management agency;

- Organize development and performance of management and quality system according to ISO standards

- Evaluate technical conditions of motor vehicles as per request of competent state agencies or vehicle owners;

- Participate in assessment of traffic incident and accident related to motor vehicle technical safety at the request of functional agencies; propose preventive measures;

- Perform other technical consultancy services as prescribed; deploy scientific research projects and participate in other related activities at the request of state management agencies;

- Observe and create favorable conditions for inspection, examination and supervision by functional agencies. Implement archiving and reporting as prescribed.

- Organize structure, manage staff according to decentralization; implement policies and regimes for staff according to regulations.

- Manage and use finance, assets and other resources assigned in accordance with the law. Collect and use charges and fees according to regulations;

- Revoke the issued seal when detecting violations or expired motor vehicles;

- Request legal protection agencies to handle acts that hinder the operation of the Center;

- Perform other responsibilities assigned by Director of Transportation Department.

### **3. Line agency**

- Hau Giang Provincial Department of Transport.

- Address: No. 1 Dien Bien Phu street, ward V, Vi Thanh city, Hau Giang province.

## **4. Organizational and management structure**

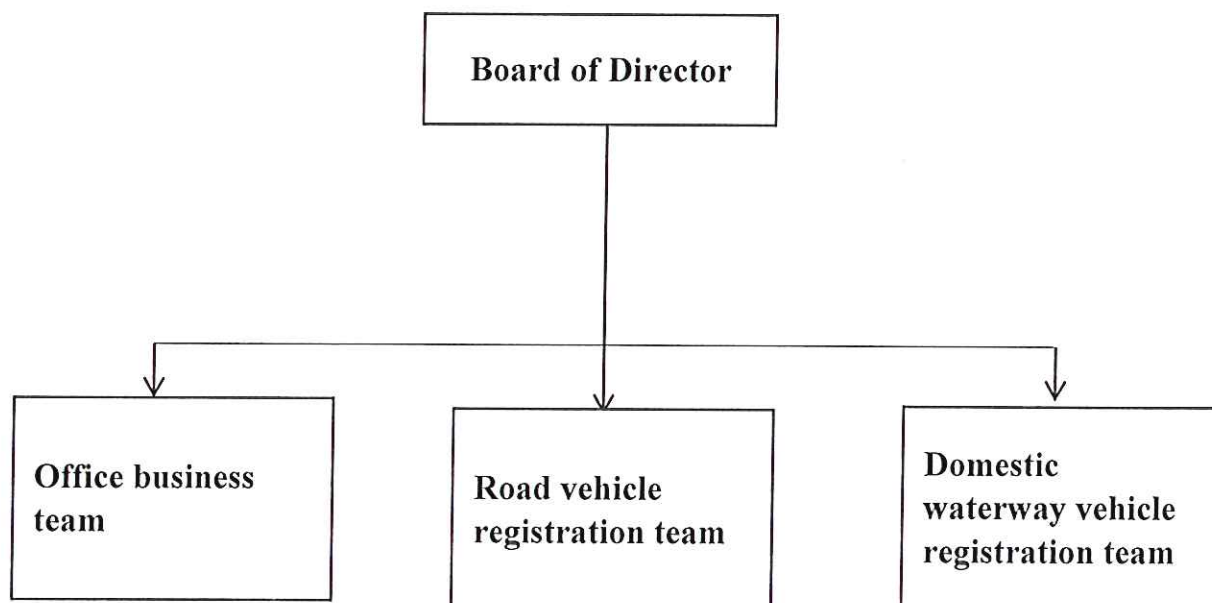
### **4.1. Organizational chart**



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**Organizational chart of Waterway and road vehicle registration center**

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*(Source: Waterway and road vehicles registration center)*

**4.2. Function and detailed responsibilities of each department:****a. Board of Director includes of 01 director and 1 vice-director**

- Director of the center is the direct responsible person in front of the Director of provincial department director, directly manages all general operations and other assigned tasks according to regulations. Director of the center is appointed by Director of provincial Department

- Deputy director of the center is responsible for supporting the director, assigned by center director for some tasks for which shall be responsible before the center director. Deputy director of the center is appointed and dismissed by Director of provincial Department according to proposal of center director.

**b. Office team:**

- Manage organization's finance and assets within its competence regulated by the laws and provide advisory for relative legal documents.

- Perform general accounting; monitor, manage and use organization's funds; compare and settle according to regulations,

- Make enough records, quarterly and annual financial statements; monthly report as per request of the director.

- Check revenue accountants' management and use of charge and fees receipts; compare with monthly data.

- Complete issue procedure of social insurance book, health insurance card and accident insurance for staff provide director with advisory on handling SI and



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unemployment insurance for staff.

- Monitor annual estimation and settlement.
- Monitor quarterly and annual pay increase; make the lists and submit to the director.
- Manage fee and charge receipts
- Make monthly fee and charge use report
- Directly collect waterway and road vehicles registration fees and charges
- Monitor and make property reports.
- Make payroll, advance payment table of additional income.
- Manage and use the stamp, receive documents, photocopy documents, stamp on the books, track, release and store documents.
- Make weekly, monthly, quarterly, and annual reports.
- Stamp on printed paper frame of waterway and road vehicles
- Participate in the office administrative management.
- Manage office equipment.
- Purchase and distribute stationery, tools and properties.
- In charge of the application and management of information technology network throughout the organization.
- Receive applications and register for road motor vehicle testing.
- Purchase, allocate and report the use of road motor vehicle printed papers.
- Implement the regime of reporting about inspection of road motor vehicles.
- Keep and preserve documents, including vehicle dossiers and dossier of road motor vehicle testing.
- Directly monitor the attendance of the entire center.
- Keep track and write fuel supply slips, check monthly fuel payment.
- Perform tasks of cash collection and payment. Prepare monthly cash book with reconciliation of figures with accounting. In addition, it is required to perform other tasks assigned by the Director.

**c. Road vehicle registration team**

- Manage registrars on the registration lines
- Directly assess technical safety & environment protection for motor vehicles and specialized motorbikes in all periods
- Manage assessment equipment on the lines
- Record equipment daily situations

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- Manage and operate generators
  - Be members of renovated motor vehicle acceptance board
  - In additions, take part in evaluation of vehicles technical status of provincial authorities to repair as per requirements of Department of Financial, assess as per request of the police and some other tasks assigned by the Director.

