

**PEOPLE'S COMMITTEE OF THUA THIEN HUE PROVINCE
THUA THIEN HUE MINERALS PRODUCTS SINGLE - OWNER LIMITED
LIABILITY**



**INFORMATION DISCLOSURE
INITIAL PUBLIC OFFERING
THUA THIEN HUE MINERALS PRODUCTS
SINGLE - OWNER LIMITED LIABILITY**

In order to protect the interests of investors, the Equalization Steering Committee of Thua Thien Hue Minerals Products Single - Owner Limited Liability recommends potential investors to carefully read the information disclosure before participating in the auction.



AUCTIONEER

HO CHI MINH CITY STOCK EXCHANGE

Address: 16 Vo Van Kiet, District 1, HCM City



CONSULTANT

DONG A SECURITIES CO., LTD.

Address: 2nd floor and 3rd floor Building 468 Nguyen Thi Minh Khai, Ward 2, District 3, HCM City

Hue city, May 2019

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PART I: LEGAL BASIS

- Enterprise Law No. 68/2014/QH13 dated 26/11/2014 issued by the National Assembly of the Socialist Republic of Vietnam;
- Decree No. 126/2017/ND-CP dated 16/11/2017 of the Government on conversion from state-owned enterprises and single-member limited liability companies with 100% of authorized capital invested by state-owned enterprises into joint-stock companies;
- Decree No. 63/2015/ND-CP dated 15/09/2015 of the Government regulating policies for redundant employees due to the restructuring of state-owned single member limited companies;
- Circular No. 40/2018/TT-BTC dated 04/05/2018 of the Ministry of Finance providing guidelines for initial offering of shares and management and use of proceeds from equitization of state-owned enterprises and single-member limited liability companies with 100% authorized capital invested by state-owned enterprises;
- Circular No. 41/2018/TT-BTC dated 04/05/2018 of the Ministry of Finance providing guidelines on financial settlement and enterprise valuation upon equitization of state-owned enterprises and single-member limited liability companies 100% authorized capital of which is held by state-owned enterprises;
- Circular No. 44/2015/TT-BLDTBXH dated 22/10/2015 of the Ministry of Labor, Invalids and Social Affairs guiding the implementation of some articles of Decree No. 63/2015/ND-CP dated 22/07/2015 of the Government regulating policy for redundant employees when rearranging the State-owned one-member limited liability company;
- Circular No. 07/2018/TT-BLDTBXH dated 01/08/2018 by the Ministry of Labor, Invalids and Social Affairs providing guidelines for formulating employee utilization plan and implementing employee policies in the context of equitization prescribed in the Government's Decree No. 126/2017/ND-CP on conversion from state-owned enterprises and single-member limited liability companies with 100% of authorized capital invested by state-owned enterprises into joint-stock companies;
- Decision No. 58/2016/QĐ-TTg dated 28/12/2016 of the Prime Minister on criteria for classification of state-owned enterprises, state-invested enterprise and lists of enterprises to be arranged in 2016 -2020;
- Official Dispatch No. 991/TTg-DMDN dated 10/07/2017 of the Prime Minister approving the List of Equitized State Enterprises to be completed by year in the period 2017 - 2020;

- Decision No. 2635/QD-UBND dated 07/11/2017 of the People's Committee of Thua Thien Hue Province on approving the land use plan when equitizing Thua Thien Hue Minerals Products Single - Owner Limited Liability;
- Decision No. 327/QD-UBND dated 02/02/2018 of the People's Committee of Thua Thien Hue Province on establishing the Equalization Steering Committee of Thua Thien Hue Minerals Products Single - Owner Limited Liability;
- Decision No. 328/QD-UBND dated 02/02/2018 by the People's Committee of Thua Thien Hue Province on approving the plan to implement the equitization of Thua Thien Hue Minerals Products Single - Owner Limited Liability;
- Decision No. 1374/QD-BCDCPH dated 07/06/2018 of the Equitization Steering Committee on the establishment of the Equitization Support Team at Thua Thien Hue Minerals Products Single - Owner Limited Liability;
- Decision No. 3016/QD-UBND dated 26/12/2018 of the People's Committee of Thua Thien Hue Province on approving the enterprise value to equitize Thua Thien Hue Minerals Products Single - Owner Limited Liability (hereinafter referred to as Decision No. 3016/QD-UBND dated 26/12/2018);
- Official Dispatch No. 3224/BCDCPH dated 11/12/2018 of People's Committee of Thua Thien Hue Province on selecting a consulting organization to develop an equitization plan for Thua Thien Hue Minerals Products Single - Owner Limited Liability and the initial offering;
- Notice No. 09/2019/BC-TCHC dated 21/01/2019 of Thua Thien Hue Minerals Products Single - Owner Limited Liability on the share acquisition policy of employees when the Company equitizes;
- Decision No. 1065/QD-UBND dated 27/04/2019 of Thua Thien Hue Minerals Products Single - Owner Limited Liability on approving the conversion plan of Thua Thien Hue Minerals Products Single - Owner Limited Liability into a joint stock company.

