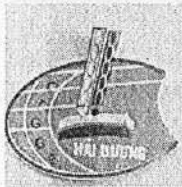


**DIRECTOR BOARD OF EQUITIZATION IN HAI DUONG CATTLE BREEDING COMPANY LIMITED AND THE COMPANY RECOMMENDS THAT INVESTORS SHOULD CAREFULLY READ THE INFORMATION STATED IN THIS DOCUMENT AND THE AUCTION REGULATION BEFORE REGISTERING TO JOIN IN THE AUCTION.**

## **DISCLOSURE**

### **OF INFORMATION ABOUT INITIAL PUBLIC OFFERING OF HAI DUONG LIVESTOCK BREEDING COMPANY LIMITED**

#### **EQUITIZATION ENTERPRISE**



##### **HAI DUONG CATTLE BREEDING COMPANY LIMITED**

Address: Km 4 + 500 Nguyen Luong Bang Street, Tu Minh Ward, Hai Duong City, Hai Duong Province

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#### **AUCTION HOLDER**



##### **HANOI SECURITIES EXCHANGE**

Address: No. 2 Phan Chu Trinh, Hoan Kiem, Hanoi

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#### **CONSULTING ORGANIZATION**



##### **HOANG GIA INTERNATIONAL SECURITIES JOINT STOCK COMPANY**

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**Hai Duong, July 2020**

## TABLE OF CONTENTS

<b>LIST OF CHART, TABLES .....</b>	<b>4</b>
<b>I. LEGAL BASIS .....</b>	<b>5</b>
<b>CONCEPTS AND ABBREVIATIONS.....</b>	<b>7</b>
<b>II. GENERAL INTRODUCTION TO EQUITIZED ENTERPRISES .....</b>	<b>8</b>
1. General information about equitized enterprises.....	8
2. The process of formation and development.....	8
3. Business.....	9
4. Organization and management structure.....	9
4.1 Management organization model.....	9
4.2 Specific functions and tasks .....	10
<b>III. TOTAL EMPLOYEES WERE CONTINUED TO TRANSFER TO THE JOINT STOCK COMPANY .....</b>	<b>11</b>
<b>IV. REAL VALUE OF ENTERPRISES AT THE TIME OF DETERMINING ENTERPRISES 'VALUE FOR EQUITIZATION.....</b>	<b>14</b>
<b>V. MAJOR ASSETS OF THE ENTERPRISE.....</b>	<b>16</b>
1. Situation of land management and use .....	16
2. Situation of assets used by the Company.....	17
2.1 Situation of houses and structures.....	18
2.2 Situation of transport means.....	23
2.3 Situation of machines and equipment .....	23
2.4 Situation of tools and instruments.....	25
<b>VI. LIST OF MOTHER COMPANY AND SUBSIDIARIES .....</b>	<b>27</b>
<b>VII. BUSINESS OPERATION SITUATION AND RESULTS OF BUSINESS PRODUCTION AND ACTIVITIES IN 03 YEARS BEFORE EQUITIZATION.....</b>	<b>27</b>
1. Some issues to note when referring to financial figures in the Company's 2017, 2018, 2019 audited financial statements.....	27
1.1 Audited financial statements 2017.....	28
1.2 2018 audited financial statement .....	28
1.3 Audited financial statements 2019.....	28
2. Business operation situation.....	29
2.1 Pre-equitization revenue structure .....	29
2.2 Materials .....	29
2.3 Production cost .....	30
2.4 Technology level .....	31
2.5 Quality management system.....	31
2.6. Marketing activities .....	31
2.7. Trademark, patent registration and copyright registration.....	31
2.8. Large contracts are being performed or have been signed .....	31
2.9. Financial situation and results of production and business activities in the period of 2017 - 2019.....	32
3. Factors affecting production and business activities 3 years before equitization ...	33
<b>VIII. THE COMPANY POSITION COMPARED TO OTHER</b>	

<b>BUSINESSES IN THE SAME INDUSTRIAL LINE.....</b>	<b>34</b>
1. Company's position in the industry: .....	34
2. Development prospects of the industry.....	34
3. Evaluating the compatibility among the company development orientation with the orientation of the industry, and of the State's policies.....	35
<b>IX. INVESTMENT PLAN AND DEVELOPMENT STRATEGIES AFTER EQUITIZATION .....</b>	<b>35</b>
1. Opportunity.....	35
2. Challenge.....	35
3. Target .....	35
4. Orientation.....	36
5. The system of major economic indicators of production and business plans in 5 years after equitization.....	36
6. Solutions implemented after equitization .....	37
6.1 Solutions for improving management capacity .....	37
6.2 Solution about human resources and apparatus of the Company.....	38
6.3 Solutions on capital and financial management.....	39
6.4 Solutions about science and technology.....	39
<b>X. BACKGROUND INFORMATION ABOUT ENTERPRISES AFTER EQUITIZATION.....</b>	<b>39</b>
1. General information about enterprises after equitization .....	39
2. Business Line.....	40
3. Organizational structure of the Company after equitization.....	40
4. Functions and Duties:.....	41
4.1. General Meeting of Shareholders: .....	41
4.2. Board of Management.....	41
4.3. Board of Supervision .....	41
4.4. Board of directors .....	41
4.5. Departments, boards and attached units:.....	41
<b>XI. LAND USE OPTION AFTER EQUITIZATION.....</b>	<b>41</b>
<b>XII. CHARTER CAPITAL AND CHARTER CAPITAL STRUCTURE....</b>	<b>43</b>
1. Equitization form .....	43
2. Charter capital scale.....	43
3. Expected charter capital structure.....	44
<b>XIII. EXPECTED RISKS .....</b>	<b>44</b>
1. Economic risks.....	44
2. Legal risk .....	45
3. Risks of the stock offering .....	45
4. Other risks .....	45
<b>XIV. METHOD OF SELLING AND MAKING PAYMENT OF STOCK PURCHASES.....</b>	<b>45</b>
1. Method of selling shares .....	45

1.1	Shares sold preferentially to employees .....	45
1.2	Shares sold to Trade Union Organization .....	47
1.3	Shares publicly offered to the public .....	47
2.	Payment method and payment term.....	48
<b>XV. PLANS OF USING PROCEEDS FROM EQUITIZATION .....</b>		<b>48</b>
<b>XVI. REGISTRATION PLANNING OF SECURITY DEPOSITORY AND REGISTRATION OF UPCOM TRANSACTIONS.....</b>		<b>50</b>
<b>XVII. MAIN PIC OF INFORMATION ABOUT EQUITIZED ENTERPRISES.....</b>		<b>51</b>
1.	Equitization Steering Committee of Hai Duong Breeding Co., Ltd.....	51
2.	Hai Duong Cattle Breeding Co., ltd.....	51
3.	Consulting Organization Representative .....	51

## LIST OF CHART, TABLES

Table of figures 1. Business lines before company equitization .....	9
Table of figures 2. <b>Labor structure</b> at time 12/31st/2018 .....	11
Table of figures 3. Plan to arrange labors after equitization.....	12
Table of figures 4. Labor structure continues to shift to joint stock companies.....	14
Table of figures 5. Actual business value at the time day 12/31st/2018.....	15
Table of figures 6. Situation of land management and use .....	16
Table of figures 7. Situation of fixed assets at the time 12/31st/2018 .....	17
Table of figures 8. Situation of fixed assets at December 31st, 2019.....	18
Table of figures 9. Situation of houses and structures as of December 31st, 2018 .....	18
Table of figures 10. The situation of the Company's vehicles as of December 31st, 2018.....	23
Table of figures 11. Situation of machinery and equipment of the Company as of December 31st, 2018 .....	23
Table of figures 12. Status of tools and instruments of the Company as of December 31st, 2018 .....	25
Table of figures 13. Net revenue structure before equitization .....	29
Table of figures 14. Cost structure of the Company for the period of 2017 - 2019 .....	30
Table of figures 15. Financial situation and business results in the period of 2017 - 2019.....	32
Table of figures 16. The financial and debt situation of the Company according to the accounting records as of December 31st, 2019.....	33
Table of figures 17. Some basic plan targets after equitization.....	36
Table of figures 18. Expected business lines after equitization.....	40
Table of figures 19. The land area retained and managed and used by the Company after equitization.....	42
Table of figures 19. Company land area iss returned to the locality after equitization.....	43
Table of figures 20. Expected charter capital structure after equitization.....	44
Table of figures 22. Plan to use proceeds from the sale of shares .....	48

## I. LEGAL BASIS

- Enterprise Law No. 68/2014 / QH13 dated November 26th, 2014 of the 8th meeting session, XIII National Assembly of the Socialist Republic of Vietnam;
- Decree No. 96/2015 / ND-CP dated October 19th, 2015 of the Government detailing the implementation of a number of articles of the Enterprise Law;
- Decree No. 126/2017 / ND-CP dated November 16th, 2017 of the Government on the transformation of state-owned enterprises and one-member limited liability companies invested by 100% state-owned enterprises into joint stock companies;
- Decree No. 63/2015 / ND-CP dated July 22nd, 2015 of the Government on providing policies for redundant employees when rearranging State owned one-member limited liability companies;
- Decision No. 58 / QD-TTg dated December 28th, 2016 of the Government on the criteria for classification of State-owned enterprises, State-invested enterprises and the List of State-owned enterprises to be arranged in the 2016-2020 period;
- Circular No. 40/2018 / TT-BTC dated May 4th, 2018 of the Ministry of Finance guiding the first sale of shares and the proceeds use of state enterprises' equitization and one-member limited liability companies invested 100% state owned charter capital to convert into a joint stock company;
- Circular No. 41/2018 / TT-BTC dated May 4th, 2018 of the Ministry of Finance, guiding a number of contents on financial handling and enterprise valuation when transforming state enterprises and one-member limited liability companies invested 100% state owned charter capital to convert into a joint stock company;
- Circular No. 44/2015 / TT-BLLĐTBXH dated 10/22/2015 of the Ministry of Labor, War Invalids and Social Affairs guiding the implementation of a number of articles of Decree 63/2015 / ND-CP;
- Decision No. 5048 / QD-UBND dated December 10th, 2004 of Hai Duong People's Committee, approving compensation plan, land rent price upon land acquisition for Hai Duong Cattle Breeding Center;
- Decision No. 4852 / QD-UBND dated December 27th, 2018, of Hai Duong Province People's Committee, on equitization and establishment of the Equitization Steering Committee of Hai Duong Cattle Breeding Limited Company;
- Decision No. 1594 / QD-BCD of August 13rd, 2019 of the Steering Committee on the establishment of an assisting group for the equitization steering committee of Hai Duong Cattle Breeding Limited Company;
- Decision No. 3247 / QD-UBND dated September 17th, 2019 of the People's Committee of Hai Duong Province approving the selection of consultancy units and consultancy funding for enterprise valuation and determination of reserve prices for first-time sale of shares, initial consultation on equitization plan, initial auction of shares, organizing of the first General Meeting of Shareholders of Hai Duong Cattle Breeding Co., Ltd.;
- Document No. 2724 / UBND-VP dated August 13rd, 2019 on the land use plan when changing to the Joint Stock Company of Hai Duong Cattle Breeding Limited

Company;

- Decision No. 4518 / QD-UBND dated December 25th, 2019 of Hai Duong People's Committee, approving the enterprise value to equitize Hai Duong Cattle Breeding Limited Company on December 31st, 2018;

- Decision No. 1282 / QD-UBND dated May 18th, 2020 of the People's Committee of Hai Duong Province on land acquisition, transfer of land area managed and used by Hai Duong Cattle Breeding Co., Ltd into rent land in Tu Minh ward, Hai Duong city;

- Decision No. 1541 / QD-UBND dated June 16th, 2020 of Hai Duong People's Committee, approving the equitization plan of Hai Duong Cattle Breeding Limited Company;

- Other relevant legal documents.

### CONCEPTS AND ABBREVIATIONS

1. "Company", "Equitized enterprise": Hai Duong Cattle Breeding Company Limited.
2. "Share": The charter capital is divided into equal parts.
3. "Share": Securities confirm the lawful rights and interests of the owner over a portion of shares.
4. "Shareholder": Organizations or individuals that own one or several shares and have their names registered in the shareholder register book.
5. "Dividend": Net profit is paid for each share in cash or other assets from the remaining profit after fulfilling all required financial obligations.
6. "Authorized capital": capital contributed by all shareholders and is stipulated in the Company's Charter.
7. The words or phrases abbreviated in this announcement have the following contents:

People's Committee	People's Committee
Officers and employees	Officers and employees
Equitization	Equitization
Profit after tax	Profit after tax
Profit before tax	Profit before tax
Fixed assets	Fixed assets
Labor contract	Labor contract
Enterprise value	Enterprise value
BOD	Board of Director
Unit	Unit
Enterprise	Enterprise
Net revenue	Net sales
Manufacturing and trading Business	Manufacturing business
Management	Business management
Service	Service
Labor contract	Labor contract

## II. GENERAL INTRODUCTION TO EQUITIZED ENTERPRISES

### 1. General information about equitized enterprises

- Vietnamese name : **HAI DUONG CATTLE BREEDING COMPANY LIMITED**
- Abbreviated company name : Hai Duong Cattle Breeding Company Limited
- Headquarters : Km 4 + 500, Nguyen Luong Bang Street, Tu Minh Ward, Hai Duong City, Hai Duong Province
- Charter capital according to the certificate of business registration : VND 50,000,000,000 (*Text: Fifty billion dong*)
- The actual charter capital contributed as of December 31st, 2019 : VND 40,698,272,130 (*Text: Forty billion, six hundred and ninety eight million, two hundred and seventy two thousand, one hundred and thirty dong*)
- Phone : 02203.890328
- Fax : 02203.890328
- Tax code : 0800011667
- Email : gionggiasuchd@gmail.com
- Legally represented by: Mr. Dinh Xuan Binh - Director
- Owner : People's Committee of Hai Duong Province

### 2. The process of formation and development

Hai Duong Breeding Co.,Ltd was formerly known as the Cam Khe No. 1 Livestock Breeding Center which was established by Decision No. 2117 / QD-UB of December 29th, 1995 by the People's Committee of Hai Duong Province. On Jan 06th 1997, the People's Committee of Hai Duong Province issued Decision No. 02 / QD-UB on changing the name of the Cam Khe No.1 Livestock Breeding Center to Hai Duong Cattle Breeding Center.