**d. Domestic waterway vehicles (DWV) registration team:**

- Directly perform DWV technical testing and monitoring
- Establish and issue documents for DWV
- Perform daily, weekly, monthly, annual and extraordinary reports within assigned areas
- Interbranch coordination with relative units to perform assigned tasks
- Perform report on DWV document archives
- Monitor management, allocation and use of stamps and printed frames
- In addition, perform some other tasks assigned by the director

**5. Labor situation**

At the value disclosure time of the Center in August 22<sup>nd</sup>, 2019, total number of labor and officers with name in the regular list of Center is 23 people, in which the structure is as below:

#	Criteria	Number (people)	Percentage (%)
<b>I</b>	<b>Classify according to level</b>	<b>23</b>	<b>100.00</b>
1	Over university level	01	4.35
2	University level	20	86.95
3	College, inter-school level	01	4.35
4	Other levels	01	4.35
<b>II</b>	<b>Classify according to working contracts and labor contracts</b>	<b>23</b>	<b>100.00</b>
1	Workers without working or labor contract	-	-
2	Undefined time working contract	22	95.65



## Waterway and road vehicle registration center

#	Criteria	Number (people)	Percentage (%)
3	Contract with terms from 12 to 36 months	-	-
4	Temporary or under 12-month contract	01	4.35
<b>III</b>	<b>Classify according to gender</b>	<b>23</b>	<b>100.00</b>
1	Male	20	86.96
2	Female	03	13.04

(Source: Waterway and road vehicle registration center)

## V. BUSINESS OPERATION ACTIVITIES

### 1. Business situation before equitization

#### 1.1. Business operation activities through years

##### a. Main products and services:

Center's major services include of:

- Performance of assessment and certification of technical safety and environment protection for domestic waterway vehicles;
- Performance of assessment and certification of technical safety and environment protection for road motor vehicles;
- Performance assessment and certification of technical safety and environment protection for innovated motor vehicles, ...

##### b. Production and business performance

#.	Criteria	Unit	2016	2017	2018
1	Road motor vehicle registration	Turns	15,200	12,000	11,000
2	Domestic waterway vehicle registration	Turns	1,000	1,000	970
Total		Turns	16,200	13,000	11,970



**c. Business results from 2016 to 2018**

Unit: dong

#	Criteria	2016	2017	2018
<b>1</b>	<b>Income in period</b>	<b>4,681,376,576</b>	<b>4,049,940,084</b>	<b>3,749,197,092</b>
-	Non-business activities	344,666,680	340,365,924	425,811,040
-	Services and production activities	4,315,815,949	3,692,412,653	3,311,974,272
-	Financial activities	20,893,907	17,161,507	10,593,598
-	Others	-	-	818,182
<b>2</b>	<b>Payment in period</b>	<b>2,065,400,962</b>	<b>2,199,436,182</b>	<b>2,516,648,962</b>
-	Non-business activities	129,271,760	154,719,869	270,785,334
-	Services and production activities	1,936,129,202	2,044,716,313	2,245,794,328
-	Financial activities	-	-	69,300
-	Others	-	-	-
<b>3</b>	<b>Difference of incomes amount higher than payment in the period</b>	<b>2,615,975,574</b>	<b>1,850,503,902</b>	<b>1,232,548,130</b>
-	Non-business activities	215,394,920	185,646,055	155,025,706
-	Services and production activities	2,379,686,747	1,647,696,340	1,066,179,944
-	Financial activities	20,893,907	17,161,507	10,524,298
-	Others	-	-	818,182
<b>4</b>	<b>Income taxes</b>	<b>480,116,131</b>	<b>332,971,569</b>	<b>216,665,475</b>
<b>5</b>	<b>Deficit or surplus in the year</b>	<b>2,135,859,443</b>	<b>1,517,532,333</b>	<b>1,015,882,655</b>

(Source: waterway and road vehicle registration center)

**1.2. Material sources****a. Input factors of service offering:**

The major activities of the center are to evaluate and issue registration certificates which rely on human factor and two registration lines. The registration lines operate basing on power supply by provincial electricity.

**b. The stability of the input factors:**

Input materials arise mainly from replacement parts of the two lines, which are purchased from the firms and supplied in domestic market. Besides, input power supply is from general electric network which are kind of stable due to reasonable use demand. Printed paper frames which are used to issue certification are provided by Vietnam Register. Besides, paper resources are supplied by local stationery companies that are more plentiful than necessary.

In terms of testing staff who are well trained is an unstable factor in case that competitors develop more registration centers with better policies.

**c. Impacts of the input factors to revenue and profit:**

Equipment and machine repair costs are manually estimated which aren't normally fluctuating. Salaries and bonuses for staff don't fluctuate much due to salary coefficients characteristics of public non-business unit. Thus, annual revenue and benefits are not suddenly affected.

Although power consumption costs are not accounted for a large proportion, they will fluctuate according to the adjustment of electricity prices by state agencies, which leads to fluctuating electricity costs, and affects a small part of the business revenues and profits of the Center.

**1.3. Technology Level**

The center currently uses two inspection equipment systems and programs of BEISSBARTH and MAHA. These two equipment systems are licensed by Vietnam Register and synchronously connected with Vietnam Register's inspection management software. Vietnam Register shall annually evaluate to assess the ability to meet the standards and license the Center to continue using the system for registration activities.

**1.4. Research and development of new products**

The main activities of the center are to register domestic waterway vehicles, road motor vehicles and so on basing on National Standards and assessment criteria under the guidance of Vietnam Register, and hence, research and development of new products is limited and dependent on regulations on registration activities.

**1.5. Checking of products and services**

The registration process is carried out by the Center through the following stages:

The registration dossier is submitted at the dossier-receiving section, if it satisfies the requirements, it will be transferred to the registry section, where the registrars will conduct 5-stage inspection according to regulations. The evaluation results will be re-evaluated by the Head of the line by utilizing the inspection management software system, if the results are satisfied, it will be transferred to the certification and stamp



processing section. The operational process is carried out with the combination of both staff, equipment and machine system and evaluation software.

### 1.6. Marketing activities

The center is a typical non-business unit, so the business activities have not been with applied marketing activities like private units in business activities such as building an electronic website, organizing introduction and promotion programs. Currently, the center's customers are mainly based on returning customers and non-residence guests.

### 1.7. Commercial brand, patent and copyright registration

Due to its small scales and typical operation, patent and copyright activities have not yet occurred.

### 1.8. Big contracts in progress or have been signed

Due to its characteristics of registration activities, registration is made directly with customers who may be organizations or individuals without service contract. The Center conducts inspection and registration and issue invoices for customers according to regulations.