PART II:
**RELATED PARTIES OF THE AUCTION FOR THE INITIAL
PUBLIC OFFERING**

I. AUCTIONEER

HO CHI MINH CITY STOCK EXCHANGE

- Address : 16 Vo Van Kiet, District 1, HCM City
- Phone : (028) 3821 7713 Fax: (028) 3821 7452
- Website : www.hsx.vn

II. ISSUER

**THUA THIEN HUE MINERALS PRODUCTS SINGLE - OWNER LIMITED
LIABILITY**

- Address : 53 Nguyen Gia Thieu, Phu Hau Ward, Hue City, Thua Thien Hue Province
- Phone : 0234 3541044 Fax: 0234 3523965
- Website : <http://humexco.com.vn/>

III. CONSULTANT FOR THE DETERMINATION OF ENTERPRISE VALUE

**BRANCH OF DATC CONSULTATION – SERVICE FOR PROPERTY
REAL ESTATE JOINT STOCK COMPANY IN HUE CITY**

- Head office : Kiem Hue planning area, To Huu street, Xuan Phu ward, Hue city, Thua Thien Hue
- Phone : 0234.383 2542 Fax: 0234.383 2542
- Website : www.dcsc.vn

IV. EQUITIZATION CONSULTANT

DONG A SECURITIES CO., LTD

- Head office : 2nd floor and 3rd floor Building 468 Nguyen Thi Minh Khai, Ward 2, District 3, HCM City
- Phone : (028) 3833.6333 Fax: (028) 3835.1919
- Website : www.dag.vn

PART III: TERMS AND ABBREVIATIONS

TERMS AND ABBREVIATIONS	DEFINITION
▪ Company	Thua Thien Hue Minerals Products Single - Owner Limited Liability
▪ HUMEXCO	Abbreviation name of Thua Thien Hue Minerals Products Single - Owner Limited Liability
▪ FS	Financial statements
▪ SI	Social Insurance
▪ Employees	Officers and employees
▪ Industry	Industry
▪ Revenue	Revenue
▪ ERC	Enterprise registration certificate
▪ EV	Enterprise value
▪ Business activities	Business activities
▪ IZ	Industrial Zone
▪ Socio-economic	Socio-economic
▪ Profit	Profit
▪ PBT	Profit before tax
▪ PAT	Profit after tax
▪ Operation	Operation
▪ TR	Total revenue
▪ SOLL	Single Owner Limited Liability
▪ Fixed assets	Fixed asset
▪ People's Committee	People's Committee
▪ Capital construction	Capital construction

PART IV: OVERVIEW OF THE COMPANY

I. NAME, ADDRESS OF THE EQUITIZED COMPANY

1. Introduction of the company

- Company name: CÔNG TY TRÁCH NHIỆM HỮU HẠN NHÀ NƯỚC MỘT THÀNH VIÊN KHOÁNG SẢN THỪA THIÊN HUẾ
- English name: THUA THIEN HUE MINERALS PRODUCTS SINGLE - OWNER LIMITED LIABILITY
- Abbreviation: HUMEXCO
- Logo:



- Head office: 53 Nguyen Gia Thieu, Phu Hau Ward, Hue City, Thua Thien Hue Province
- Phone: 0234 3541044 Fax: 0234 3523965
- Tax code: 3300100963
- Website: <http://humexco.com.vn/>
- Email: kshue@humexco.com.vn
- Enterprise Registration Certificate: No. 3300100963 issued by the Department of Planning and Investment of Thua Thien Hue Province for the first time on 28/11/2005 and the third amendment dated 19/3/2019.
- Registered authorized capital: 40,000,000,000 VND (*In words: Forty billion Vietnam Dong*).