The Hai Duong Cattle Breeding Center is a state-run public utility enterprise of the province, approved by the Prime Minister in Decision No. 268 / QD-TTg dated March 12nd, 2003. The center has the following tasks: Production and consumption of pig semen, organization of artificial cows insemination in assigned areas, keeping of breeding sows, provision of pig and cow breeding services, training and transfer scientific and technological advances for the animal husbandry and veterinary sectors and perform public-utility tasks on the production and supply of animal breeds of the province.

By 2015, Hai Duong Cattle Breeding Center officially changed to Hai Duong Cattle Breeding Company Limited.

Since 2015 until now, the Company operates under the model of one member limited liability company with 100% of charter capital owned by the State.

### 3. Business

**Table of figures 1. Business lines before company equitization**

No.	Name of industry	Industry code
1	Raising pigs Detail: Breeding boars, breeding breeding sows and porkers	0145 (main)
2	Breeding service activities Detail: Producing and supplying doses of pig semen, artificial semen infusion of pigs, buffaloes and cows.	0162
3	Processing feed for cattle, poultry and seafood	1080
4	Other uncategorized professional practices of science and technology Detail: Training, coaching and transferring scientific and technical advances in animal husbandry industry.	7490
5	Wholesale of agricultural and forestry raw materials (except wood, bamboo and cork) and live animals Detail: Wholesale of cattle and poultry breeds	4620

*(Source: Hai Duong Cattle Breeding Company Limited)*

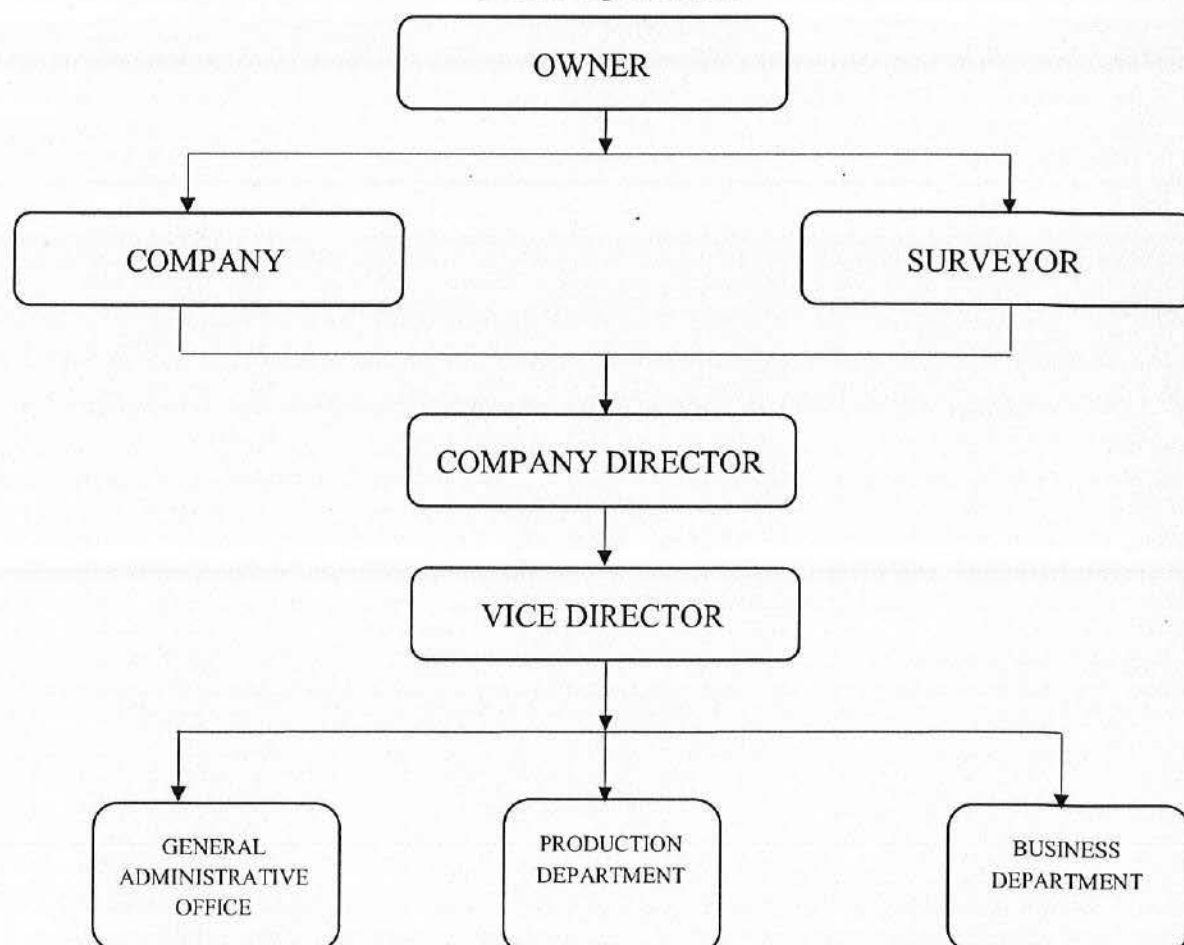
**Main products and services:** Breeding boars, breeding sows and porkers

### 4. Organization and management structure

#### 4.1 Management organization model

Hai Duong Cattle Breeding Co.,Ltd is organized and operated as a one member limited liability company in accordance with the Law on Enterprises, the Company's Charter on Organization and Operation and other relevant laws.

**Diagram 1. Management and organizational structure of the Company before equitization**



*(Source: Hai Duong Cattle Breeding Company Limited)*

#### **4.2 Specific functions and tasks**

##### **✚ Company BOM's chairman**

- Decide on the Company's 5-year strategy, production and business plan and development investment plan after submitting proposal and getting approval of the Provincial People's Committee;
- Decide production and business plans; annual investment and development plan and sending decisions to the provincial People's Committee for summarizing and supervising;
- Proposing to the Provincial People's Committee to appoint, re-assign, dismiss, resign, commend and discipline the Company President, the company's director, and the company's deputy director;
- Decide on the capital contribution, holding, increase and decrease of the Company's capital in other enterprises, the reception of subsidiaries and associated companies after the proposal and getting the PPC's approval on the policy;

##### **✚ Director of the company**

- Organize the implementation of resolutions and decisions of the Company's

- president;
- Decide on issues related to the Company's daily business activities;
  - Organize the implementation of the Company's business plans and investment plans;
  - Appoint, dismiss, demote managerial positions in the Company, except for the positions under the authority of the company president;
  - Sign contracts on behalf of the company, except for the case under the authority of the Company President;
  - Sign contracts on behalf of the company, except for the case under the authority of the Company President;
  - Propose the organizational structure plan of the Company.
- ✚ Departments and professional division:

Departments and divisions are responsible for implementing and advising the Board of Directors according to their functions and duties to implement the Company's general plan.

### III. TOTAL EMPLOYEES WERE CONTINUED TO TRANSFER TO THE JOINT STOCK COMPANY

Table of figures 2. Labor structure at time 12/31st/2018

No	Labor structure	Quantity	Ratio (%)
<b>I</b>	<b>Classification by qualification</b>	<b>26</b>	<b>100.00</b>
1	University and Postgraduate	9	34.62
2	College and vocational high school	9	34.62
3	Primary	8	30.77
4	Unskilled labor	0	0.00
<b>II</b>	<b>Classified by employment contract</b>	<b>26</b>	<b>100.00</b>
1	Labor is not required to sign a labor contract	02	7.69
2	Laborers working under indefinite term labor contracts	21	80.77
3	Laborers working under labor contracts with definite terms from full 12 to 36 months	03	11.54
4	Laborers working under labor contracts for less than 12 months.	0	0.00
<b>III</b>	<b>Sorting by gender</b>	<b>26</b>	<b>100.00</b>
1	Male	16	61.54
2	Female	10	38.46

(Source: Hai Duong Cattle Breeding Company Limited)

Based on the existing labor force of the enterprise and the demand for labor after the Company has been equitized, the Company intends to rearrange its human resource as follows:

Table of figures 3. Plan to arrange labors after equitization

No	Content	Total	Proportion
<b>I</b>	<b>Total number of employees at the time of enterprise valuation</b>	<b>26</b>	<b>100.00</b>
1	Labor is not required to sign a labor contract	02	7.69
2	Labor working under labor contracts	24	92.31
	- Laborers working under labor contracts with indefinite terms	24	92.31
	- Laborers working under labor contracts with a term of between full 12 months and 36 months	00	00.00
	- Seasonal or job-specific labors with a term of less than 12 months	00	0.00
3	The employee is on leave but is listed on the Company's labor list	00	0.00
<b>II</b>	<b>Number of employees quitting at the time of announcement of the value of equitized enterprises</b>	<b>04</b>	<b>100.00</b>
1	Number of employees eligible for retirement under the current regime	01	25.00
2	Number of employees will terminate the labor contract which are divided into:	00	0.00
	- The labor contract expires	00	0.00
	- Voluntary termination of a labor contract	02	50.00
	- Terminating the labor contract with other reasons as prescribed by law	00	0.00
3	Number of employees unable to get a job at the time of enterprise valuation but the enterprise has sought all measures but cannot arrange jobs in the enterprise after transforming into a joint stock company	01	25.00
	- Number of employees applied under Article 3 of Decree No. 63/2015 / ND-CP (last recruited before April 21, 1998)	01	25.00
	- Number of employees applied under Article 4 of Decree No. 63/2015 / ND-CP (last recruited from April 21st, 1998 onwards)	00	0.00
<b>III</b>	<b>The number of employees will switch to work at the Joint Stock Company</b>	<b>22</b>	<b>100.00</b>
1	Labor is not required to sign a labor contract	02	9.09
2	Labor is still under the valid term labor contract.	20	90.91
3	Number of employees taking leave of social insurance benefits, which divided into:	00	0.00
	- Sickness	00	0.00

No	Content	Total	Proportion
	- <i>Maternity</i>	00	0.00
	- <i>Labor accident, occupational disease</i>	00	0.00
4	Number of employees who are temporarily deferring labor contract implementation	00	0.00
	- <i>Under obligation of Military service</i>	00	0.00
	- <i>Other citizen obligations</i>	00	0.00
	- <i>Being in custody or temporary detention</i>	00	0.00
	- <i>Agreed by both parties (no more than 03 months)</i>	00	0.00

(Source: Hai Duong Cattle Breeding Company Limited)

After converting to a joint stock company, the total number of employees in the Company is **22 people**, details are as follows:

Table of figures 4. Labor structure continues to shift to joint stock companies

Criteria	Number (person)	Density (%)
<b>Total</b>	<b>22</b>	<b>100.00</b>
<b>1. Classified by labor qualifications</b>	<b>22</b>	<b>100.00</b>
– University degree and post- university graduate level	08	36.36
– College and vocational high school qualifications	08	36.36
– Elementary level	06	27.27
– Unskilled labor	00	0.00
<b>2. Classified by type of employment contract</b>	<b>22</b>	<b>100</b>
Not subject to employment contracts	02	9.09
Labor working under labor contracts	20	90.91
– Indefinite labor contract	20	90.91
– Definite term labor contracts from full 12 months to 36 months	00	00.00
– Seasonal labor contract or a certain job less than 03 months duration	00	0.00
<b>3. By gender</b>	<b>22</b>	<b>100</b>
- Male	12	54.55
- Female	10	45.45

(Source: Labor arrangement plan of Hai Duong Cattle Breeding Co., Ltd.)

#### IV. REAL VALUE OF ENTERPRISES AT THE TIME OF DETERMINING ENTERPRISES 'VALUE FOR EQUITIZATION

Pursuant to Decision No. 4518 / QD-UBND dated December 25th, 2019 of Hai Duong People's Committee, approving the enterprise value for equitization of Hai Duong Cattle Breeding Co., Ltd as of December 31st, 2018 .