### 1.9. Financial situation and business result within 3 years before equitization

Detailed data of financial situation is summarized in the following table:

Unit: dong

No.	Item	2016	2017	2018
1	Total revenue	4,681,376,536	4,049,940,084	3,749,197,092
2	Total expense	2,545,517,093	2,199,436,182	2,516,648,962
3	Profit after tax	2,135,859,443	1,517,532,333	1,015,882,655
4	Payment made to State	27,791,584,237	21,670,953,748	22,363,043,743
5	Receivables	929,662,404	755,075,326	152,677,012
	In which, overdue amount	-	-	-
6	Payables	183,343,338	271,088,804	266,735,675
	In which, overdue amount	-	-	-
7	Total average labor	20	21	27
8	Total salary fund	2,424,000,000	2,394,000,000	2,559,600,000
9	Average monthly salary/person	10,100,000	9,500,000	7,900,000



(Source: waterway and road vehicle registration center)

## 2. Situation of the center at its value determination time

### 2.1. Situation about fixed assets

Situation of fixed assets of the center at the value determination time in December 31<sup>st</sup>, 2018 is as following:

Unit: dong

#	Fixed assets	Book value		RE-EVALUATED VALUE	
		Original price	Residual value	Original price	Residual value
<b>I</b>	<b>Houses and structures</b>	<b>1,731,245,281</b>	<b>548,032,044</b>	<b>3,360,423,520</b>	<b>1,594,757,600</b>
1	Bitumen road	278,940,000	-	477,256,800	147,949,608
2.1	Fence, security camp	223,252,000	-	250,285,560	79,567,828
2.2	Fences			205,632,000	66,830,400
2.2	Securities camps			44,653,560	12,737,428
3	House covering line no. 1	348,511,000	-	1,305,720,000	561,459,600
4	Aluminum room (network lab)	14,323,000	-	24,192,000	7,257,600
5	Office (dossier receiving section, Director room, accounting department, meeting room)	91,773,280	-	600,969,160	244,293,964
6	Office no. 3 domestic waterway vehicle registration dept.	86,919,000	23,219,790		
7	House covering line no. 2	687,527,001	524,812,254	702,000,000	554,229,000
<b>II</b>	<b>Equipment and machines</b>	<b>3,078,211,852</b>	<b>694,249,814</b>	<b>3,078,211,852</b>	<b>960,429,599</b>
1	Vehicle inspection equipment (inspection line no. 1)	872,508,457	-	872,508,457	174,501,691
2	Camera system	52,505,441	-	52,505,441	10,501,088

## Waterway and road vehicle registration center

3	Roller brake tester	93,288,518	-	93,288,518	18,657,704
4	Micronet network connector	79,104,535	-	79,104,535	15,820,907
5	Roller brake tester	16,000,000	-	16,000,000	3,200,000
6	Electric generator	90,000,000	9,375,000	90,000,000	18,000,000
7	Sharp AR- 5316 photocopy machine	31,400,000	-	31,400,000	6,280,000
8	Fee & charge collecting accountant's computer	17,033,000	-	17,033,000	3,406,600
9	Light testing equipment	71,370,750	-	71,370,750	14,274,150
10	Oil engine speedometer	19,211,325	-	19,211,325	3,842,265
11	Gasoline engine speedometer	20,451,900	-	20,451,900	4,090,380
12	Computers of DWV team	14,900,000	-	14,900,000	2,980,000,00
13	Auxiliary equipment for car undercarriage inspection	227,294,476	83,341,280	227,294,476	83,341,280
14	Noise testing equipment	51,142,160	20,883,025	51,142,160	20,883,025
15	Vehicle inspection equipment (inspection line no. 2)	1,422,001,290	580,650,509	1,422,001,290	580,650,509
<b>III</b>	<b>Transportation vehicles</b>	<b>60,000,000</b>	<b>-</b>	<b>60,000,000</b>	<b>30,000,000</b>
1	Car 95M.00009	60,000,000	-	60,000,000	30,000,000
<b>TỔNG CỘNG</b>		<b>4,869,457,133</b>	<b>1,242,281,858</b>	<b>6,498,635,372</b>	<b>2,585,187,199</b>

(Source: Value determination report of waterway and road vehicle registration center)

## 2.2. Situation about financial liability

Situation about financial liability at the value determination time on 31 December 2018 is as following:

Unit: dong



## Waterway and road vehicle registration center

#	Items	Book value	Re-evaluated value	Difference
<b>A</b>	<b>Receivables</b>	<b>152,781,739</b>	<b>152,781,739</b>	-
<b>I</b>	<b>Receivables</b>	<b>152,781,739</b>	<b>152,781,739</b>	-
1	Receivables from customers	28,420,612	28,420,612	-
2	Advances to sellers	110,000,000	110,000,000	-
3	Other receivables	4,256,400	14,256,400	-
4	Other assets	104,727	104,727	-
<b>B</b>	<b>Payables</b>	<b>266,735,675</b>	<b>266,735,675</b>	
<b>I</b>	<b>Short term payables</b>	<b>266,735,675</b>	<b>266,735,675</b>	
1	Payables to suppliers	48,481,086	48,481,086	-
2	Other payables	218,254,589	218,254,589	-

(Source: Value determination report of waterway and road vehicle registration center)

### 2.3. Situation about land in use

#	Name of land lot	Address	Area (m <sup>2</sup> )	No. of land lots	No. of map	Land source	Land use purpose	Legal basis
1	waterway and road vehicle registration center	420 national route 1, Cai Tac town, Chau Thanh A district, Hau Giang province	3,925.2	50	6	Handed over by the government, no rent	Office, factory, parking lot	Land use right certification no 0042/QSDD issued in August 20 <sup>th</sup> , 1997 by People's committee of Can Tho Province

(Source: Value determination report of waterway and road vehicle registration center)

### 3. Factors affecting to business operation activities of the center in the reporting year

#### ✦ Advantages

### Waterway and road vehicle registration center

- Over the past years, with the attention and close direction of the Board of Directors of Hau Giang Department of Transport as well as the professional guidance of Vietnam Register, entire leaders and officials have been constantly consolidated and gradually improved the quality of waterway and road vehicle registration.

- The inspection of waterway and road motor vehicles has been increasingly in order, the professional qualifications and sense of responsibility of the registrars have been raised.

- The registration of domestic waterway vehicles is always concerned and directed by the provincial department 's board of director, as well as supported by Department of Urban, Department of Economic and Infrastructure Management, inland waterway vessel repairing and building facilities and local companies, so the center maintains its monthly registry locations. In addition, the center also sends technical staff to remote communes in order to create favorable conditions for people.

- In addition, the Center also participates in the inter-branch delegation of waterway and road transport, contribute to ensuring traffic safety in the province. At the same time, create a comprehensive co-ordination with other units.

#### **↓ Disadvantages**

- After years of utilization, testing equipment is often broken, the facilities are increasingly degraded, which is hard to meet the needs of customers.

- Because the center is located on the route where the fee collecting station is located, the vehicle owners must pay twice at a high-ticket price which makes the vehicle owners hesitate to enter the Center. specified. Thus, the number of vehicles for inspection has decreased significantly.