2. Business lines

According to the Enterprise Registration Certificate No. 3300100963 issued by the Department of Planning and Investment of Thua Thien Hue Province for the first time on 28/11/2005 and the third amendment dated 19/3/2019, the business lines of the company includes:

NO	Name of business lines	Code
1	Other mining and quarrying n.e.c <i>Details:</i> <i>- Mining of Titanium ore (Ilmenite, Zircon, Monazite, Rutile)</i>	0899 (principal)

NO	Name of business lines	Code
	- Mining of additives for industrial materials	
2	Other manufacturing n.e.c <i>Details:</i> - Processing of Titanium ore (Ilmenite, Zircon, Monazite, Rutile) - Processing of additives for industrial materials	3290
3	Mining of iron ores	0710
4	Manufacture of basic iron and steel <i>Details: Manufacture of iron and iron alloys</i>	2410
5	Wholesale of metals and metal ores <i>Details:</i> - Wholesale of titanium ore (Ilmenite, Zircon, Monazite, Rutile) - Wholesale of iron and steel, iron alloy	4662
6	Quarrying of stone, sand and clay	0810
7	Manufacture of clay building materials	2392
8	Cutting, shaping and finishing of stone	2396
9	Wholesale of construction materials, installation supplies <i>Details: Wholesale of bricks, sand, stone, clay</i>	4663
10	Wholesale of other machinery and equipment n.e.c <i>Details: Wholesale of industrial equipment and supplies</i>	4659
11	Wholesale of other household products <i>Details: Wholesale of household consumer goods</i>	4649
12	Support activities for other mining and quarrying <i>Details:</i> - Exploration of ore by conventional methods and ore sampling, geological observation at the exploration place - Analysis and testing services (VILAS 286)	0990
13	Wholesale of waste and scrap and other products n.e.c <i>Details: Wholesale of additives for industrial materials</i>	4669

3. Main products and services

On the basis of the registered business lines according to Enterprise Registration Certificate No. 3300100963 issued by the Department of Planning and Investment of Thua Thien Hue Province for the first time on 28/11/2005 and the third amendment dated 19/3/2019, currently the main activities of the Company focus on producing two main product lines, including:

- Titanium ore's processing products include: Ilmenite, Rutile, Monazite, Ultra-fine Zircon powder 65%, Zircon 60%, Titanium slag $\geq 90\%$ TiO_2 , cast iron alloy. These are key products of the Company, accounting for more than 90% of the company's revenue. These products are used as input materials for many industries and are widely used in the manufacturing bricks, ceramic, glass, paint, metallurgy and diverse materials for many other industries.

- Construction stone products: Stone 1x2, stone 2x4, stone 4x6, stone powder, freestone. These products account for less than 10% of the company's revenue.

STRUCTURE OF THE MAIN PRODUCTS OF THE COMPANY

No.	Product Groups	Unit	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018
1	Synthetic titanium ore	Ton	51,836	38,571	19,966	8,772	2,752
2	Ilmenite	Ton	-	-	1,880.1	Suspension of processing plants due to inefficiency.	1,399
3	Fine Zircon powder 65%	Ton	6,175	2,954	220.8		-
4	Zircon 60%	Ton	4,600	3,620	601.6		-
5	Rutile	Ton	6,476	3,197	264.8		-
6	Monazite	Ton	295	528	25		-
7	Titanium slag $\geq 90\%$ TiO_2	Ton	3,690	4,306	330		-
8	Cast iron alloy	Ton	1,127.8	-	197.8		-
9	Construction stones of all kinds	m ³	61,863.6	58,827	22,073.7	11,491	13,782

Sources: HUMEXCO

- In the course of its operation, the Company constantly conducts research on the technology of exploitation, processing, develops high-value products and seeks to expand the export market. These efforts have made HUMEXCO one of Vietnam's leading titanium export companies. The company's products are exported to Japan, China, India, Korea, ...