The actual value that the enterprise re-determined as of December 31st, 2018, was determined by the asset method was: 52,884,097,007 VND. Of which:

- Liabilities must pay: VND 724,180,566
- Actual value of state capital: VND 52,159,916,441
- Assets are not equitized (calculated according to the value recorded in the accounting book):
  - + Assets are awaiting for liquidation: VND 0
  - + Unused, damaged, unusable property: VND 128,638,444

Table of figures 5. Actual business value at the time day 12/31st/2018

Unit: dong

No	Targets	Data accounting book	Data redefine	Difference
	1	2	3	(4) = (3) - (1)
<b>A</b>	<b>PROPERTY USED</b>	<b>40,486,141,378</b>	<b>52,884,097,007</b>	<b>12,397,955,629</b>
<b>I</b>	<b>- Long-term assets:</b>	<b>34,631,409,979</b>	<b>47,029,365,608</b>	<b>12,397,955,629</b>
1	Long-term receivables	-	-	-
2	Fixed assets	32,005,993,832	44,327,977,487	12,321,983,655
-	Tangible fixed assets	32,005,993,832	44,327,977,487	12,321,983,655
	<i>House, structures</i>	28,580,549,517	40,889,821,692	12,309,272,175
	<i>Devices</i>	2,636,962,960	2,641,637,960	4,675,000
	<i>Tools</i>	265,951,755	265,951,755	-
	<i>Means of transportation</i>	522,529,600	530,566,080	8,036,480
-	Intangible fixed assets	-	-	-
3	Long-term prepaid expenses	2,625,416,147	2,701,388,121	75,971,974
<b>II</b>	<b>Current assets</b>	<b>5,854,731,399</b>	<b>5,854,731,399</b>	<b>-</b>
1	Cash and cash equivalents	4,171,533,426	4,171,533,426	-
-	<i>Cash</i>	171,533,426	171,533,426	-
-	<i>Cash equivalents</i>	4,000,000,000	4,000,000,000	-
2	Short-term financial assets	-	-	-
3	Receivables	126,012,712	126,012,712	-
4	Inventory	1,557,185,261	1,557,185,261	-
<b>III</b>	<b>The value of business advantage of the enterprise</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IV</b>	<b>Land use right value</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>B</b>	<b>Unused fixed assets, pending shortage of assets (Only record the remaining value according to accounting books)</b>			
<b>S1.</b>	<b>Fixed assets are not needed</b>	<b>-</b>		
<b>I</b>	<b>- Long-term assets:</b>	<b>-</b>		
1	Fixed assets	35,000,000	35,000,000	
	<i>Original price</i>	35,000,000)	35,000,000)	-
	<i>Accumulated depreciation</i>			
<b>S2</b>	<b>Shortage of fixed assets pending for handling</b>	<b>128,638,444</b>	<b>128,638,444</b>	
<b>I</b>	<b>- Long-term assets:</b>	<b>128,638,444</b>	<b>128,638,444</b>	
1	Fixed assets	152,620,000	152,620,000	-

No	Targets	Data accounting book	Data redefine	Difference
	Original price	23,981,556)	23,981,556)	
	Accumulated depreciation	40,614,779,822	53,012,735,451	12,397,955,629
	Total asset value of the enterprise (A + B)	40,486,141,378	52,884,097,007	12,397,955,629
	Total actual enterprise value (Section A)	724,180,566	724,180,566	-
C	Actual debt payable	1,931,212,000	-	1,931,212,000)
D	Non-business/ non-profit funding	37,830,748,812	52,159,916,441	14,329,167,629
	Total actual value of state capital invested in enterprises (A - C - D)			

(Source: Dossier on Enterprise valuation of Hai Duong Cattle Breeding Co., Ltd)

Note:

According to the content in Clause 3, Article 1 of Decision No. 1315 / QĐ-UBND dated April 12nd, 2019 of the People's Committee of Hai Duong province on the approval of the 2018 financial statement finalization of Hai Duong Cattle Breeding Co., Ltd, the Company used the balance of non-business funding as of December 31st, 2018 (VND 1,931,212,000) to offset the accumulated losses as of December 31st, 2018.

## V. MAJOR ASSETS OF THE ENTERPRISE

### 1. Situation of land management and use

Currently, Hai Duong Cattle Breeding Co., Ltd is managing and using 03 land lots with a total area of 46,447 m<sup>2</sup>. Specific information is as follows:

Table of figures 6. Situation of land management and use  
as of December 31st, 2018

No	Place	Area (m <sup>2</sup> )	Form of land use	Current status of land use	Legal grounds
1	Tu Minh Ward, Hai Duong City	2,341.4	Land allocation without land use levy	Company office headquarters	Extract of cadastral map, map sheet No. 03 in Tu Minh ward, Hai Duong city prepared by Hai Duong Land Use Registration Office on December 10th, 2019

No	Place	Area (m <sup>2</sup> )	Form of land use	Current status of land use	Legal grounds
2	Cam Dinh Commune, Cam Giang District, Hai Duong Province	43,702.2	The land rent is paid annually, the land lease term is until September 1st, 2029	to build a 200 pig-heads foreign breeding farm	Certificate of land use right No. AB 545801 dated March 31st, 2005 of the People's Committee of Hai Duong Province, granted to Hai Duong Cattle Breeding Co., Ltd.
3	Dormitory for office workers and staff in Tu Minh Ward, Hai Duong City	403.4	Land allocation without land use levy	Collective area for office workers and employees	Extract of cadastral map in 1/500 scale signed by Department of Natural Resource and Environment on December 7th, 2007
	<b>Total area of land</b>	<b>46,447</b>			

(Source: Decision No. 1282 / QD-UBND dated May 18th, 2020 of Hai Duong People's Committee on land acquisition; transfer of land area managed and used by Hai Duong Cattle Breeding Co., Ltd. In to the form of land lease in Tu Minh ward, Hai Duong city, Decision No. 1541 / QD-UBND dated June 16th, 2020 approving the equitization plan of Hai Duong Cattle Breeding Co., Ltd)

## 2. Situation of assets used by the Company

The situation of the Company's fixed assets at the time of business valuation as of December 31st, 2018 as follows:

**Table of figures 7. Situation of fixed assets at the time 12/31st/2018**

Unit: dong

No	Property type	According to accounting books		Redefine	
		Original price	Balanced value	Original price	Balanced value
<b>A</b>	<b>PROPERTY USED</b>	<b>37,803,657,419</b>	<b>32,005,993,832</b>	<b>54,527,228,864</b>	<b>44,327,977,487</b>
<b>I</b>	<b>Tangible fixed assets</b>	<b>37,803,657,419</b>	<b>32,005,993,832</b>	<b>54,527,228,864</b>	<b>44,327,977,487</b>
1	House, structures	33,621,728,419	28,580,549,517	50,345,299,864	40,889,821,692
2	Devices and Equipments	3,069,600,000	2,636,962,960	3,069,600,000	2,641,637,960

No	Property type	According to accounting books		Redefine	
		Original price	Balanced value	Original price	Balanced value
3	Tools	308,441,000	265,951,755	308,441,000	265,951,755
4	Means of transportation	803,888,000	522,529,600	803,888,000	530,566,080
<b>II</b>	<b>Intangible fixed assets</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>B</b>	<b>Fixed assets are NOT needed</b>	<b>187,620,000</b>	<b>128,638,444</b>	<b>187,620,000</b>	<b>128,638,444</b>
<b>I</b>	<b>Fixed assets are not needed</b>	<b>35,000,000</b>	<b>-</b>	<b>35,000,000</b>	<b>-</b>
1	House, structures	35,000,000	-	35,000,000	-
<b>II</b>	<b>Shortage of fixed assets pending for handling</b>	<b>152,620,000</b>	<b>128,638,444</b>	<b>152,620,000</b>	<b>128,638,444</b>
1	Devices	152,620,000	128,638,444	152,620,000	128,638,444
<b>C</b>	<b>Fixed assets waiting for liquidation</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total</b>	<b>37,991,277,419</b>	<b>32,134,632,276</b>	<b>54,714,848,864</b>	<b>44,456,615,931</b>

(Source: Enterprise Evaluation Dossier of Hai Duong Cattle Breeding Co., Ltd)

As of December 31st, 2019, the Company's fixed assets did not change significantly, the total fixed assets reached VND 31,761,073,042, down VND 373,559,234, equivalent to 1.16% compared to 2018.

Table of figures 8. Situation of fixed assets at December 31st, 2019

Unit: Dong

N o	Asset	Original Price/ cost (OC)	Balance value (BV)	% BV / OC
<b>I</b>	<b>Tangible fixed assets</b>	<b>39,203,279,419</b>	<b>31,761,073,042</b>	<b>81.02%</b>
1	House, structures	37,024,391,419	30,061,521,587	81.19%
2	Devices	455,000,000	364,015,245	80.00%
3	Means of transportation	803,888,000	442,206,605	55.01%
4	Other fixed assets	55,000,000	28,329,605	51.51%
5	Cattles, perennial garden	865,000,000	865,000,000	100.00%
<b>II</b>	<b>Intangible fixed assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total</b>	<b>39,203,279,419</b>	<b>31,761,073,042</b>	<b>81.02%</b>

(Source: Audited Financial Statements 2019 of Hai Duong Cattle Breeding Co., Ltd)

## 2.1 Situation of houses and structures

Table of figures 9. Situation of houses and structures as of December 31st, 2018

**Announcement on the first share auction sale to outsiders.  
Hai Duong Cattle Breeding Company Limited**

**2020**

*Unit: Dong*

No	Asset name	Weight	Unit	Book value		Value redefined	
				Original price	Balanced value	Original price	Balanced value
1	1-storey house	m2	316	316,671,301	-	1,744,014,310	697,605,724
2	3-storey house	m2	508	1,059,066,758	702,191,042	2,914,548,588	2,185,911,441
3	Yard, fence, garage			202,783,360	54,252,000	411,694,267	221,276,782
3.1	Yard/road	m2	743			216,067,350	114,515,696
3.2	Fence	Categor ies	1			106,150,636	53,075,318
3.3	Car garage	m2	29			89,476,281	53,685,769
4	Guard house	m2	26	99,488,000	62,180,000	99,488,000	85,559,680
5	Surface water pond + water tank	Categor ies	1	499,213,000	495,053,000	499,213,000	495,053,000
6	Widen the road + build a wall around the pond	Categor ies	1	428,541,000	426,755,500	428,541,000	426,755,500
7	Foreign pig breeding farm stage 2 (auxiliary items)			5,718,797,000	5,032,541,000	6,086,374,289	5,231,168,920
7.1	Wastewater treatment area (environmental treatment)	Categor ies	1	2,921,637,624	2,571,040,925	3,110,104,702	2,643,588,997
7.2	awaiting for export breeding facilities	m2	510	1,415,398,063	1,245,550,206	1,503,245,687	1,322,856,204
7.3	Internal road yard	Categor ies	1	959,980,313	844,782,615	1,051,242,900	893,556,465
7.4	Project management cost, consultancy and other expenses have reduced the difference			421,781,000	371,167,253	421,781,000	371,167,253
8	Leveling and fencing (Grandparents-level pig breeding farm)			1,450,402,000	1,205,275,812	5,724,724,116	5,199,594,086

**Announcement on the first share auction sale to outsiders.  
Hai Duong Cattle Breeding Company Limited**

**2020**

No	Asset name	Weight	Unit	Book value		Value redefined	
				Original price	Balanced value	Original price	Balanced value
	with 200 heads)						
8.1	Construction costs			1,399,925,000	1,163,329,712	5,674,247,116	5,157,647,986
a	ground filling	Categor ies	1	1,144,511,667	951,082,685	4,641,048,857	4,641,048,857
b	Fence	Categor ies	1	255,413,333	212,247,027	1,033,198,259	516,599,129
8.2	Other costs			50,477,000	41,946,100	50,477,000	41,946,100
9	A grandparent-level pig breeding farm of 200 heads (construction part)			8,400,930,000	6,981,125,043	12,462,208,434	9,093,084,142
9.1	Pigsty for mother pig to raise their piglets	m2	462	1,089,109,461	905,043,767	1,519,756,058	1,094,224,362
9.2	Pig breeding barn for many types	m2	462	1,023,467,009	850,495,263	1,428,157,813	1,028,273,626
9.3	Breeding pigsties waiting for export	m2	462	980,027,182	814,397,014	1,367,541,372	984,629,788
9.4	Breeding pigsties for pregnant and waiting for mating	m2	462	1,361,686,920	1,131,554,085	1,900,113,826	1,368,081,955
9.5	Food warehouse + Mixing/Grinding workshop	m2	228	228,475,724	189,862,027	733,820,757	454,968,869
9.6	Isolated Pig pigsties	m2	79	84,428,089	70,159,262	241,909,941	149,984,163
9.7	Pig weighing house	m2	-	69,692,385	57,913,976	94,160,989	73,445,572
9.8	Veterinary + bath, dressing house	m2	118	196,183,085	163,027,028	417,104,026	271,117,617
9.9	Shit containing house	m2	40	44,216,684	36,743,813	116,888,465	70,133,079
9.1	Working house	m2	124	178,390,345	148,241,362	407,812,993	265,078,446

**Announcement on the first share auction sale to outsiders.  
Hai Duong Cattle Breeding Company Limited**

**2020**

No	Asset name	Weight	Unit	Book value		Value redefined	
				Original price	Balanced value	Original price	Balanced value
0	of the farm						
9.1 1	House on duty + Main and secondary gates	Categor ies	2	44,783,384	37,214,737	60,580,073	37,559,645
9.1 2	Bicycle and motorbike garage + Pig path	Categor ies	2	59,529,921	49,469,026	59,529,921	49,469,026
9.1 3	Concrete road + disinfection pit	Categor ies	2	326,335,781	271,183,178	472,201,117	297,486,704
9.1 4	C2 pumping station + storage tank, sedimentation filter + supply pipe	Categor ies	1	527,932,106	438,708,577	777,903,267	505,637,124
9.1 5	Fountains and water piping systems	Categor ies	1	271,278,501	225,430,891	399,726,461	259,822,200
9.1 6	Drainage system + Septic tank + trench + Biogas tank	Categor ies	1	252,808,238	210,082,208	340,661,295	211,210,003
9.1 7	Power system	Categor ies	1	389,989,183	324,078,793	389,989,183	324,078,793
9.1 8	Additional ground leveling	Categor ies	1	760,970,003	632,361,744	1,222,724,878	1,222,724,878
9.1 9	Investment consultancy cost + site clearance compensation + other expenses with difference reduction			511,626,000	425,158,296	511,626,000	425,158,296
10	Foreign boar breeding farm with 150 heads (construction part)			15,445,836,000	13,621,176,121	19,974,493,860	17,253,812,417
10.	Fence + gate	Categor	1	1,018,664,402	898,326,722	1,018,664,402	898,326,722