- In term of inland waterway vessels, due to the growing of road traffic, waterway transport takes more time than roads, many vessels operate moderately or inactively. Vehicle owners therefore feel depressed to register for inspection. Therefore, the number of vehicles coming back for annual inspection is only about 15.28% of the total number of province's vehicles.

- The patrol and control of functional units lacks regularity. The handling of violations still faces many difficulties and shortcomings such as no yards to detain unregistered vehicles. Penalty for violations is not strict enough to deter and educate violators.

#### **4. Position of the center comparing to others in the sectors**

##### **a. Position of the center in the sector:**

The center is the sole inspection and registration unit in Hau Giang so it doesn't face any competition in the province.

With the mentioned advantage and long experience, the center has a stable quantity of customers.



## Waterway and road vehicle registration center

Besides, with good customer services, high-evaluated inspection quality and enthusiastic consultancy, customers keen on registration at the center even though they must pay high fees at 2 BOTs and there are centers of neighbor provinces located at more convenient location. The center has been maintaining its customers, reaching and exceeding plans.

**b. Development prospect of the sector:**

Although many new registration centers have been established, and plenty of new centers are preparing for operation in the near future, with the growth of the number of vehicles in the province and local transport networks, it is expected that the demand for registration will increase due to the increase of motor vehicles. Although the competitive pressure is increasing, the Center's activities will stably develop in the future.

**c. Evaluation about the suitability of development orientation of the company with the orientation of the sector, Government policies and the general trend in the world.**

The general trend of the world as well as the orientation of the industry and the Government's policies in the future is to enhance the safety of the vehicles and to consider human life above all else. Thus, the inspection ensuring technical safety for vehicles will be inseparable from social life. Therefore, it can be determined that the industry will develop in the future and increasingly satisfy and fit the development of the industry in the future.

**5. Actual value of the company for equitization**

Based on Decision No. 1283/QĐ-UBND on 22 August 2019 issued by Hau Giang People's Committee about approving for value of Waterway and road vehicle registration center to equitize Waterway and road vehicle registration center and document about value determination of the CENTER, actual value of the center to equitize presented in the following table:

**SUMMARY OF VALUE DETERMINATION FOR THE CENTER**

*Unit: dong*

#	ITEM	BOOK VALUE	REEVALUATED VALUE	DIFFERENCE
<b>A</b>	<b>ASSETS IN USE</b>	<b>5,194,411,461</b>	<b>6,537,317,514</b>	<b>1,342,906,053</b>
	I. Assets	5,194,411,461	6,537,317,514	1,342,906,053
1	Fixed assets	1,242,281,858	2,585,187,199	1,342,905,341

## Waterway and road vehicle registration center

1.1	<i>Tangible fixed assets</i>	<i>1,242,281,858</i>	<i>2,585,187,199</i>	<i>1,342,905,341</i>
1.2	<i>Intangible fixed assets</i>	-	-	-
2	Construction in progress	-	-	-
3	Long-term financial investment	-	-	-
4	Cash	3,790,620,594	3,790,621,306	712
5	Short-term financial investment	-	-	-
6	Receivables	152,677,012	152,677,012	-
7	Inventories	8,727,270	8,727,270	-
8	Other assets	104,727	104,727	-
<b>II</b>	<b>Business advantage Value</b>	-	-	-
1	Brand value	-	-	-
2	Development potential value	-	-	-
<b>III</b>	<b>Land use right</b>	-	-	-
<b>B</b>	<b>ASSETS FORMED FROM BONUS AND WELFARE FUNDS</b>	-	-	-
	<b>TOTAL ASSET VALUE OF THE CENTER</b>	<b>6,537,317,514</b>	<b>1,342,906,053</b>	
1	Actual payable debts	266,735,675	266,735,675	-
2	Additional income	258,203,450	258,203,450	-



## Waterway and road vehicle registration center

	fund			
3	Bonus fund	130,577,468	130,577,468	-
4	Welfare fund	140,542,085	140,542,085	-
	<b>TOTAL VALUE OF GOVERNMENT CAPITAL INVESTMENT AT THE CENTER</b>	<b>4,398,352,783</b>	<b>5,741,258,836</b>	<b>1,342,906,053</b>

(Source: Value determination report for Waterway and road vehicle registration center)

Based on value determination result approved by Hau Giang People's Committee:

- Actual value of the center: 6,537,317,514 dongs
- Actual value of Government capital investment at the center: 5,741,258,836 dongs

## VI. BUSINESS DEVELOPMENT ORIENTATION AFTER EQUITIZATION

### 1. Information about the company after equitization

#### 1.1. Basic information

- Vietnamese name: **Cong ty co phan Dang kiem Hau Giang**
- English name: **HAU GIANG REGISTRATION JOINT STOCK COMPANY**
- Company name in short: **DANG KIEM HAU GIANG**
- Head office: 420 National route 1, Cai Tac town, Chau Thanh A district, Hau Giang province
- Phone: (0293) 3848 969

#### 1.2. Legal status

After equitization, the Company will operate under status as Joint Stock Company, in which the **Government holds 36% of charter capital**, operating according to Corporate Law No. 68/2014/QH13 approved by Congress of Socialist Republic of Vietnam XIII, the 8<sup>th</sup> meeting period on 26 November 2014, the Policy to organize the operation of the Joint Stock Company and other related regulations.

### 1.3. Business sector

- Technical inspection and analysis: public technical services in inspection, evaluation and certification of technical safety and environment protection for motor vehicles in use, specialized vehicles, truck tractors that participate in road traffic. Technical inspection for motor vehicles as per request of competency authorities or vehicle owners. Inspection of incidents and accidents relating to technical safety and environment protection as per request of government authorities. Organization of technical consulting service according to Vietnam Register's regulations and laws. Organization of scientific research (following plans of Vietnam Register and competency authorities)