Some current regular customers of the company are Nippon Steel & Sumikin Bussan Corporation (Japan), Maoming Greatwall Maogang Mining Co., LTD (China), Guangxi Bafangjin Trade Co., LTD (China),....

4. Development history

Thua Thien Hue Minerals Products Single - Owner Limited Liability, formerly known as Binh Tri Thien Titanium Factory established on December 21, 1987, was later renamed Thua Thien Hue Minerals Corporation under Decision No. 846/QĐ-UBND on June 14, 1994 of the People's Committee of Thua Thien Hue Province.

In 2005, Thua Thien Hue Minerals Corporation continued to be converted into Thua Thien Hue Minerals Products Single - Owner Limited Liability under Decision No. 3873/QĐ-UBND dated 11/11/2005 of the People's Committee of Thua Thien Hue Province.

The company has spent more than 30 years of operation in the field of mining, processing and trading of minerals, mainly Titanium minerals. In the early stage, the Company has always faced many initial difficulties which affect directly the going concern of enterprises such as difficulties in finding output for products, as well as inadequate investment capital, outdated technology equipment along with the reliance on labor force, leading to the low productivity and economic efficiency. However, with the determination and persistent efforts of all employees, the Company has constantly conducted research and improved its technology, transferred from the reliance on labor force the gradual application for machinery and equipment to increase productivity many times while ensuring a stable product quality and economic efficiency. At the same time, the company is always active in finding and building trade relationships with domestic and foreign partners in order to constantly expand the consumer market, on the basis of establishing long-term prestige. So far, the Company has gained many regular customers in China, Japan, India, Korea, ...

In recent years, the Company faces another big challenge - ensure a stable growth while maintaining the long-term existence of the business. In order to solve the new requirement, the Company agreed to shift from quantity development to quality development by investing in deep processing to increase the product value, thus ensuring revenue growth while maintaining the stable production and increasing the life of the Mine. Since 2002, the Company has studied, conducted research and implemented Chinese Zircon deep processing technology. By the end of 2003, the Company has completed and successfully put into operation the first line, which improves the quality and grinds fine Zircon 65% at 53 Nguyen Gia Thieu - Hue City with 57% Zircon ore as raw material, increasing the product value nearly 2 times, where all products are consumed immediately after the production. After more than two years of operation, this line has demonstrated high economic efficiency, fast capital recovery and improving revenue for the Company. On the basis of the first line success and favorable conditions of the market along with the abundant source of Zircon 57%, in 2005, the Company continued to invest in expanding the capacity of Zircon deep processing in Phu Bai IZ, which went into operation in early 2006. Thus, initially implementing the policy of quality development, the company has achieved remarkable successes, achieved continuous growth in revenue and export turnover for Thua Thien Hue province. In addition, a remaining major challenge is the development of deep

processing of Ilmenite ore, a product at the level of preliminary processing with highest production output of 65,000 t/year among the Company's products.

Due to the urgent request of the Province on the policy of continuing the deep processing of mineral products under the direction of Official Letter No. 12/TB-UB dated February 2, 2005 of the People's Committee of Thua Thien Hue province and according to the Ministry of Industry's Circular No. 04/2005/TT-BCN dated August 2, 2005, guiding the export of minerals, by the end of 2008, the export of Ilmenite and Zircon products will be restricted. Therefore, the Company has made efforts to initially seek, analyze and select appropriate Ilmenite deep processing technology, and to study the technology of some foreign partners.

Through assessing the financial, technical and complex nature of Titanium deep processing technology, the Company has set up an investment orientation for deep processing of Ilmenite ore in two phases as follows:

➤ Phase 1: Invest in building an advanced Titanium slag plant $\geq 90\%$ TiO_2 with a capacity of 10,000 tons/year (2007-2008) and expand the capacity to 20,000 tons/year (2010-2011).

➤ Phase 2: Invest in the construction of Chlorine Titanium Powder Plant with a capacity of 10,000 tons/year with input materials being advanced Titanium slag (2014 - 2016).