**Announcement on the first share auction sale to outsiders.**  
**Hai Duong Cattle Breeding Company Limited**

**2020**

No	Asset name	Weight	Unit	Book value		Value redefined	
				Original price	Balanced value	Original price	Balanced value
1		ies					
10.2	Fumigation house Entrance door	Categor ies	1	220,179,258	194,168,865	249,454,068	194,574,173
10.3	House for product introduction + Work + On duty	m2	151	401,862,443	354,389,307	498,514,266	388,841,128
10.4	Garages for bicycles and motorbikes	Categor ies	1	52,726,661	46,497,913	52,726,661	46,497,913
10.5	Bath and dressing room	m2	83	382,017,796	336,888,964	424,124,085	339,299,268
10.6	Food storage	m2	105	271,831,573	239,719,348	318,974,665	245,610,492
10.7	Pig path	Categor ies	1	153,444,361	135,317,549	153,444,361	135,317,549
10.8	Tan Dao pigsties	m2	118	242,560,499	213,906,147	349,139,003	265,345,642
10.9	Silo feeder	Categor ies	1	15,060,294	13,281,179	17,075,022	13,318,518
10.10	Cages for boars	m2	1.519	3,945,491,158	3,479,399,234	4,258,849,227	3,492,256,366
10.11	House of preservation and processing pig semen	m2	131	488,483,901	430,777,929	649,048,640	506,257,939
10.12	Isolated Pig pigsties	m2	80	164,599,433	145,154,841	245,530,041	186,602,831
10.13	Shit containing house	m2	40	98,520,403	86,881,912	119,213,438	90,602,213
10.14	Backfilling + Mud digging, organic peeling			4,213,816,376	3,716,026,442	6,857,132,706	6,605,132,675
a	The ground leveling	Categor ies	1	2,080,623,662	1,834,833,760	4,723,939,992	4,723,939,992
b	The part of mud digging and organic excavation arises	Categor ies	1	2,133,192,714	1,881,192,682	2,133,192,714	1,881,192,682
10.15	Production executive	m2	309	972,825,798	857,903,161	1,770,219,519	1,345,366,835
10.	Total ground	Categor	1	289,835,396	255,596,329	343,372,301	274,697,841

No	Asset name	Weight	Unit	Book value		Value redefined	
				Original price	Balanced value	Original price	Balanced value
16	water supply pipeline	ies					
10. 17	Drainage and wastewater treatment systems	Categor ies	1	836,094,416	737,324,241	836,094,416	737,324,241
10. 18	Low voltage system	Categor ies	1	109,055,452	96,172,426	109,055,452	96,172,426
10. 19	Yard/road	Categor ies	1	871,342,381	768,408,264	987,908,385	770,568,541
10. 20	Fire fighting tank arises	Bellows	1	19,890,000	17,540,339	38,419,200	24,204,096
10. 21	Project management cost, consultancy and other expenses have reduced the difference			677,534,000	597,495,010	677,534,000	597,495,010
	<b>Total</b>			<b>33,621,728,419</b>	<b>28,580,549,517</b>	<b>50,345,299,864</b>	<b>40,889,821,692</b>

*(Source: Enterprise Evaluation Dossier of Hai Duong Cattle Breeding Co., Ltd)*

## 2.2 Situation of transport means

**Table of figures 10. The situation of the Company's vehicles as of December 31st, 2018**

*Unit: dong*

No	Asset name	Quantity (pcs)	Book value		According to reevaluation	
			Original price	Balanced value	Original price	Balanced value
1	Car Innova BKS 34A-121.54	01	803,888,000	522,529,600	803,888,000	530,566,080
	<b>TOTAL</b>		<b>803,888,000</b>	<b>522,529,600</b>	<b>803,888,000</b>	<b>530,566,080</b>

*(Source: Enterprise Evaluation Dossier of Hai Duong Cattle Breeding Co., Ltd)*

## 2.3 Situation of machines and equipment

**Table of figures 11. Situation of machinery and equipment of the Company as of December 31st, 2018**

*Unit: dong*

No	Asset name	Quantity	Unit	Accounting book value		Value redefined	
				Original price	Balanced value	Original price	Balanced value
I	Fixed assets in use			3,069,600,000	2,636,962,960	3,069,600,000	2,641,637,960

1	Foreign pig farm with 150 heads			1,729,800,000	1,525,453,880	1,729,800,000	1,525,453,880
1.1	Automatic food distribution system in the form of chains and silos	2	System	960,000,000	846,592,510	960,000,000	846,592,510
1.2	36 "exhaust fan	12	Pcs	150,000,000	132,280,080	150,000,000	132,280,080
1.3	Coolingpad heat exchanger plate	32	Sheet	44,800,000	39,507,650	44,800,000	39,507,650
1.4	Controller + Fan boot cabinet	2	The set	48,000,000	42,329,626	48,000,000	42,329,626
1.5	Automatic sperm counting machine	1	Pcs	45,000,000	39,684,024	45,000,000	39,684,024
1.6	Microscope with Camera screen	1	Pcs	91,000,000	80,249,915	91,000,000	80,249,915
1.7	HH-S8 stainless steel 45 liter water heater	1	Pcs	43,000,000	37,920,290	43,000,000	37,920,290
1.8	HN101-2 sterilizing oven with a capacity of 110 liters	1	Pcs	50,000,000	44,093,360	50,000,000	44,093,360
1.9	IXR-S240E 240 liter conservator cabinets for semen	1	Pcs	45,000,000	39,684,024	45,000,000	39,684,024
1.10	Distilled water machine 150 liters / day	1	Pcs	85,000,000	74,958,712	85,000,000	74,958,712
1.11	Mobile conveying box of semen dose for far distance CT-32-12, capacity 32 liters	2	Pcs	40,000,000	35,274,688	40,000,000	35,274,688
1.12	4 tube plastic welding machine	1	Pcs	45,000,000	39,684,024	45,000,000	39,684,024
1.13	Test run cost	1	Pcs	83,000,000	73,194,977	83,000,000	73,194,977
2	Grandparent-level pig breeding farm with 200 sows			829,800,000	689,559,080	829,800,000	689,559,080
2.1	Exhaust fan VKX-100T-050	4	Pcs	33,200,000	27,589,011	33,200,000	27,589,011
2.2	Automatic feed distribution system for	1	System	340,000,000	282,538,066	340,000,000	282,538,066

	pregnant and awaiting mating pigs						
2.3	Exhaust fan VKX-100T-050	4	Pcs	33,200,000	27,589,011	33,200,000	27,589,011
2.4	Plastic floor plate (0.4mx 0.6m) for piglets	144	m2	129,600,000	107,696,863	129,600,000	107,696,863
2.5	Tan Dao pig eating trough + and stainless steel trough for piglets after weaning	35	Pcs	49,000,000	40,718,721	49,000,000	40,718,721
2.6	Plastic floor beam for piglets after weaning	816	m	244,800,000	203,427,407	244,800,000	203,427,407
3	Generator	1	The	455,000,000	386,750,000	455,000,000	386,750,000
4	Copy machine	1	The	55,000,000	35,200,000	55,000,000	39,875,000
	<b>Total</b>			<b>3,069,600,000</b>	<b>2,636,962,960</b>	<b>3,069,600,000</b>	<b>2,641,637,960</b>

*(Source: Enterprise Evaluation Dossier of Hai Duong Cattle Breeding Co., Ltd)*

#### **2.4 Situation of tools and instruments**

**Table of figures 12. Status of tools and instruments of the Company as of December 31st, 2018**

*Unit: dong*

No	Asset name	Quantity	Unit	Accounting book value		Value redefined	
				Original price	Balance Value	Original price/cost	Balance Value
<b>I</b>	<b>Fixed assets in use</b>			<b>308,441,000</b>	<b>265,951,755</b>	<b>308,441,000</b>	<b>265,951,755</b>
<b>1</b>	<b>Foreign pig farm with 150 pig heads</b>			<b>189,473,000</b>	<b>167,090,024</b>	<b>189,473,000</b>	<b>167,090,024</b>
1.1	Water pump + Start-up cabinet, - Capacity: 1.5HP-50Hz	2	Pcs	22,000,000	19,401,078	22,000,000	19,401,078
1.2	Inox water trough frame	30	m2	28,500,000	25,133,215	28,500,000	25,133,215
1.3	Wires, accessories for the entire cooling system	2	The set	8,000,000	7,054,938	8,000,000	7,054,938
1.4	Removable jumping rack Dimensions: 112x52x25cm Weight: 25kg	1	Pcs	6,800,000	5,996,697	6,800,000	5,996,697
1.5	Fixed jumping jack	2	Pcs	27,000,000	23,810,414	27,000,000	23,810,414
1.6	Carpets in the semen exploitation area	2	Pcs	10,000,000	8,818,672	10,000,000	8,818,672
1.7	Thermo mugs to keep semen with capacity:	6	Pcs	2,100,000	1,851,921	2,100,000	1,851,921

	800ml						
1.8	Electronic scales 5000g, tolerance 0.01g - Used to balance the semen disolution environment, LCD screen display.	1	Pcs	5,000,000	4,409,336	5,000,000	4,409,336
1.9	1 ml automatic pipel	1	Pcs	6,000,000	5,291,203	6,000,000	5,291,203
1.10	Bucker counting chamber with 2 S clamps	2	Pcs	2,400,000	2,116,481	2,400,000	2,116,481
1.11	250ml cylindrical measuring cylinder	2	Pcs	600,000	529,120	600,000	529,120
1.12	1000ml cylindrical measuring cylinder	2	Pcs	1,300,000	1,146,427	1,300,000	1,146,427
1.13	Test tube racks	4	Pcs	1,200,000	1,058,241	1,200,000	1,058,241
1.14	Test tube	500	Pcs	10,000,000	8,818,672	10,000,000	8,818,672
1.15	1ml glass pipel	1	Pcs	40,000	35,275	40,000	35,275
1.16	5ml glass pipel	1	Pcs	40,000	35,275	40,000	35,275
1.17	Self-heating magnetic stirrer 85-2	1	Pcs	19,000,000	16,755,477	19,000,000	16,755,477
1.18	Thermometer for water heater	5	Pcs	1,000,000	881,867	1,000,000	881,867
1.19	Rack for 4-tube plastic tubes	1	Pcs	2,000,000	1,763,734	2,000,000	1,763,734
1.20	2000ml flask	2	Pcs	1,200,000	1,058,241	1,200,000	1,058,241
1.21	3000ml flask	4	Pcs	4,800,000	4,232,963	4,800,000	4,232,963
1.22	5000ml flask	4	Pcs	5,600,000	4,938,456	5,600,000	4,938,456
1.23	3000Ml plastic bottle for dispensing	6	Pcs	1,800,000	1,587,361	1,800,000	1,587,361
1.24	1000ml plastic bottle for dispensing	5	Pcs	2,500,000	2,204,668	2,500,000	2,204,668
1.25	100ml plastic bottle for dispensing with stoppers	5	Pcs	2,000,000	1,763,734	2,000,000	1,763,734
1.26	Thermometer for water heater	3	Pcs	600,000	529,120	600,000	529,120
1.27	Glass shelves	1	Pcs	4,000,000	3,527,469	4,000,000	3,527,469
1.28	Basic construction costs	1	Pcs	13,993,000	12,339,968	13,993,000	12,339,968
2	<b>Grandparent-level pig breeding farm with 200 sows</b>			<b>118,968,000</b>	<b>98,861,731</b>	<b>118,968,000</b>	<b>98,861,731</b>
2.1	Coolingpad heat exchanger plate	16	Sheet	20,000,000	16,619,886	20,000,000	16,619,886
2.2	Inox water trough frame	16	m2	4,000,000	3,323,977	4,000,000	3,323,977
2.3	VK-8R thermostat	1	Pcs	9,680,000	8,044,025	9,680,000	8,044,025

	controller						
2.4	2HP-380V-50Hz water pump	1	Pcs	4,500,000	3,739,474	4,500,000	3,739,474
2.5	Cooling pad heat exchanger	16	Sheet	20,000,000	16,619,886	20,000,000	16,619,886
2.6	Inox water trough frame	16	m2	4,000,000	3,323,977	4,000,000	3,323,977
2.7	VK-8R thermostat controller	1	Pcs	9,680,000	8,044,025	9,680,000	8,044,025
2.8	Pump	1	Pcs	4,500,000	3,739,474	4,500,000	3,739,474
2.9	Intel Heat 175w and 250w external heating lamp	50	Pcs	4,000,000	3,323,977	4,000,000	3,323,977
2.10	Aluminum Intel Heat Lampshade	50	Pcs	2,500,000	2,077,486	2,500,000	2,077,486
2.11	Porcelain lamp socket	50	Pcs	1,000,000	830,994	1,000,000	830,994
2.12	Stainless steel mother-pig feeding trough	50	Pcs	8,500,000	7,063,452	8,500,000	7,063,452
2.13	Plastic feeder trough for piglets after weaning	50	pcs	2,200,000	1,828,187	2,200,000	1,828,187
2.14	Trough for boars to eat boars + for stocking purpose	15	Pcs	2,550,000	2,119,035	2,550,000	2,119,035
2.15	Stainless steel feeding troughs	15	Pcs	2,550,000	2,119,035	2,550,000	2,119,035
2.16	Stainless steel isolated pig trough	5	Pcs	850,000	706,345	850,000	706,345
2.17	Electronic scales 300 kg x 50 kg	1	Pcs	10,365,894	8,613,999	10,365,894	8,613,999
2.18	Computer set	1	Pcs	7,542,450	6,267,733	7,542,450	6,267,733
2.19	HP 1020 Laser Printer (A4 / 14ppml / 1200 dpi)	1	Pcs	2,400,000	1,994,386	2,400,000	1,994,386
2.20	Tung Khang aluminum glass window	1	m2	495,000	411,342	495,000	411,342
2.21	Deduction of settlement value			2,345,344)	1,948,968)	2,345,344)	1,948,968)
	<b>TOTAL</b>			<b>308,441,000</b>	<b>265,951,755</b>	<b>308,441,000</b>	<b>265,951,755</b>

*(Source: Enterprise Evaluation Dossier of Hai Duong Cattle Breeding Co., Ltd)*

## **VI. LIST OF MOTHER COMPANY AND SUBSIDIARIES**

Not mentioned

## **VII. BUSINESS OPERATION SITUATION AND RESULTS OF BUSINESS PRODUCTION AND ACTIVITIES IN 03 YEARS BEFORE EQUITIZATION**

### **1. Some issues to note when referring to financial figures in the Company's**

## **2017, 2018, 2019 audited financial statements**

### **1.1 Audited financial statements 2017**

#### **Auditor's Opinions**

In our opinion, the financial statements truthfully and reasonably reflect the essential financial aspects of Hai Duong Cattle Breeding Co., Ltd as of 31st December 2017, as well as the business results and cash flows in the fiscal year ended on December 31st, 2017, in accordance with the current standards and accounting regime of Vietnamese Enterprises and relevant legal regulations on programming and presentation of financial statements.