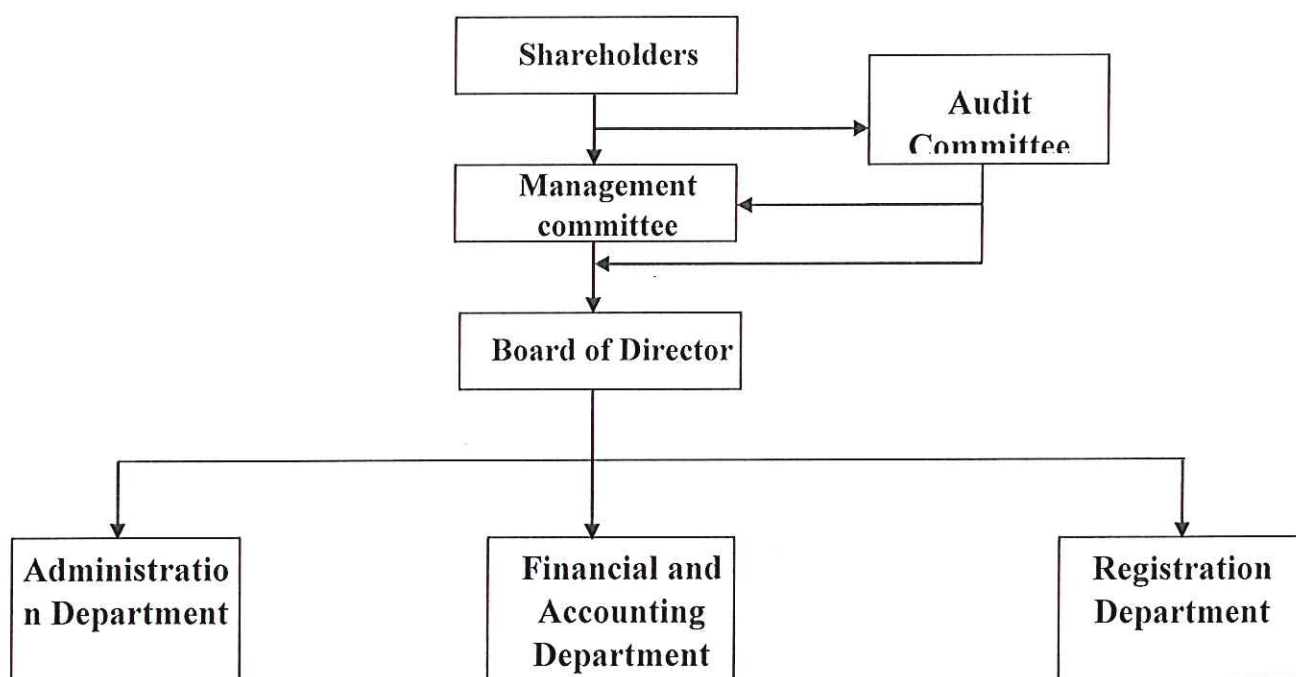
- Public technical services in testing, evaluation and certification of technical safety and environment protection for domestic waterway vessels.

- Non-life insurance. Details: insurance agency for cars, ships and other means of transport

## 2. Organizational structure of Joint Stock Company

### 2.1. Joint Stock Company's organizational structure chart

Organizational structure of JSC is expected to be as following:



*(Source: waterway and road vehicle registration center)*

### 2.2. Function and responsibility of management and operation system of the Company

#### ❖ Shareholders



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Shareholder is the highest functional department of the Company, having rights to decide for issues in the rights and obligations regulated by Law.

❖ **Management Committee**

Management Committee is the management department in the Company, having right on behalf of the Company to decide the related issues to purposes, benefits of the Company, except those issues under right of Shareholder. Management Committee always monitor the business activities, internal control and risk control for the Company. Management Committee of the Company is expected to include 3 people elected by Shareholders.

❖ **Audit Committee**

Audit committee is checking department, monitoring all operation activities of the Company according to regulations of Corporate Law No. 68/2015/QH13 on 26 November 2014 issued by Congress of Socialist Republic of Vietnam.

Audit Committee reviews annual financial reports and each detail issues related to financial activities when needed or according to decision of Shareholders or request from big shareholders. The Audit Committee report to shareholders about the accuracy, truth and legalization of accounting books and documents, financial reports and operation of internal control system.

Audit Committee of the Company is expected to have 3 people elected by Shareholders.

❖ **Board of Directors**

Board of Directors including General Director and Deputy General Director is management department for daily business activities of the Company; under monitor of Management Board and takes responsibility in front of Management Board and Law for performance of assigned tasks and obligations.

❖ **Administration Department:**

- Conduct archives, information technology and communication works.
- Propose for procurement, management, use and repair properties;
- Organize and coordinate welcoming guests; events, conferences, seminars of the center;
- Take responsibility for security, flood and storm prevention, fire and explosion prevention; environmental sanitation;
- Implement administrative reform for the center; receive complaints and denunciations of organizations and individuals.
- Summarize and develop strategies, programs, objectives and plans for the center and implement upon approvals;
- Summarize, analyzes and track data of the departments' operational situation and report to the Director;
- Summarize and develop regular and irregular reports according to regulations and head of department's request;

- In charge of organizing personnel, urging departments and staff to strictly implement the Internal Regulations, Working Regulations and other regulations of the Department of Transport, the center as well as the industry; Advise and assist the director with emulation and commendation work.

- In charge of policies, pay attention to life of staff as regulated.

❖ **Financial and accounting Department**

- Advise and propose solutions to meet the needs of financial administration of the center; summarize and plan for revenue and expensive estimation as regulated.

- Perform collection, payment, registration fees and road use fees use according to the laws

- Check and monitor revenues and expensive, other financial duties as well as dept payment.

- Manage assets and resources forming assets; check and monitor uses of assets.

- Plan for receiving, management, uses and settlement of printed papers according to regulations of Vietnam Register.

- Perform auditing according to current regulation; detect and prevent financial and accounting breaches.

- Perform other duties assigned by the Board of Director.

❖ **Registration Department:**

- Advise the Director on the inspection and certification of technical safety and environmental protection for inland waterway and road motor vehicles; special-use vehicles; inspection of cranes, tanks, CNG and LPG fuel tanks (hereinafter referred to as equipment), equipped and installed on motor vehicles; Conduct acceptance of renovated motor vehicles; Inspect vehicle technical status at the request of state agencies, economic organizations and vehicle owners; the main obligations are as following:

- Carry out inspection and issue certificates of technical safety and environmental protection for road motor vehicles.

- Conduct inspection and issue certificates of technical safety and environmental protection for special-use motorbike.

- Carry out inspection and issue certificates of technical safety and environmental protection for inland waterway vessels.

- Check equipment installed on motor vehicles.

- Perform acceptance test of renovated motor vehicles

- Calculate registration fees for inland waterway vessels (duty of Financial and accounting Department).

- Assess technical conditions of motor vehicles at the request of state agencies, economic organizations and vehicle owners.

- Manage inspection equipment and instruments, surveillance camera systems, photo capturers according to the regulations of Vietnam Register

- Coordinate with the Administration Department to advise the Board of Directors on investment of new inspection machines and equipment.



- Perform other tasks assigned by the Board of Directors

### 3. Business plan for 3 year after equitization

#### 3.1. Development strategies

With the strategy of stabilizing business activities after equitization, the joint stock company continues to carry out the registration activities inherited from the Center. Step by step, stabilize the organizational structure and operation, improve the capacity of employees as a premise for the long-term development.