Initially, the company has completed the construction of a Titanium slag plant with a capacity of 10,000 tons/year and put it into operation in 2011. In addition, the company also participates in mining and processing construction stone with 01 stone mine and grinding station in Huong Tho commune with a capacity of 6,000 m^3 /month, 01 stone grinding station in Da Le, Thuy Phuong commune, Huong Thuy.

Thus, through a long-term investment and development process with the right orientation, the company has so far built these following mineral processing plants:

- Hue Titanium ore processing plant, at 53 Nguyen Gia Thieu, Hue City, design capacity of 25,000 - 30,000 tons/year.
- Phu Loc Titanium ore processing plant, in Mui Ne pass area, design capacity of 25,000 - 30,000 tons/year.
- Zircon 65% deep processing and fine grinding plant at 53 Nguyen Gia Thieu, Hue City, design capacity of 4,000 tons/year.
- Zircon 65% deep processing and fine grinding plant in Phu Bai IZ, design capacity of 5,000 tons/year.
- Titanic slag plant in Thua Thien Hue with a design capacity of 10,000 tons/year, at La Son Industrial group, Loc Son commune, Phu Loc, Thua Thien Hue province.
- Construction stone mining and processing plant in Huong Tho, stone grinding capacity of 30,000 m^3 /year, mining capacity of 60,000-65,000 m^3 /year.

- Da Le stone grinding plant - Huong Thuy commune, design capacity of 30,000m³/year.

As a leading company in exploiting and processing Titanium minerals in Vietnam, in the course of formation and development, HUMEXCO has received many different certificates of merits and titles, namely:

Year	No.	Award of honor	Issuance organization
2007	1	Certificate of merit for achievements in the business contributing to the socio-economic development in 2006	People's Committee of TT Hue Province
	2	Certificate of merit for outstanding achievements in business and positive contribution to the development of Vietnamese business community in 2006	Vietnam Chamber of Commerce and Industry
	3	Certificate of merit for outstanding achievements in implementing poverty reduction and temporary housing eradication in 2006	People's Committee of TT Hue Province
	4	Certificate of merit for the compliance with tax policy in 2007	General Department of Taxation
	5	Certificate of merit for overcoming consequences of flood in 2007	People's Committee of Hue City
2008	1	Certificate of merit for achievements in the business contributing to the socio-economic development in 2007	People's Committee of TT Hue Province
	2	Certificate of merit for the good implementation of the Social Insurance policy in 2007	Vietnam Social Insurance
	3	Certificate of merit for achievements in import and export tax payment in 2007	General Department of Customs
	4	Cup of "Excellent Enterprise" in 2008	People's Committee of TT Hue Province
2009	1	Certificate of merit for the good implementation of the	Vietnam Social

Year	No.	Award of honor	Issuance organization
		Social Insurance policy in 2008	Insurance
	2	Certificate of merit for achievements in the business contributing to the local socio-economic development in 2008	People's Committee of TT Hue Province
	3	Certificate of merit for outstanding achievements in business and positive contribution to the development of Vietnamese business community in 2009	Vietnam Chamber of Commerce and Industry
	4	Certificate of merit for the compliance with tax policy in 2008	General Director of General Department of Taxation
	5	Cup of "Excellent Enterprise" in 2009	People's Committee of TT Hue Province
	6	Certificate of merit for achievements in the business contributing to the local socio-economic development in 2009	People's Committee of TT Hue Province
2010	1	Certificate of merit for outstanding achievements in export activities in 2010	People's Committee of TT Hue Province
	2	Top 1000 Enterprises pay the largest income tax in 2010	Vietnamnet and Ministry of Finance
2011	1	Certificate of merit with many achievements in production and business contributes to socio-economic development in the area in 2011	People's Committee of TT Hue Province
	2	Certificate of merit for outstanding achievements in business and positive contribution to the development of Vietnamese business community in 2011	Vietnam Chamber of Commerce and Industry
	3	Title of "All-rounded Excellent Enterprise" in 2011	People's Committee of TT