#### **Other problems**

The company is accounting for a decrease in other capital sources corresponding to the cost of repairing the pigsty incurred in 2017 with the total amount of VND 1,002,815,500. However, the Company has not had an official approval from the capital owner- Hai Duong People's affairs Committee, on the use of other capital sources for this repair.

The figures at the beginning of 2017 on the Financial Statements were changed due to retrospective adjustments according to Decision No. 3898 / QD-UBND dated December 14th, 2017 of Chairman of Hai Duong People's Committee, approving the 2016 settlement for Hai Duong Cattle Breeding Co., Ltd.

### **1.2 2018 audited financial statement**

#### **Auditor's Opinions**

In our opinion, the financial statements reflect honestly and reasonably on the material aspects of the financial situation of Hai Duong Cattle Breeding Co., Ltd. As of 31st December 2018, as well as the business results and cash flows in the fiscal year ended on December 31st, 2018, in accordance with the current standards and accounting regime of Vietnamese Enterprises and relevant legal provisions on establishment and Presentation of Financial Statements.

#### **Other problems**

The figures at the beginning of 2018 on the Financial Statements were changed due to retrospective adjustments according to Decision No. 4190 / QD-UBND dated November 12nd 2018 of the Chairman of Hai Duong Peoples Committee approving the settlement of Financial statement for year 2017 of Hai Duong Cattle Breeding Co., Ltd.

### **1.3 Audited financial statements 2019**

#### **Auditor's Opinions**

In our opinion, the financial statements reflect honestly and reasonably on the material aspects of the financial situation of Hai Duong Cattle Breeding Co., Ltd as of 31st December 2019, as well as the business results and cash flows in the fiscal year ended on December 31st, 2019, in accordance with the current standards and accounting regime of Vietnamese Enterprises and relevant legal provisions on establishment and Presentation of Financial Statements.

#### **Other problems**

The figures at the beginning of 2019 on the financial statements have changed due to the retrospective adjustment according to Decision No. 1315 / QD-UBND dated April 12nd, 2019 by Chairman of Hai Duong People's Committee, approving the final settlement of 2018 for Hai Duong Cattle Breeding Co.,ltd and the Decision No. 4190 / QD-UBND dated November 12nd 2018 by the Chairman of Hai Duong People's Provincial Committee approving the financial statements of 2017 of Hai Duong Cattle Breeding Co.,ltd.

## 2. Business operation situation

In 2019, agricultural production still faces many difficulties such as the crisis, satiety price for the pig industry, and the infectious disease situation on cattle herds is still complicated, especially the African swine cholera epidemic from the beginning of the year, the total number of pigs in Vietnam has to be destroyed more than 20%, causing serious damage to the livestock industry, negatively affecting the production of pig semen. Overall, in the period of 2017 - 2019, the Company achieved the following results:

### 2.1 Pre-equitization revenue structure

Table of figures 13. Net revenue structure before equitization

No	Targets	Year 2017		Year 2018		Year 2019	
		Value (Million dong)	Proportion (%)	Value (Million dong)	Proportion (%)	Value (Million dong)	Proportion (%)
1	Net sales	12,935	97.7	12,567	97.6	5,204	96.1
2	Net revenue from service provision	307	2.3	307	2.4	209	3.9
Total		13,242	100	12,874	100	5,413	100

(Source: Audited financial statements of 2017, 2018, 2019 of the Company)

In the period of 2017 - 2019, the total net revenue of Hai Duong Cattle Breeding Co.,ltd has experienced a sharp decline in the period of 2019, down from VND 12,874 billion in 2018 to 5,204 billion VND, mainly because of African swine cholera epidemic since early 2019. Net revenue of the Company comes mainly from raising pigs (Including: Breeding boars, breeding sows, porkers and producing and supplying pig semen, respectively accounting for 97.7%, 97.6% and 96.1% of the total net revenue. Besides, training, and transferring scientific and technical progresses in pig raising activities accounting for 2-4% of total net revenue.

### 2.2 Materials

#### • Raw material sources and the stability of raw material sources

The company's main business is mainly raising pigs, so the main source of raw materials is animal feed such as corn, soybeans and the cost of buying breeding pigs and veterinary medicine.

Since most animal feed is produced domestically, so the costs are also

significantly reduced. Currently, the domestic supply market for animal feed is highly developed, so it is easy for the Company to select partners with stable and affordable feed sources in the market.

• **The impact of raw material prices on revenue and profit**

In product costs, animal feed and breeding costs account for 80% -90% of the product cost structure, the fluctuation of input materials greatly affects the revenue and profit of the Company. . In case the cost of imported feed increases, it will directly affect the cost of pig raising, and significantly reduce the profits of the Company. In order to ensure business activities, the Company is always proactive and planning breeding plans so that it can sign contracts to buy feed and breeding pigs early and have close cooperation with production plants and longtime friends of the business. The list of suppliers of the company must include Proconco Manufacturing and Trading Co., Ltd. (Supplying livestock bran), Minh Dung Company, Amavet Company (Supplying veterinary drugs).

**2.3 Production cost**

For Hai Duong Cattle Breeding Co.,ltd, it is typically a 100% State-owned enterprise operating in the field of supplying cattle breeds (breeding pigs, porker, poultry ...) for the households in Hai Duong province. This activity accounts for the major revenue of the Company.

The proportion of the Company's expenses to net revenue over the years 2017, 2018, 2019 is as follows:

Table of figures 14. **Cost structure of the Company for the period of 2017 - 2019**

No.	Items	2017		2018		2019	
		Value (million dong)	Proportion/ Net sales (%)	Value (million dong)	Proportion/ Net revenue (%)	Value (million dong)	Proportion/ Net revenue (%)
1	Cost price of goods sold	14,252		10,266	79.7	6,969	128.7
2	Administrative expenses of the business	1,492	11.3	1,458	11.3	1,007	18.6
3	Selling expenses	2,551	19.3	2,569	20.0	1,360	25.1
4	Financial expenses	-	-	-	-	-	-
5	Other costs	464	3.5	399	3.1	2,997	55.4
<b>Total cost:</b>		<b>18,758</b>	<b>141.7</b>	<b>14,692</b>	<b>114.1</b>	<b>12,333</b>	<b>227.8</b>

Total net sales	13,242	100.0	12,874	100.0	5,413	100.0
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(Source: Audited financial statements of 2017, 2018, 2019 of the Company)

#### 2.4 Technology level

The application of information technology does not yet meet the requirements of Company's activities, from the regular activities of the Company's office block to production facilities's ones. Interconnection, exchange of internal information is not really fast, unfavorable these are also the causes affecting the results, management, production management, or production and business efficiency. The Company's Board of Directors is well aware of the great role that information technology plays in production operations and management, and the Company sets out a plan to conduct modernization of production and business executive and management. with modern information technology system.

#### 2.5 Quality management system

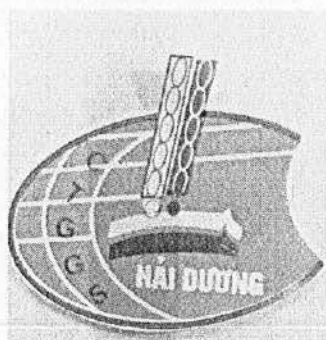
Currently, the Company has been applying the production management system to supply doses of pig semen according to ISO 9001: 2015, gradually building processes applied to animal husbandry to ensure product quality management. It is expected that after completing the construction of the quality management system, the Company will apply the maximum to all livestock production stages.

#### 2.6. Marketing activities

Due to the nature of business lines, the Company has not promoted marketing activities. The company is currently gradually strengthening and expanding relationships with industry units, expanding the network and agents in Hai Duong and neighboring provinces, actively negotiating, seeking customers, handling related issues and closely directing the progress of the Company's projects in all fields.

#### 2.7. Trademark, patent registration and copyright registration

With the special characteristics of a state-owned enterprise operating in the field of public interest, producing and supplying cattle breeds to develop the province's breeding industry, the Company has always focused on developing brands and increasing customers. Therefore, the Company has registered trademarks and logo images for many years.



#### 2.8. Large contracts are being performed or have been signed

The company has been performing a contract to supply breeding pigs to units inside and outside Hai Duong province, including Vinh Phuc Livestock Breeding

Center, Hanoi Livestock Breeding Joint Stock Company, Bac Giang Livestock Breeding Jsc, and Thai Nguyen Breeding Center. When partners want to order, the Company directly provides breeding pigs ... .. Therefore, the contract completion time is relatively short, from 1-2 months, the contract value depends on the order quantity and the market situation, the contract value ranges from 10 - 100 million VND / contract.

In addition, Hai Duong Cattle Breeding Co., Ltd. provides doses of pig semen to farmers in Hai Duong province, in order to implement the policy of supporting to improve the efficiency of farming households in the period 2015 - 2020 by Decision No 50/2014 / QD-TTg.

## 2.9. Financial situation and results of production and business activities in the period of 2017 - 2019

Table of figures 15. Financial situation and business results in the period of 2017 - 2019

Targets	Unit	2017	2018	2019
1. The total value of assets	Million dong	41,244	40,614	38,072
2. Equity (Excluding other sources & funds)	Million dong	38,556	39,889	34,711
3. Short-term debt	Million dong	1,048	724	71
4. Long-term liabilities	Million dong	-	-	-
5. Total number of employees	People	39	28	28
6. Total staff costs	Million dong	3,511	2,588	1,897
7. Average income of 1 person / month	Million VND / person	7.5	7.7	5.6
8. Total revenue	Million dong	15,270	13,801	7,283
9. Total cost:	Million dong	18,758	14,692	12,333
10. Profit before tax	Million dong	3,488)	892)	5,050)
11. Profit after tax	Million dong	3,488)	892)	5,050)
12. Average profit after tax / equity ratio	%	9.05)	2.35)	12.84)

(Source: Audited financial statements of 2017, 2018, 2019 of the Company)

In the period of 2017 - 2019, the after-tax profit of Hai Duong Cattle Breeding Co., Ltd is negative numbers, respectively: 3,488 million, 892 million and 5,050 million. The cause came from many objective factors, including the price storm of pork due to oversupply crisis and African swine cholera.

In 2017, the pig breeding market experienced a crisis of underprices, causing serious damage. In March - April 2017, when the price of pigs had dropped very low for a very long time before, but the pig number still showed no sign of decreasing compared to the end of 2016 and still at about 29 million pigs, almost equal to the end of 2016. Hai Duong Cattle Breeding Co., Ltd is not out of the pork price storm due to the crisis of surplus, revenue reached 15,270 million VND but the cost amounted to 18,758 million VND, making the profit after tax of the business negative to 3,488 million dong.

After the surplus crisis and the pork price storm in 2017, the livestock industry started to recover from the second quarter of 2018, until February 2019, The swine industry is facing a big crisis when the African swine cholera epidemic appears and spread to 63 provinces and cities across the country. Influenced by the double impact from the prolonged price storm and African swine cholera, the after-tax profit in 2018 and 2019 of the business was respectively negative. to 892 million dong and negative to 5,050 million dong.