#### 3.2. Objectives

Improve customer services in order to enhance competition ability to other companies in the industry of neighbor provinces such as Vinh Long and Can Tho

#### 3.3. Main criteria

Based on the organizational business system, operation scale of the center after equitization and foundation of current assets, the center expects economic indexes for the next 3 year as following:

#### Some plan criteria after equitization for period 2020 – 2022

#	Criteria	Unit	2020	2021	2022
<b>I</b>	<b>Total revenue</b>	<b>Dongs</b>	<b>4,094,000,000</b>	<b>4,296,200,000</b>	<b>4,508,025,000</b>
1	Registration service	Dongs	3,810,000,000	4,000,500,000	4,200,525,000
2	Road use fees	Dongs	284,000,000	295,700,000	307,500,000
<b>II</b>	<b>Total expensive</b>	<b>Dongs</b>	<b>3,540,450,000</b>	<b>3,696,450,000</b>	<b>3,777,410,000</b>
<b>III</b>	<b>Profit before tax</b>	<b>Dongs</b>	<b>553,550,000</b>	<b>599,750,000</b>	<b>730,615,000</b>
1	Corporate Income Tax (20%)	Dongs	110,710,000	119,950,000	146,123,000
<b>IV</b>	<b>Profit after tax</b>	<b>Dongs</b>	<b>442,840,000</b>	<b>479,800,000</b>	<b>584,492,000</b>
<b>V</b>	<b>Total salary fund/month</b>	<b>Dongs</b>	<b>172,500,000</b>	<b>172,500,000</b>	<b>172,500,000</b>
<b>VI</b>	<b>Total employee</b>	<b>People</b>	<b>23</b>	<b>23</b>	<b>23</b>
<b>VII</b>	<b>Average income</b>	<b>million dongs /month</b>	<b>7,500,000</b>	<b>7,500,000</b>	<b>7,500,000</b>
<b>VIII</b>	<b>Charter Capital</b>	<b>Dongs</b>	<b>5,741,200,000</b>	<b>5,741,200,000</b>	<b>5,741,200,000</b>
<b>IX</b>	<b>Rate of Profit after tax/charter capital</b>	<b>%</b>	<b>7.71%</b>	<b>8.36%</b>	<b>10.18%</b>
<b>X</b>	<b>Share rate</b>	<b>%</b>	<b>3</b>	<b>4</b>	<b>5</b>

(Source: waterway and road vehicle registration center)

**Note:**

- Actual charter capital through the year could be modified to increase according to capital raising demand to invest and develop the company and perform properly according to regulation at JSC policies and Corporate Law together with other related legal regulations.

- Ownership percentage and Government capital value at the JSC could be changed to be suitable with general regulations about ownership percentage of the Government at JSC and general policies at the locality.

**4. Land use plan**

Based on Decision No. 701/QDD-UBND on 02 May 2019 issued by Hau Giang People's Committee about approval of land use plan after equitization of waterway and road vehicle registration center, the waterway and road vehicle registration center continues to manage and use one (01) land lot after equitization, details as following:

#	Name of land lot	Address	Area (m2)	No. of land lots	No. of map	Land source	Land use purpose	Legal basis
1	Waterway and road vehicle registration center	420 National route 1, Cai Tac town, Chau Thanh A district, Hau Giang province	3,925.2	7; 32; 227	12; 33; 34	Leasing with annual paid rent	Land for building of other non-profit construction	Decision No. 701/QDD-UBND on 5/02/2019 issued by Hau Giang People's Committee about approval of land use plan after equitization of waterway and road vehicle registration center

**5. Performance solutions****5.1. Solution about operation execution of the Joint Stock Company**

- Build up organizational structure of the company with JSC model suitable with regulations of Corporate Law and current regulations.
- Build up operation policies and procedures for the JSC, management board, auditing board, board of director and company's operation.
- Enhance the roles of transparent administration to ensure rights and benefits of the shareholders



## **5.2. Solution about improving business operation capacity**

- Continue to improve service quality compliant with regulations of Vietnam Register
- Well manage human resources for the purpose of improvement of work performance
- Develop registration scheduling system, using telephone switchboard and online systems
- Establish a team to receive and quickly handle questions and responses from customers.

## **5.3. Solution about the market**

- Build up marketing department to perform the tasks: Market research, advertisement, ....
- Build up e-commercial page in social network, hotline to market services of the company and help the customer to assess and use the services conveniently and quickly.

## **5.4. Capital solutions**

- Due to its characteristic of registration, the company's need of capital isn't high. The company will consider loans from financial organizations and individuals for working capital when necessary.

## **5.5. Solutions about developing investment**

- Investment in repairing and replacement of broken equipment, upgrading equipment compliant with standards, updates of modern equipment to achieve the highest performance of the two inspection lines. Investment in upgrading facilities, factories, office and waiting rooms, parking lot and sanitation areas, etc....
- Updates of software and machine and equipment systems to meet the regulations and needs of registration works
- Purchase of machine and equipment for use at office to meet the need of works

## **5.6. Human resource solutions**

- Build up recruitment process suitable with scale of the joint stock company.
- Build up pay regulations in order to encourage employees to enhance their work performance, maintain talents and attract high quality workforces.
- Periodically organize training for the employees to satisfy the needs of

works according to regulations.

## **VII. SOLUTIONS AND LABOR POLICIES**

According to labor solution approved by People's committee of Hau Giang province, detailed data of the center's labor is as following:



No.	Contents	Total	Note
<b>I</b>	<b>Total employee at the equitization value disclosure</b>	<b>23</b>	
1	Labor without signing labor contract	-	
2	Labor with labor contract	23	
	- <i>Labor with undefined term labor contract</i>	22	
	- <i>Labor with labor contract with term from 12 to 36 months</i>	-	
	- <i>Temporary labor or labor contract with term under 12 months.</i>	01	
3	Labor currently is on leave but still in list of the company workforce	-	
<b>II</b>	<b>Number of inactive labors at the equitization value disclosure time</b>	<b>-</b>	
1	Number of labors with full condition to be retired according to current regime	-	
2	Number of labors will terminate labor contract, in which:	-	
	- <i>Expired labor contract</i>	-	
	- <i>Voluntarily terminate labor contract</i>	-	
	- <i>Terminate labor contract with other reasons according to legal regulations</i>	-	
	- <i>Number of labors without demand to use</i>	-	
3	Number of labors not assigned to work at the equitization value disclosure time	-	
	- <i>Number of redundant labors performing according to Decree No. 63/2015/ND-CP</i>	-	
	- <i>Number of labors in force to terminate the contract and getting severance allowance</i>	-	
<b>III</b>	<b>Number of labors to be transferred to Joint Stock Company</b>	<b>23</b>	
1	Labor without signing labor contract	-	
2	Labor with labor contract	30	
3	Number of labors on leave with social insurance, in which:	-	

-	<i>Sickness</i>	-	
-	<i>Maternity</i>	-	
-	<i>Working accident, occupational disease</i>	-	
4	Number of labors on leave without salary	-	
5	Number of labors on temporary leave:	-	
-	<i>Military service obligation</i>	-	
-	<i>Other civil obligations</i>	-	
-	<i>Temporary in detention</i>	-	
-	<i>Due to both parties' agreement (not over 03 months)</i>	-	

**Labor structure continuing to turn into Joint Stock Company as following:**

#	Criteria	Number (people)	Percentage (%)
<b>I</b>	<b>Classify according to level</b>	<b>23</b>	<b>100.00</b>
1	Over university level	01	4.35
2	University level	20	86.95
3	College, inter-school level	01	4.35
4	Other levels	01	4.35
<b>II</b>	<b>Classify according to working contracts and labor contracts</b>	<b>23</b>	<b>100.00</b>
1	Workers without working or labor contract	-	-
2	Undefined time working contract	22	95.65
3	Contract with terms from 12 to 36 months	-	-
4	Temporary or under 12-month contract	01	4.35
<b>III</b>	<b>Classify according to gender</b>	<b>23</b>	<b>100.00</b>
1	Male	20	86.96
2	Female	03	13.04

## **VIII. CHARTER CAPITAL AND OFFERING SHARE STRUCTURE**

### **1. Number of offering shares**

Based on Decision No. 1995/QD-UBND dated November 11<sup>th</sup>, 2019 issued by Hau Giang People's Committee on approval of equitization plan for waterway and road vehicles registration center, Charter capital of the center is approved as following:



- Charter capital: 5.741,200,000 dongs
- Par value: 10,000 VND/share.
- Number of shares with initial offering: 574,120 shares, in which:

## 2. Offering share structure

No.	Shareholders	Quantity (shares)	Par value (VND)	Percentage/Charter capital (%)
1	Government's shares	206,684	2,066,840,000	36.00
2	Preference shares sold to employee with working years	19,400	194,000,000	3.38
3	Preference shares sold to employee with commitment to work for long term	136,000	1,360,000,000	23.69
4	Public offering shares	212,036	2,120,360,000	3.93
	<b>Total</b>	<b>574,120</b>	<b>5,741,200,000</b>	<b>100.00</b>

## 3. Order for the auction and initial price

Perform the public auction at first, then perform selling to employee in the company.

Initial price for public auction: 10,000 VND/share. (According to Decision No. 1995/QD-UBND dated November 11th, 2019 issued by Hau Giang People's Committee on approval of equitization plan for waterway and road vehicles registration center).

## 4. Share offering solutions

### 4.1. Legal basis

- Decree No. 126/2017/ND-CP on 16 November 2017 issued by Government about turning the Government company and One-member Limited Company with 100% of charter capital hold by the Government into Joint Stock Company;
- Circular 40/2018/TT-BTC on 04 May 2018 issued by Ministry of Finance guiding for the initial share offering and management, using receipt from the equitization of Government companies and One Member Limited Company with 100% of charter capital hold by Government turning into Joint Stock Company;
- Decision No. 22/2015/QD-TTg on 22 June 2015 issued by Minister of Finance

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about turning public company into Joint Stock Company;

- Circular No. 35/2016/TT-BLĐTBXH on 25 Oct 2016 issued by Ministry of Labor, Invalids and Social Affairs guiding for performance of policies to labor when turning the public company into Joint Stock Company according to Decision 22/2015/QĐ-TTg on 02 June 2015 issued by Minister of Government

- Decision No. 1995/QĐ-UBND dated November 11th, 2019 issued by Hau Giang People's Committee on approval of equitization plan for waterway and road vehicles registration center

## **4.2. Share offering methods**

### **a. Public auction to investors**

- Total offering shares in the auction : 212,036 shares, equivalent to 2,120,360,000 VND, occupied 36.93% of charter capital of JSC
- Initial price : 10,000 VND/share
- Organization performing share offering : Ho Chi Minh City Stock Exchange
- Type of share : Ordinary shares, free to transfer
- Auction method : Public auction at HCMC Stock Exchange
- Auction time : Regulated in "Auction regulations" issued by Ho Chi Minh City Stock Exchange
- Objects participating the auction : Individual investors, institutional investors in and outside of the country according to Item 1 and Item 2, Article 4, Decision No. 22/2015/QĐ-TTg on 22 June 2015 issued by Minister of Government.
- Deposit form : Perform according to "Auction regulations" issued by Ho Chi Minh City Stock Exchange

### **b. Shares sold to employees basing on their actual working time in the government sector**

- Number of employees at the value disclosure time : 23 people
- Number of employees purchasing according to actual working years in Government areas : 22 people



## Waterway and road vehicle registration center

- 
- Number of employees who don't meet the requirement to purchase purchasing according to actual working years in Government areas : 01 people
  - Number of preference shares purchased according to actual working years in Government areas : 19,400 shares – equivalent to 194,000,000 VND according to par value, occupied 3.38% of charter capital of the JSC
  - Type of share : Ordinary shares
  - Transfer limitation : 03 years since making payment to purchase preference shares
  - Selling price : 6,000 VND/share
  - Performance period : After completing public auction
- 

**c. Shares sold to employees basing on their committed working time in the government sector**

- Number of transferred to work for the JSC : 23 people
- Number of employees purchasing according to committed working years in the JSC : 18 people
- Number of preference shares purchased according to committed working years : 136,000 shares – equivalent to 1,360,000,000 VND according to par value, occupied 23.69% of charter capital of the JSC
- Selling price : 10,000 VND/share
- Transfer limitation : same as committed working time of the employee, min 3 years, max 10 years
- Performance period : After completing public auction

**d. Unsold share handling**

Handling of unsold shares is performed according to regulations at point 37, Decree No. 126/2017/ND-CP of the Government, regulating with details as following:

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*"Article 37. Handling of unsold shares*

*1. In case there is no investor applying to purchase the shares, the Management Board performs selling shares for employee and Trade Union in the company according to equitization plan approved, at the same time performs the procedures to turn into Joint Stock Company, number of unsold shares will be modified to the charter capital and performs divestment after the operation of the company under form as JSC.*

*2. In case there is one 01 investor applying to purchase shares, the Management Board performs agreement to sell shares to registered investor to purchase sell with selling price not under initial price with registered number of shares. If the investor does not purchase the shares, the Joint Stock Company performs according to regulation at Item 1 of this Article.*

*3. In case after public auction, all the investors in the auction reject to purchase, the company equitization is performed according to regulation at Item 1 of this Article.*

*4. In case a part of shares has been sold in the public auction, the remaining number of shares (including the rejected number of shares by investors) will be performed with order as below:*

*a) Management Board will continue to inform to investors participating in the public auction (not including winning investors in the public auction) to sell for these investors with registered volume and ordered selling price according to higher to lower selling price of the public auction until the last share needed to be sold.*

*b) If the shares are remained after agreement, Management Board continue to inform to winning investors in the public auction (not including winning investors yet reject to purchase) to sell for these investors with ordered selling price of each investor according to higher to lower selling price until the last share needed to be sold.*

*c) In case the shares are remained according to regulations at a and b Item 4, Article 37 Decree 126/2017/ND-CP, the equitization of Company will be performed according to regulations in Item 1, Article 37 Decree 126/2017/ND-CP."*

### **4.3. Payment of shares**

- Public auction: payment term and method follow the "Auction regulation: issued by Ho Chi Minh City Stock Exchange.