**Table of figures 16. The financial and debt situation of the Company according to the accounting records as of December 31st, 2019**

Content	Unit dong Value after
❖ <b>Equity</b>	<b>34,711,256,898</b>
Of which:	
Contributed capital of the owner	40,698,272,130
Differences upon asset revaluation	128,638,444)
Undistributed profit after tax	6,858,376,788)
❖ <b>Receivables</b>	<b>182,700,000</b>
- Short-term receivables	2,700,000
- Long-term receivables	180,000,000
❖ <b>Liabilities must pay</b>	<b>71,169,016</b>
Short-term debt	71,169,016
Long-term liabilities	-

(Source: Audited Financial Statements in 2019 of Hai Duong Cattle Breeding Co., Ltd)

### 3. Factors affecting production and business activities 3 years before equitization

#### ⚡ Advantage:

- As the economy has grown, the demand for meat has increased, leading to a greater demand for breed supply for livestock farms. With the strong reputation and long experience, the business always maintains the old customers and constantly increases the quantity and quality of customers. Production and business activities of the Company always follow the business strategy lined out by the Company.
- The solidarity and unity of the Party organization, the government, unions and the consensus of all employees in the Company.

✚ **Hardness:**

- Currently, production facilities and animal husbandry in the agricultural sector in general are still rudimentary and outdated.
- The disease situation in recent years has erupted in many places, affecting the husbandry production of the Company.
- Prices of animal feed, medicines and vaccines are high, while product prices are low.
- The research and manufacture of new varieties of breed with high productivity is not effective and there are many shortcomings existed.

**VIII. The company position compared to other businesses in the same industrial line**

**1. Company's position in the industry:**

Hai Duong Cattle Breeding Co.,Ltd is a wholly state-owned enterprise operating in the field of breed production and cattle husbandry, under the People's Committee of Hai Duong Province. The company is providing seed sources for livestock farmers in Hai Duong province. Over a long time of formation and development, with the efforts of every individual company staff, up to now, the Company has built the Company's brand name for the agriculture sector of Hai Duong Province. In the recent past, there have been certain successes of Hai Duong Cattle Breeding Co.,Ltd under close and direct instruction and guiding of the provincial People's Committee, the local departments and agencies.

The company is entrusted by the Provincial People's Committee to applied research projects on agriculture and breeding, so it is conditional to develop business lines, diversify business activities, and have conditions to participating in large projects, access to technical technology, this is an advantage of the company compared to other companies in the industry.

**2. Development prospects of the industry**

The livestock industry is considered a key sector of the agricultural sector. For animal husbandry, the Government of Vietnam has determined "Livestock development strategy to 2020" and making plan of livestock development strategy for the period 2020-2030, with a vision to 2040 ", so animal husbandry will have many opportunities, as well as motivation for strong growth in future.

Pork production has always been the key and traditional meat supplying industry in Vietnam, which is the strength of our country's livestock industry. Pork

always accounts for the highest proportion in the consumption structure of Vietnamese people. Pig production is tending to shift from small-scale, non focusing to farm production, focusing and forming the livestock value chain.

**3. Evaluating the compatibility among the company development orientation with the orientation of the industry, and of the State's policies**

The appropriateness of the Hai Duong cattle breeding company limited's development orientation with the orientation of the industry, of the State's policies and of the general trend in the world. Through the transformation into a joint stock company model, the Company will mobilize social resources both in terms of capital and human resources in all economic organizations and individuals at home and abroad. Legal entities and individuals involved in business activities of enterprises help to renovate and develop businesses, create jobs for workers, increase revenues for local budgets, change business management methods, create development motivation, improve efficiency and competitiveness of enterprises in the market economy.

**IX. INVESTMENT PLAN AND DEVELOPMENT STRATEGIES AFTER EQUITIZATION**

**1. Opportunity**

Bank interest rates tended to decrease as well as a number of other macro policies which were considered by the Government to be the most important goal in controlling and stabilizing the economy as a good condition for the Company's operations in next time.

Switching to the Joint Stock Company model will help the Company gain the initiative and autonomy in planning and implementing its development strategies, while increasing flexibility, ability to reflect quick response in administration and government in order to adapt to the fluctuation of the socio-economic situation.

**2. Challenge**

Like other State-owned enterprises converted to other joint stock companies, the Company was established and operated under the model of 100% state-owned capital, every decision, business plan depends on the owner's decisions. Therefore, adapting and operating well according to the new model will be a big challenge for the Company after equitization, especially the disturbance and major changes in the Company's management and operation method, requires a period of time for adaptation.

Currently, the strong industrial trend in the surrounding areas has attracted a large number of unskilled workers, which makes it difficult for the company to mobilize labor for work in each period of production and business, increasing the cost of hiring outside workers.

**3. Target**

- Building Hai Duong Cattle Breeding Joint Stock Company stronger and more effective on the basis of rational use of human resources; Strengthening corporate governance, higher financial, technological and market linkages.

- Building and developing good products and higher competitiveness.
- Build a good management, sales and expert team. Deeply innovating corporate governance, creating and developing brand and corporate culture.
- Improving production capacity, best meeting the ordering needs of partners. Through investment cooperation to improve the management level.
- Paying attention to the high-quality workforce, streamlining and reorganizing the streamlined apparatus, new training and re-training of the labor force.
- Shaping and developing the Company's culture in the form of a joint stock company.
- Applying science and technology in production and business and encouraging creative activities to innovate and improve product quality in order to raise the position of the enterprise to a higher level, meeting the conditions of regional economic integration and international economy.
- Reviewing all areas of the Company's operations for timely solutions to continue to promote existing industries which have been effective as: Raising pigs breeding boars, breeding reproductive sows, porkers; Breeding service activities: Producing and supplying doses of pig semen, artificial semen infusion for pigs, buffaloes and cows.

#### **4. Orientation**

After equitization, the Company has set itself comprehensive development orientations in all aspects. The company is expected to continue to expand its operation area and influence to surrounding areas, not only concentrated in Hai Duong province. In addition, the Company will focus on developing new industries in addition to the current main industries. Actively building development and business plans suitable to the situation of the Company and the locality. Actively research applications and innovate advanced technologies in production.

In addition, the Company will focus on building a reasonable investment plan and have policies to attract domestic and foreign investors to participate in expanding the scale of operations.

#### **5. The system of major economic indicators of production and business plans in 5 years after equitization**

After equitization, the most important goal of the Company is to renovate and consolidate corporate governance, reorganize departments and employees, stabilize production and business activities and create jobs for employees. Some basic plan targets of the Company after equitization are as follows: After equitization, the most important goal of the Company is to renovate and consolidate corporate governance, reorganize departments and employees, stabilize production and business activities and create jobs for people..

**Table of figures 17. Some basic plan targets after equitization**

No	Targets	Unit	The plan targets				
			2020	2021	2022	2023	2024

1	Charter capital	Million VND	37,830	37,830	37,830	37,830	37,830
2	Total number of employees	People	22	22	22	22	22
3	Total staff costs	Million VND	2,172	2,259	2,350	2,455	2,587
4	Average salary of employees	Million VND	8.23	8.56	8.90	9.30	9.80
5	Total revenue	Million VND	14,745	15,334	15,948	16,586	17,249
6	Total cost:	Million VND	14,450	14,568	15,150	14,927	14,662
7	Profit before tax	Million VND	295	767	797	1,659	2,587
8	Profit after tax	Million VND	236	613	638	1,327	2,070
9	Dividend payment ratio	% / MG	-	-	-	1%	2%

*(Source: Equitization plan of Hai Duong Cattle Breeding Co., Ltd.)*

## **6. Solutions implemented after equitization**

### **6.1 Solutions for improving management capacity**

Strengthening the close inspection and supervision in all aspects to ensure that all plans have been put forward and approval must be done seriously with quality. This will create discipline in management, improve the leadership and direction of managers.

On the basis of the approved Charter, the Company will complete the regulations and processes in accordance with the provisions of the State and laws in the direction of encouraging, facilitating and promoting the creativity of the management department and employees. In particular, the Company will give priority to the development of salary regulation and internal financial management regulations. Improve the organization and improve the efficiency of the Company's apparatus; continue to supplement and amend the organization and operation regulation, the system of management regulations to suit the organizational structure of a joint-stock company without State capital, in accordance with policies and laws of Party and State, and in accordance with market mechanisms.

Strengthen the application of modern highly effective business administration standards. Strengthen the management apparatus, enhance the training and retraining to raise the qualifications of the managerial and technical staff in order to improve the management and administration efficiency.

Adopt timely reward policy for initiatives that increase labor productivity, save costs, improve production and business efficiency of the Company.

## **6.2 Solution about human resources and apparatus of the Company**

The company operates under the Enterprise Law under the management, supervision and administration of the Board of Directors (BOD), the Supervisory Board and the Board of Directors. The establishment of the Board of Management, the Supervisory Board and the Board of Directors will comply with the provisions of the Enterprise Law and the current regulations on joint stock companies; The basis of operations of the Joint Stock Company is the Charter, on the basis of respect for the laws and related regulations.

The management structure and organizational structure of the Company will also be streamlined at a reasonable level to ensure effective business operations. The employment of employees after being transferred to the Joint Stock Company shall comply with the following principles:

- Maximize the number of available employees at the time of equitization, in a streamlined, efficient manner to meet the needs and future direction of the Company.
- Select cadres with sufficient professional qualifications, political qualifications and ethical qualities to consider to be included in the list of reserve planning officers for the purpose of taking the initiative in training and retraining plans for source and seeding officers.
- Planning of mobilizing human resources within the Company, implementing policies to attract human resources.
- Ensuring full implementation of all legal rights and create a better environment and working conditions for workers; building and implementing corporate culture.
- The company also rearranges and consolidates personnel in some departments to focus on the performance of the Company's production and business tasks.
- Building a payroll system in accordance with the qualifications of employees in order to have a basis for income distribution in accordance with the use of labor. This facility will create a great motivation for individuals in the organization to strive and focus on fulfilling their assigned tasks while also raising the income of employees to help their lives be more stable.
- In parallel with the arrangement and consolidation of labor, the training and new recruitment are also paid special attention by the Company's management. This activity is aimed at rearranging employees in accordance with their expertise and forte, making full use of the Company's human resources effectively.
- Improving the quality of the managerial officials to employees with measures to recruit young, qualified, skilled and good-quality employees. Use the appropriate remuneration and create goals to strive for employees. Improving the awareness and skills of workers directly by training and job skill level upgrading. Training young workers to replace those who do not meet the job requirements. Creating a competitive environment in the Company so that all officers, employees and workers always try to learn to improve themselves if they do not want to be eliminated.
- The company continues to implement fully and timely the regimes and policies for employees such as: social insurance, health insurance, unemployment insurance,

periodic health checks for employees. Based on the assessment of professional capacity, work experience, common remuneration policies at joint stock companies such as: issuance of preferential price shares - bonus shares for officials and employees which may be considered to be a method of motivation and encouragement for the employees to work.

### **6.3 Solutions on capital and financial management**

In order to implement the plan of stability and development of the Joint Stock Company in the post-equitization period, the Company will invest in the following specific parts:

- Continue to maintain the existing capacity of the Company to ensure uninterrupted production and business process after equitization. At the same time, proceeding the roadmap to gradually restructure capital sources in 3-5 years, ensuring the most optimal solvency and financial autonomy. Based on the formulation of business production plans, cash flow management as well as appropriate strategies to enhance the prestige and brand of the Company after equitization;
- For debt tracking: The company will strengthen management measures to track receivables. Review and supervise the debt collection to ensure good rotation and improve working capital turnover for the Company. For the payable debts, it is necessary to review the priority for payment and repayment of due debts, restructure the debts according to the roadmap, commitments and step by step perfect the balance of financial ratios.
- For activities of investment and business expansion: Carrying out the liquidation of assets that are no longer in use or outdated, building, renovating and expanding the scale of processing factories, investing and purchasing quality and modern machines and equipment serving production activities.
- For the cost control process: Implement measures to formulate cost estimates, fuel and material consumption and labor cost norms. Establish regulations on cost management, ensuring appropriate production norms / consumption. Establishing and promulgating internal spending regulations to ensure cost savings, saving raw materials and fuels from which to reduce production costs, improve profits, enhance competitiveness, implement policy of reward and punishment in cost savings, propagation and dissemination of cost saving practices throughout the Company.

### **6.4 Solutions about science and technology**

Develop a plan to purchase specialized equipment and facilities for production activities. Researching and applying technological innovation, gradually improving the quality of service provision, gradually replacing energy-consuming equipment and technologies.

## **X. BACKGROUND INFORMATION ABOUT ENTERPRISES AFTER EQUITIZATION**

### **1. General information about enterprises after equitization**

- **Vietnamese name:** : Hai Duong Cattle Breeding Joint Stock Company

- **Abbreviated company name** : HD BREED CATTLE., JSC
- **Company's name is abbreviated in English** : Hai Duong Breed Cattle Joint Stock Company
- **Expected Securities Code** : GHD
- **Headquarters** : Km 4 + 500, Nguyen Luong Bang Street, Tu Minh Ward, Hai Duong City, Hai Duong Province
- **Phone** : 02203.890328
- **Fax** : 02203.890328
- **Email** : gionggiasuchd@gmail.com

## 2. Business Line

After transforming into a joint stock company, the Company is expected to develop more business lines; At the same time, it will inherit business lines that were granted by Hai Duong Department of Planning and Investment according to the Business Registration Certificate No. 0800011667 issued by Hai Duong Department of Planning and Investment for the first time on March 2nd, 2015, the first change on March 19th, 2018. In details as following:

**Table of figures 18. Expected business lines after equitization**

No.	Name of industry	Industry code
1	Raising pigs Detail: Breeding boars, breeding sows and porkers	0145
2	Breeding service activities Detail: Producing and supplying doses of pig semen, artificial semen infusion of pigs, buffaloes and cows.	0162
3	Processing feed for cattle, poultry and seafood	1080
4	Other uncategorized professional practices of science and technology Detail: Training, coaching and transferring scientific and technical advances in animal husbandry industry.	7490
5	Wholesale of agricultural and forestry raw materials (except wood, bamboo) and live animals Detail: Wholesale of cattle and poultry breeds	4620

*(Source: Hai Duong Cattle Breeding Company Limited)*

## 3. Organizational structure of the Company after equitization

**Diagram 2. Organizational structure of the Company after equitization**

*(Source: Equitization plan of Hai Duong Cattle Breeding Co.,Ltd)*

**4. Functions and Duties:**

**4.1. General Meeting of Shareholders:**

Being the highest authority of the Company, voting and deciding on matters regulated by laws and the Company's Charter.

**4.2. Board of Management**

As the governing body of the Company, it has full authority on behalf of the Company to decide all matters related to the purpose and interests of the Company, except those under the authority of the General Meeting of Shareholders. The Board of Directors is responsible for overseeing the Managing Director and other managers. Rights and obligations of the Board of Directors are defined by the law and the charter of the Company, the internal regulations of the Company and resolutions of the General Meeting of Shareholders.

**4.3. Board of Supervision**

It is an agency directly under the General Meeting of Shareholders, elected by the General Meeting of Shareholders. The Supervisory Board is responsible for checking the rationality and legality in operating the business activities, financial statements of the Company. The Board of Supervisors operates independently of the Board of Management and Board of Directors.

**4.4. Board of directors**

The director is elected by one of them or signs a contract to hire outside; Director is the manager who runs daily business and production activities at the enterprise. The Company Director is appointed, re-appointed, dismissed, replaced, terminated the contract signed by the Chairman of the Board of Directors, and

reward or discipline in accordance with current regulations. In case, the Chairman of the Board of Management has not yet appointed the Director of the Company, he / she may concurrently hold the position of Director after the Board of Directors approves to perform the rights and obligations of the Director; assisting the Director are professional Deputy Directors.

**4.5. Departments, boards and attached units:**

The organizational structure, functions and tasks of professional sections and departments are decided by the Director.

**XI. LAND USE OPTION AFTER EQUITIZATION**

Decision No. 1282 / QD-UBND dated May 18th, 2020 of the People's

Committee of Hai Duong Province on land acquisition, transfer of land area managed and used by Hai Duong Cattle Breeding Co., Ltd into rent land in Tu Minh ward, Hai Duong city; The Company's land use plan after equitization is specified as follows:

**Table of figures 19. The land area retained and managed and used by the Company after equitization**

No	Address of the land	Land area (m <sup>2</sup> )	Legal grounds	Current status of land use	Land use plan	
					- Form of uses	- Purpose of uses:
1	Tu Minh Ward, Hai Duong City	2,341.4	Extract of cadastral map, map sheet No. 03 in Tu Minh ward, Hai Duong city prepared by Hai Duong Land Use Registration Office on December 10th, 2019	Construction of office buildings ( <i>Company office</i> )	Rent land to pay annually (25 years), until May 28th 2045	Continuing to use as Company Office
2	Cam Dinh Commune, Cam Giang District, Hai Duong Province	43,702.2	Certificate of land use right No. AB 545801 dated March 31st, 2005 of the People's Committee of Hai Duong Province, granted to Hai Duong Cattle Breeding Co., Ltd.	to build a 200 pig-heads foreign breeding farm	Land rental is paid annually, the land lease term is until September 1st, 2029	Building a breeding farm of grandparent level with 200 heads
<b>Total</b>		<b>46,043.6</b>				

(Source: Decision No. 1541 / QĐ-UBND dated June 16th, 2020 approving the equitization plan of Hai Duong Cattle Breeding Co., Ltd)

Table of figures 20. Company land area iss returned to the locality after equitization.

No.	Place	Area (m <sup>2</sup> )	In which (ha)		
			Reduced due to narrowing the task	Not in use	Contested land, land in encroachment
1	Dormitory for office workers and staff in Tu Minh Ward, Hai Duong City	403.4	-	403.4	-
	<b>TOTAL</b>	<b>403.4</b>	<b>-</b>	<b>403.4</b>	<b>-</b>

(Source: Decision No. 1541 / QD-UBND dated June 16th, 2020 approving the equitization plan of Hai Duong Cattle Breeding Co.,ltd)

## XII. CHARTER CAPITAL AND CHARTER CAPITAL STRUCTURE

### 1. Equitization form

Based on the characteristics and actual situation of the Company at the time of equitization and the Prime Minister's Decision No. 58/2016 / QD-TTg of December 28, 2016, on criteria for classification of state enterprises, State-owned enterprises and the List of State-owned enterprises implemented in the 2016-2020 period;

Pursuant to Article 1 of Decision No. 4852 / QD-UBND dated December 27th, 2018 of Hai Duong People's Committee, on equitization and establishment of the Equitization Steering Committee of Hai Duong Cattle Breeding Co., Ltd. Equitization form of Hai Duong Cattle Breeding Co., Ltd is. *"Selling part of existing State capital in enterprises, the State holds less than 50% of charter capital"*.

### 2. Charter capital scale

Actual value of the State capital in the Company in accordance with accounting records as of December 31st, 2018 for equitization: VND 37,830,748,812 (Text: *Thirty seven billion, eight hundred and thirty million, seven hundred and forty eight thousand, eight hundred and twelve dong*)

Bases:

- Clause 1, Article 33 of Decree 126/2017 / ND-CP: *Basing itself on the value of the state capital amount according to the accounting books of the equitized enterprises and the production and business plans of the years after being transformed into joint-stock companies, the representative agency shall decide how much the scale of authorized capital is"*

- Decision No. 4852 / QD-UBND dated December 27th, 2018 of the People's Committee of Hai Duong Province on equitization and establishment of the

Equitization Steering Committee of Hai Duong Cattle Breeding Co., Ltd.

- Orientation of production and business plan of the Company after equitization;
- Management and operating capacity of the Company's production and business activities
- Autonomy and cooperative relationships with partners.

Whereby:

- The expected charter capital of a joint stock company is: VND 37,830,000,000 (*Text: Thirty seven billion, eight hundred and thirty million dong*), of which, the State holds 35,00% of charter capital.
- Face value of each share: VND 10,000 / share.

Total quantity of shares: 3,783,000 shares.

### 3. Expected charter capital structure

Table of figures 21. Expected charter capital structure after equitization

No	Objects	Quantity of shares	Value calculated at face value ( <i>copper</i> )	Ratio (%)
1	State capital	1,324,000	13,240,000,000	35.00
2	Selling to employees in the enterprise, including:	44,300	443,000,000	1.17
2.1	<i>Shares are sold at preferential rates to employees based on the number of years working in the state sector.</i>	44,300	443,000,000	1.17
2.2	<i>Shares sold to employees who buy more according to the number of years committed to work at the Joint Stock Company.</i>	0	0	0.00
3	Stock held by Trade Union	00	00	0.00
4	Shares auctioned to the public at the first time (IPO)	2,414,700	24,147,000,000	63.83
	Total	3,783,000	37,830,000,000	100.00

(Source: Hai Duong Cattle Breeding Company Limited)

## XIII. EXPECTED RISKS

### 1. Economic risks

Operating efficiency requires businesses to adapt to the fluctuations of factors from the business environment; Economic risk is defined as the type of systemic risk created from macro factors, in which the basic factors affecting business activities are i), economic and industry growth rate; ii), inflation rates and iii) interest rates. Conducting macroeconomic analysis of the economy to prevent the risk factors' impact on growth strategies and ensure the operation of enterprise business models.

**2. Legal risk**

The stability and consistency of the legal system will affect the business and production activities of the Company as well as other businesses. That is the legal risk in terms of the system, affecting most businesses subject to the law's adjustment; This change may bring advantages but may also create disadvantages for the operation of the business.

Business activities of the Company are governed by various legal documents (Enterprise Law, Commercial Law, Law on Publication, Print and Release ...). These laws will continue to be amended and supplemented; Any change will affect the business and production activities of the Company. The ability to manage and control business operations is one of the important factors contributing to limit legal risks. Along with the development process, the Company will continue to monitor, update and adjust to best adapt to the changing legal environment.

**3. Risks of the stock offering**

Given the current situation, Vietnam's stock market is in a period of adjustment due to the negative impact of the general economic downturn. On the other hand, the psychology of investors is not really stable, awaiting for more positive actions of the Government and more optimistic signs from the economy, leading to the transaction of stocks on both stock listed market and the OTC market is not very exciting. Therefore, offering shares to the public at this time will face some certain difficulties and disadvantages. However, the positive response of the economy to the Government's recent regulatory policies and beliefs seem to be somewhat regained where investors can promise a more vibrant return of the stock market in the near future.

According to Clause 3 Article 11 of Decree 126/2017 / ND-CP, within a maximum of 90 days from the end of the public offering of shares, the Company must complete the registration procedures for depository of stocks at Vietnam Securities Depository and register for transactions on the UPCOM trading system. Therefore, the Company's share offering will depend on the situation of the stock market at the time of official auction, the psychology of investors as well as the attractiveness of the Company's shares. Therefore, there may be a risk of not selling out all the shares planned to be offered.

**4. Other risks**

Risk factors may occur due to objective and force majeure natural phenomena such as natural disasters (storms, floods, droughts, epidemics, earthquakes ...), wars or fires. These risks, if they occur, will cause many difficulties and greatly affect the business and production activities of the Company.

**XIV. METHOD OF SELLING AND MAKING PAYMENT OF STOCK PURCHASES**

**1. Method of selling shares**

**1.1 Shares sold preferentially to employees**

❖ **Selling shares to officials and employees in real time of working in the State Sector**

Pursuant to Clause 1, Article 42 of the Government's Decree No. 126/2017 / ND-CP of November 16th, 2017 on transforming state enterprises and one-member limited liability companies with charter capital invested 100% by state enterprises into a joint stock company:

*"Laborers working under labor contracts and enterprise managers of equitized enterprises at the time of valuation of equitized enterprises; employees of equitized enterprises at the time of valuation of equitized enterprises, who have been appointed to act as representatives of capital in other enterprises, have not yet enjoyed the policy of purchasing preferred shares at other enterprises could buy up to 100 shares for each year of actual working in the State sector with the selling price being VND 6,000 / share."*

At the time of business valuation (December 31st, 2018), the total number of employees named in the Company's regular list are: **26 employees**. Hai Duong Cattle Breeding Co., Ltd has made a list of company employees at the time of determining the value of equitized enterprises who is entitled to preferential purchase according to the actual time working in the public sector as follows:

- Total number of employees listed on the Company's labor list : **26 employees**  
at the time of enterprise valuation
- Total number of employees entitled to purchase preferred : **26 employees**  
shares according to the standard working time in state sector
- Total number of employees has not entitled to purchase : **0 employees**  
preference shares:
- Total number of employees registered to : **26 people**  
purchase preferred shares
- Total number of shares purchased over : **44,300 shares**  
time working in the public sector  
*With value equivalent to VND 443,000,000 by par value, accounting for 1.17% of the expected charter capital of the JSC*
- Selling price : VND 6,000 / share
- Limited transfer time : 03 years from the time of payment for preferred shares

❖ **Selling shares to employees over the committed working time at the Joint Stock Company**

Pursuant to Clause 1, Article 42 of the Government's Decree No. 126/2017 / ND-CP of November 16th, 2017, on transformation of state-owned enterprises and one-member limited liability companies invested 100% charter capital by State into a joint stock company, as follows:

*"People employees working under labor contracts and enterprise managers of*

*equitized enterprises at the time of valuation of equitized enterprises, who are required by the enterprises and have a commitment to work for a long time for enterprises for at least 3 years (counting from the date they are granted the first business registration certificates), they may buy additional shares according to the following regulations:*

*a) Purchase additional shares at the rate of 200 shares / 01 year committed to continue working in the enterprise but no more than 2,000 shares per employee.*

*Particularly, employees who are good experts with high professional qualifications may purchase additional shares at the rate of 500 shares / 01 year, committing to continue working in the enterprise but not exceeding 5,000 shares per one worker. Equitized enterprises based on the peculiarities of their business lines and fields, they shall formulate and decide on criteria to identify good experts with high professional qualifications and must be unanimously approved at the Laborers' Conference of enterprises before equitization . "*

The company has organized a Labor Conference to disseminate to employees the policy of buying shares for employees and adopting the criteria of skilled professionals. The plan to buy additional shares for employees who are the required personnel of the enterprise and have a long-term commitment to work in the joint stock company is as follows:

❖ *Criteria for employees being good experts with high professional qualifications:* Not mentioned

❖ *The situation of registering to buy additional shares according to the committed time of working at JSC by laborers is as follows:*

-Number of employees transferred to : **22 employees**  
work at the Joint Stock Company

- Number of employees registered to buy : **0 employees**  
shares according to the time commitment  
to work at JSC

- Selling price : **VND 13,800 / share.**

### **1.2 Shares sold to Trade Union Organization**

According to Point b Clause 2 Article 33 of Decree No. 126/2017 / ND-CP dated November 16th, 2017 of the Government on the transformation of state-owned enterprises and one-member limited liability companies invested by state enterprises with 100% of charter capital into a joint stock company, as follows:

*"The local trade unions at equitized enterprises are allowed to use union funds in equitized enterprises (as stipulated in Article 26 of the 2012 Law on Trade Union; do not mobilize, borrow capital) to buy shares but not exceeding 3% of charter capital "*

Because the trade fund of the Union of Hai Duong Cattle Breeding Co., Ltd. is only enough for regular activities, the Trade Union does not participate in buying shares when equitizing.