- Shares sold to employees basing on their actual working time for government section and shares sold to employees basing on their committed working time for the joint stock company: follow the regulations of Decree no 126/2017/ND-CP dated November 16th, 2017 and circular no. 40/2018/TT-BTC dated May 4th, 2018 by Ministry of Finance; equitization management board shall promulgate detailed payment term and method.



## **5. Predictable risks for the auction**

### **5.1. Economic risks**

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

The unexpected fluctuation such as economy developing speed, inflation, interest rate, foreign exchange rate could affect to the general subjects in the market. The JSC is a subject so it could be affected positively or negatively by these unexpected fluctuations.

### **5.2. Legal risks**

The law system and other documents under law of Viet Nam is still in the process of completion and the change of the policies could happen which could affect to the company's business operation of the center.

Risk about macroeconomic policies of the Government could be changed and leads to the development and expansion plan of the JSC. However, there could be seen that there are positive aspects from those changes because they create strict and scientific legal regulations, suitable with the law system and international regulations, which facilitates to attract investment from abroad investors as well as helps to facilitate domestic business operation activities.

### **5.3. Specific risks**

The operation scale of the center is limited, and it is likely to impossible to expand operation to other provinces because each province has its own registration centers. Therefore, the risks arise from market share, customers and competitors. This kind of risks can directly affect operation of the center.

### **5.4. Auction risks**

The initial offer to the public of the center will affected by stock market as well as domestic economic situation. Changes and disadvantaged information from stock market and macro factors may affect investors' though and absorb ability of the market.

With the speed to push the equitization process, the company with 100% of charter capital hold by government and other public service company until 2020, beside is the undertaking of Government capital divestment at the companies is also performed with many cases, the investor could have more choices and concern more about the investment. The activities for initial share offering of the center to the public will be affected due to the less concern from investors.

### 5.5. Other risks

The operation of the center may be affected by unexpected and out of control risks such as disasters, fire... Those are force majeure risks which are uncommon but once happen will cause loss in properties, people and general operation of the center.

## IX. MANAGEMENT AND USE OF PROCEEDS FROM EQUITIZATION

### 1. Management of proceeds from equitization

Based on the actual Government capital and capital rate at the center, expected plan to use proceeds from equitization and transfer to the Supporting Management and Development Fund of the company is detailed as below *(Temporarily calculated according to assumption that all shares are sold and the price to employees according to their actual working time is 6.000 dong/share; initial price to the public auction is 10,000 VND/share and price to employees according to their committed working time is 10,000 dong/share):*

No.	Content	Amount (VND)
<b>I</b>	<b>Proceeds from equitization (a)</b>	<b>3,596,760,000</b>
1	Receipt from public offering	2,120,360,000
2	Receipt from preference offering to employee according to working years for Government areas	116,400,000
3	Receipt from preference share offering for employee according to long term working commitment	1,360,000,000
<b>II</b>	<b>Equitization costs (b)</b>	<b>624,000,000</b>
1	Handling expenses for redundant labor	0
2	Direct expenses at the company	30,000,000
3	Consulting expenses for the external organization to perform determination of company value and equitization	220,000,000
4	Pay for management and assistant team	324,000,000
5	Organization expenses for initial share offering and other related expenses	50,000,000



<b>III</b>	<b>Total amount of money expected to be transferred to Supporting Management and Development Fund of the Company (c) = (a) – (b)</b>	<b>2,972,760,000</b>
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## 2. Predicted expenses for the equitization.

Pursuant to Decision no. 1909/QDD-UBND dated December 5<sup>th</sup>, 2018 by People's committee of Hau Giang province on approval of equitization cost estimation of Waterway and road vehicle registration center, detailed estimated expenses for the equitization is as following:

<b>No.</b>	<b>Items</b>	<b>Expected amount (VND)</b>
1	Direct expenses at the company	30,000,000
2	Consulting expenses for the external organization to perform determination of company value and equitization	220,000,000
3	Management and assistant team remuneration	324,000,000
4	Organization expenses for initial share offering and other related expenses	50,000,000
<b>Total</b>		<b>624,000,000</b>

### Note:

- Management and assistant team remuneration are paid according to actual occurrence according to current effective regulations.
- Organization expenses for initial share offering organization and other related expenses are performed according to regulation by Ministry of Finance.

## X. COMMITMENT

The evaluation and selection of information and language in this Information Disclosure are performed reasonably and carefully based on data and equitization solutions approved by Waterway and road vehicle registration center. We provide information with purpose of helping investors to have proper and objective awareness before participating in the auction to purchase shares of Waterway and road vehicle registration center. We wish the investors to refer carefully this Information Disclosure before making decision to participate in the auction of shares in Waterway and road vehicle registration center.

Wish all investors a successful auction.

Thank you and best regards./.

*Hau Giang, dated: November 25<sup>th</sup> 2019*

**REPRESENTATIVE OF EQUITIZATION MANAGEMENT BOARD**

**HEAD OF BOARD**

*(signed and sealed)*

**Nguyen Thanh Ha**

*Hau Giang, dated: November 25<sup>th</sup> 2019*

**REPRESENTATIVE OF OFFERING ORGANIZATION**

**WATERWAY AND ROAD VEHICLE REGISTRATION CENTER**

**DIRECTOR**

*(signed and sealed)*

**Ngo Minh Khang**

**CHIEF ACCOUNTANT**

*(signed and sealed)*

**Phan Thi Thanh Dien**

*Ho Chi Minh City, dated: November 25<sup>th</sup> 2019*

**REPRESENTATIVE OF CONSULTING ORGANIZATION**

**BETA SECURITIES INCORPORATION**

**GENERAL MANAGER**

*(signed and sealed)*

**Huynh Van Tot**



**Công ty TNHH Phạm Lữ Gia** xin xác nhận bản dịch *tiếng Anh* hoàn toàn đúng so với bản gốc *tiếng Việt* đã giao và chúng tôi không có trách nhiệm cho mục đích sử dụng của tập tài liệu này.

*Pham Lu Gia Company Limited confirm English Translation quite right with original Vietnamese have assigned and we are not responsible for the purposes of this document.*

TM. CÔNG TY  
ON BEHALF OF THE COMPANY  
  
MS. LỮ TRUNG DUNG