### **1.3 Shares publicly offered to the public**

- Total number of shares : **2,414,700** share (corresponding to **24,147,000,000** VND accounting for 63.83% of charter capital of the joint stock company)
- Starting price : **13,800 dong / share**
- Consulting unit of auction : **Hoang Gia International Securities Joint Stock Company**  
CDC Building, No. 25 Le Dai Hanh, Hai Ba Trung, Hanoi
- The unit that organizes the : **Hanoi Stock Exchange**  
stock auction No. 2 Phan Chu Trinh, Hoan Kiem, Hanoi
- The venue for the auction : **Hanoi Stock Exchange**  
No. 2 Phan Chu Trinh, Hoan Kiem, Hanoi
- Auction time : It is regulated in the Regulation on initial auction of shares outside of Hai Duong Cattle Breeding Co.,Ltd, issued by the Hanoi Stock Exchange.
- Subjects participating in : Individual investors, institutional investors the auction domestically and abroad as prescribed by law.

The order and procedures related to the first public auction of shares are specified in the Regulation on initial public offering of Hai Duong Cattle Breeding Co., Ltd which is assigned, issued by the Department of Hanoi Securities Exchange

In case no investor registers to buy shares or only 01 investor registers to buy shares but then does not buy; After the public auction, all bid winners in the public auction refuse to buy; The number of shares that cannot be sold out as prescribed at Points a and b, Clause 4, Article 37 of Decree No. 126/2017 / ND-CP, the Steering Committee sells shares to employees in the enterprise under the approved equitization plan and concurrently carried out the procedures to transfer enterprises to joint-stock companies, the number of unsold shares will be adjusted to the charter capital, the structure of charter capital and implementation of capital divestment after the enterprise has been operating as a joint stock company.

## **2. Payment method and payment term**

For employees: According to the notice of selling shares to employees issued by Hai Duong Cattle Breeding Co.,Ltd.

For investors winning the auction: According to the Regulation on initial auction of shares outside Hai Duong Breeding Co.,Ltd, issued by the Hanoi Stock Exchange Department..

## **XV. PLANS OF USING PROCEEDS FROM EQUITIZATION**

On the basis of the actual value of state capital in the enterprise, the State's capital contribution ratio in the joint stock company, the Company expects a plan to refund the State budget, temporarily calculated according to the plan assuming that all Number of sold shares sold out, details are as follows:

**Table of figures 22. Plan to use proceeds from the sale of shares**

Targets	Note	Quantity of shares	Price	Value (VND)
Accounting book value of the State part	1)			37,830,748,812
Rounded book value of state capital	2)	3,783,000		37,830,000,000
Additional charter capital	3)			0
Charter capital of the joint stock company	4)	3,783,000		37,830,000,000
State capital in joint stock companies	5)	1,324,000		13,240,000,000
The value of the sold State capital is reduced by par value	(6) = (4) - (5)	2,459,000		24,589,980,000
Proceeds from equitization	(7) = (8) + (9) + 10)	2,459,000		33,588,660,000
Sold to officials and employees	(8). (8.1) + (8.2)	44,300	6,000	265,800,000
- <i>Buying with preferential policy according to the actual working time in the State sector.</i>	8.1)	44,300	6,000	265,800,000
- <i>Buying with time commitment to work in the joint stock company</i>	8.2)	0	13,800	0
Sold to trade union	9)	0	10,000	0
Initial public offering	10)	2,414,700	13,800	33,322,860,000

(IPO)				
The difference between the State capital in accounting books and the State capital is rounded.	(11) = (1) - (2)			748,812
Equitization expenses (Including selling expenses at the Hanoi Stock Exchange according to regulations).	12)			497,568,580
Expense for solving redundant labor policies	13)			78,610,880
Difference of proceeds from sale of preferred shares to employees	14)	44,300	4,000	177,200,000
<b>Amount retained by JSC</b>	(15). (12) + (13) - (11)			575,430,648
<b>The amount paid to the Enterprise Arrangement and Support Fund</b>	(16) = (7) - (15)			33,013,229,352

(Source: Hai Duong Cattle Breeding Company Limited)

## XVI. REGISTRATION PLANNING OF SECURITY DEPOSITORY AND REGISTRATION OF UPCOM TRANSACTIONS

In compliance with Article 11 of Decree 126/2017 / ND-CP, the Company plans to register centralized depository and register transactions on the UPCOM trading system through Hoang Gia International Securities Joint Stock Company when making the document of initial public offering for share auction . Within a maximum of 90 days from the end of the public offering of stocks, Hai Duong Cattle Breeding Co.,Ltd is expected to complete the procedures for registration of stock depository at the Vietnam Securities Depository Center and register transactions on the Upcom

trading system. This is an opportunity for businesses to raise capital in the market, serving development goals, improving services, and expanding business opportunities, foreign strategic partners and relationship.

Within 15 days after Hai Duong Cattle Breeding Joint Stock Company was granted an enterprise registration certificate, the Company continued to register its official information with the Vietnam Securities Depository Center according to the regulations of the Vietnam Securities Depository Center in accordance with securities laws and guidance of Vietnam Securities Depository Center.

## **XVII. MAIN PIC OF INFORMATION ABOUT EQUITIZED ENTERPRISES**

### **1. Equitization Steering Committee of Hai Duong Breeding Co., Ltd.**

Mr: Le Hong Dien - Position: Deputy Director of Department of Planning and Investment - Head of Steering Committee

We pledge that the information and figures in this Announcement are truthful and consistent with the reality of the enterprise in the Equitization Plan approved by the People's Committee of Hai Duong Province.

### **2. Hai Duong Cattle Breeding Co., Ltd.**

Mr: Dinh Xuan Binh - Director of the Company

We take full responsibility for ensuring that the information and figures in this Announcement are completely truthful, consistent with reality and complete in accordance with the law on equitization then Investors can evaluate the assets, operations, financial situation and results, development prospects of Hai Duong Cattle Breeding Co., Ltd. This Announcement is for reference only, investors should refer to the Auction Regulation and other relevant documents before deciding to register for auction.

### **3. Consulting Organization Representative**

Mr: Hoang Van Bo - Director of Corporate Finance Consulting.

*(According to Power of Attorney No. 01/2018 / GUQ-IRS dated April 5th, 2018 of General Director of Hoang Gia International Securities Joint Stock Company)*

This announcement is properly and carefully prepared by Hoang Gia International Securities Joint Stock Company based on the information and data provided by Hai Duong Cattle Breeding Co., Ltd.. Based on the business situation of Hai Duong Cattle Breeding Co., Ltd., the Steering Committee of equitization of Hai Duong Cattle Breeding Co., Ltd., Hai Duong Cattle Breeding Co., Ltd. and Hoang Gia International Securities Joint Stock Company recommends that investors should study carefully and refer to the disclosure of information and documents related to the auction to find out, accurately and objectively assess the information. about the enterprise before making an investment decision, and the Investor is entirely responsible for its investment decision.

This information announcement is 01 part of the auction dossier prepared by Hoang Gia International Securities Joint Stock Company based on data and information provided by Hai Duong Cattle Breeding Co., Ltd. The information

announcement is designed to help investors assess their business operations, financial status and prospects for future development. However, this information does not imply a guarantee of equity value. This Notice of Information contains the following notes, conditions and restrictions:

The analysis, assessment and selection of words in this announcement are based on the financial statements and other relevant figures published in accordance with the regulations on information disclosure on the other stock market that we consider to be reliable. Hoang Gia International Securities Joint Stock Company is not responsible for the accuracy of the data.

Hoang Gia International Securities Joint Stock Company is completely exempted from liability in the case that Hai Duong Cattle Breeding Co., Ltd. provides inaccurate and untrue information.

Hoang Gia International Securities Joint Stock Company, employees of Hoang Gia International Securities Joint Stock Company (including employee who complied this information disclosure) may be owning, buying, selling or performing brokerage services, investment advisory services, or other services permitted by law related to the initial public offering of Hai Duong Cattle Breeding Co., Ltd to the Provincial Peoples Committee, Hai Duong Cattle Breeding One Co., Ltd and other customers of Hoang Gia International Securities Joint Stock Company and its subsidiaries and associates. Investors need to consider and evaluate the possibility of conflicts of interest when using this notice of information.

### CONCLUDE

This notice is intended to publish information for the first public auction of shares in the form of a public auction, which is part of the equitization process of Hai Duong Cattle Breeding Co., Ltd.

In the information disclosure, there are some future contents related to the proposed plans and intentions of Hai Duong Cattle Breeding Co., Ltd. in building and developing the company after being converted into joint stock company as: Charter capital structure, business and production plan for 3 years after equitization; Plan for investment and construction after equitization; Model of organization and operation of the Company after equitization; ...

Hai Duong Breeding Co.,ltd believes that these contents are built appropriately, based on the practical situation of the Company. However, the above-mentioned contents include the risk factors and the Company does not guarantee that they will occur for sure in the future. Investors should be aware when considering the content containing the future nature presented in this Annoucement. In addition, if there is any doubt about the content or information presented in this annoucement, investors should consult other relevant documents and consult Hai Duong Cattle Breeding Co.,ltd as well as consultancy organization.

The issuance of shares in the form of a public auction presented in this Annoucement is part of the equitization process of Hai Duong Cattle Breeding Co., Ltd., contributing to the formation of Hai Duong Cattle Breeding joint stock company. The successful bidders who complete the relevant procedures will become shareholders of Hai Duong Cattle Breeding Joint Stock Company and have full rights and obligations of shareholders according to the organization and operation charter as well as the law regulations.

We recommend that investors should consult the announcement of information, auction rules and other relevant documents before deciding to attend the first public auction of company shares.

*Hai Duong, dated ..... July 2020*

**REPRESENTATIVE OF THE EQUITIZATION BOARD OF  
DIRECTORS**

**Hai Duong Cattle Breeding Co.,ltd  
HEAD OF EQUITIZATION BOARD OF DIRECTORS  
DEPUTY DIRECTOR OF PLANNING AND INVESTMENT  
DEPARTMENT**

**LE HONG DIEN**

**REPRESENTED FOR HAI DUONG CATTLE BREEDING CO.,LTD  
DIRECTOR**

**DINH XUAN BINH**

*Hanoi, July ..... 2020*

**REPRESENTED FOR HOANG GIA INTERNATIONAL SECURITIES  
CORPORATION  
GENERAL DIRECTOR OF CORPORATE FINANCE CONSULTING**

**HOÀNG VĂN BỘ**

**LỜI CHỨNG CỦA CÔNG CHỨNG VIÊN**

**NOTARY TESTIMONY**

Hôm nay, ngày 24 tháng 07 năm 2020, tại trụ sở Văn phòng Công chứng Trương Thị Nga, A4 - TT19 Khu đô thị Văn Quán, Yên Phúc, phường Phúc La, quận Hà Đông, thành phố Hà Nội.

Today, July 24, 2020 at Truong Thi Nga Notary Office, A4 – TT19 Van Quan urban area, Yen Phuc, Phuc La Ward, Ha Dong District, Hanoi City

Tôi là Công chứng viên Văn phòng Công chứng Trương Thị Nga, số A4 - TT19 Khu đô thị Văn Quán, Yên Phúc, phường Phúc La, quận Hà Đông, thành phố Hà Nội.

I, the undersigned, Notary Public of Truong Thi Nga Notary Office, A4 – TT19 Van Quan urban area, Yen Phuc, Phuc La Ward, Ha Dong District, Hanoi City.

**CHỨNG NHẬN:**

**CERTIFY THAT:**

- Bản dịch này do ông Trương Công Đạt, CMND số: 168410115 cấp ngày 28/04/2009 tại Công an tỉnh Hà Nam, là cộng tác viên phiên dịch của Văn phòng Công chứng Trương Thị Nga, A4 - TT19 Khu đô thị Văn Quán, Yên Phúc, phường Phúc La, quận Hà Đông, thành phố Hà Nội, đã dịch từ tiếng Việt sang tiếng Anh.
- This is translation from **Vietnamese to English** by Mr. Truong Cong Dat, ID No. 168410115 issued on 28/04/2009 by Public Security of Ha Nam Province, who is translation collaborator of Truong Thi Nga Notary Office, A4 – TT19 Van Quan urban area, Yen Phuc, Phuc La Ward, Ha Dong District, Hanoi City.
- Chữ ký trong bản dịch đúng là chữ ký của ông Trương Công Đạt;
- Signature in the translation is the true and authentic signature of Mrs. Trương Công Đạt;
- Nội dung của bản dịch chính xác, không vi phạm pháp luật, không trái với đạo đức xã hội;
- The contents of the translation are correct and do not violate the law or social morality.
- Bản dịch gồm.....tờ,.....trang, lưu một bản tại Văn phòng Công chứng Trương Thị Nga, A4 - TT19 Khu đô thị Văn Quán, Yên Phúc, phường Phúc La, quận Hà Đông, thành phố Hà Nội.
- The translation includes sheets, pages, one of which is retained in Truong Thi Nga Notary Office, A4 – TT19 Van Quan urban area, Yen Phuc, Phuc La Ward, Ha Dong District, Hanoi City.

**Số công chứng: ... 7724.....; Quyển số: 01 -TP/CC-SCC/BD**

**Notarized No.: ; Book No.: 01 -TP/CC-SCC/BD**

Người dịch  
**Translation Collaborator**

*Dat*

**Trương Công Đạt**

**CÔNG CHỨNG VIÊN  
NOTARY PUBLIC**



**CÔNG CHỨNG VIÊN**  
*Trương Thị Nga*