Year	No.	Award of honor	Issuance organization
			Hue Province
2012	1	Excellent certificate of merit in the operation of Industry and Trade in 2012	Department of Industry and Trade of TT Hue province
	2	Top 1000 Enterprises pay the largest income tax in 2012 (Grade 947/V1000)	Vietnamnet and Ministry of Finance
	3	Certificate of merit for outstanding achievements in the campaign for the day for the poor and social security in the period of 2010-2012	Vietnam Fatherland Front of TT Hue province
	4	Certificate of "Excellent Enterprise" in 2012	People's Committee of TT Hue Province
	5	Certificate of 1000 enterprises paying the largest corporate income tax in Vietnam (Grade 203/V1000)	Tax Magazine, Vietnamnet and Vietnam Report JSC
2013	1	Emulation flag of the Labor Union - excellent emulation movement in 2013	Vietnam General Confederation of Labor
	2	Certificate of Merit for the Excellent Labor Collective in 2013 - the company	People's Committee of TT Hue Province
2014	1	Certificate of merit of the primary trade union for the title "Advanced model in the patriotic emulation movement in the 2010-2015 period"	Labor Confederation of TT Hue province
2015	1	Certificate of merit for outstanding achievements in business and positive contribution to the development of Vietnamese business community in 2015	Vietnam Chamber of Commerce and Industry

Year	No.	Award of honor	Issuance organization
	2	Certificate of merit for good compliance with Customs law in 2015	Customs Department of Thua Thien Hue Province
	3	Certificate of merit for outstanding achievements in the campaign "Day for the poor" in the period 2000-2015.	Vietnam Fatherland Front Committee of TT Hue province
	4	Title " <i>Advanced model in the patriotic emulation movement of TT Hue province's labor force in the period of 2010 - 2015</i> "	Labor Confederation of TT Hue province

5. Management and organizational structure

The organizational and management structure of Thua Thien Hue Minerals Products Single - Owner Limited Liability includes:

- President;
- Director;
- Supervisor;
- Assistant team for the Director: Deputy Directors, Heads of functional departments;
- Functional departments: Perform management tasks according to functions, work together to implement the strategic policies of the Director, advise the Director on business, investment, development and organization activities, to ensure the harmonious and highest profitability of the Company. Departments in the Company include:
 - Finance Department;
 - Administration Department;
 - Production Control Department;
 - Sales Department;
 - Technical Department;
- Plants, mine workshops, production divisions: Direct carry out the mining and processing; Implement effective production management according to the regulations of the Company and Departments; Propose and advise the Company on the production management: labor, repair and maintenance of machinery and equipment, improvement and renovation.

❖ *Mass organizations of the Company:*

Mass organizations of the Company include Party Committee and Trade Union:

- **Party Committee:** includes the Party Executive Committee (7 people), 4 Party cells with 32 Party members (including 6 female Party members). The Party Committee was established on the same date of establishment of the Company.

The Party cells includes:

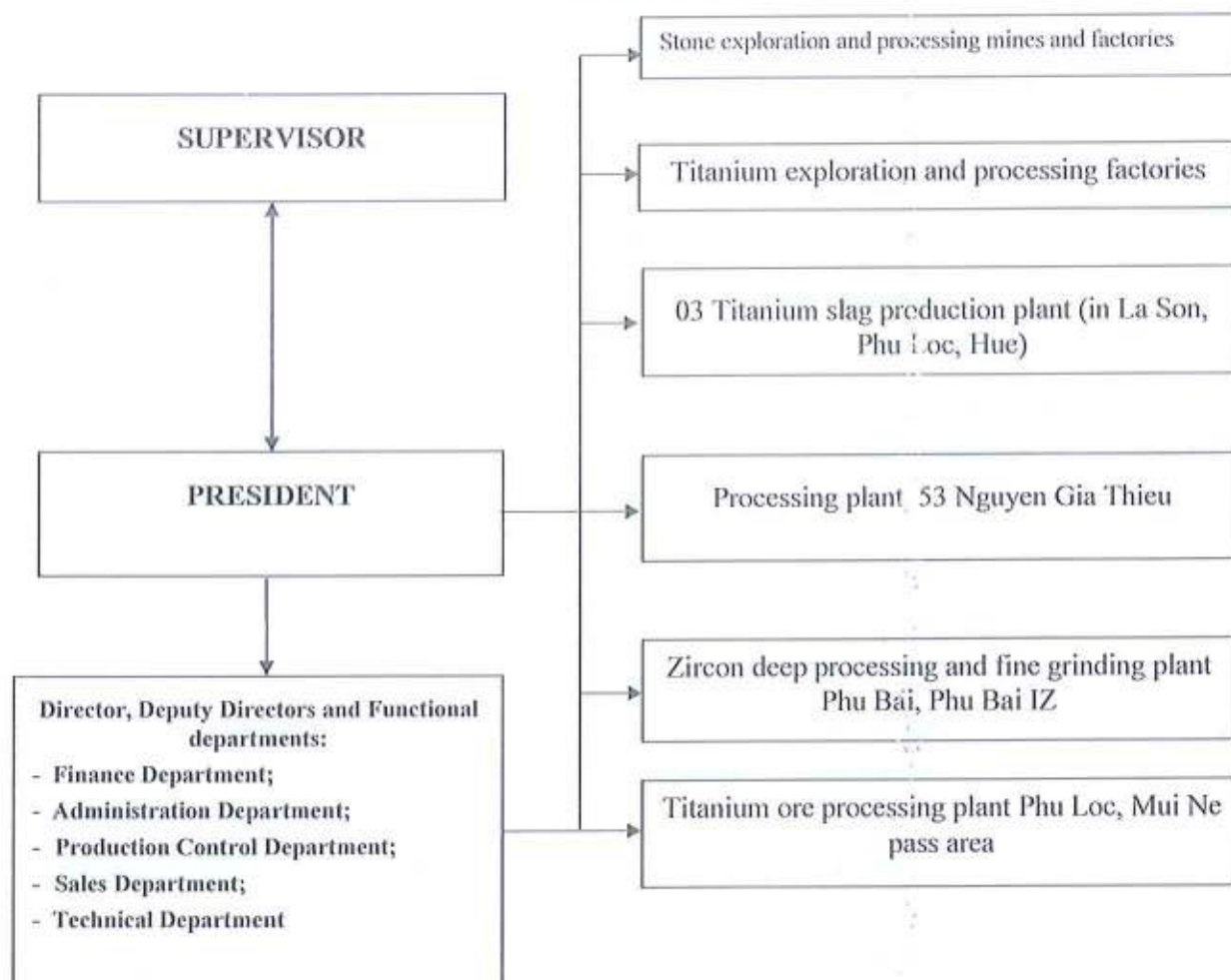
- Office;
- Hue workshop;
- Stone Division;
- Titanium mine Division.

- **Trade Union:** Established from the date of establishment of the Company, the number of Union members at the company is nearly 180 people. This is really a very effective organization, always take care of officials and employees in the company, propose and advise the Company's executives in fully implementing the policies for employees, propagandize legal education to each employee, which allows them to feel secure with the Company.

- Specific functions and duties of the Trade Union:

- Advise the Executive Committee of the primary trade union in all activities of the Union in accordance with the Trade Union Law and the Charter of the Vietnam Trade Union. Protect legitimate rights and interests of employees.
- Coordinate with the functional departments of the Company in organizing the Annual Employee Conference.
- Participate with functional agencies in the amendment, supplement or issuance of new documents, rules and regulations related to employees.
- Build and implement cultural and sports activities for employees according to the resolutions of the Executive committee of the primary trade union.

ORGANIZATIONAL STRUCTURE

THUA THIEN HUE MINERALS PRODUCTS SINGLE - OWNER LIMITED
LIABILITY

6. List of subsidiaries, joint ventures, other financial investments

6.1 List of subsidiaries

None.

6.2 List of joint ventures and associates

None.

6.3 Other long-term investments

None.

II. BUSINESS ACTIVITIES DURING THE YEARS BEFORE EQUITIZATION

1. Business results

1.1 Structure of net revenue and gross profit over the years

Structure of net revenue of Thua Thien Hue Minerals Products Single - Owner Limited Liability during the years before equitization (2015-2018 period):

No.	Product group	Year 2015	Year 2016	Year 2017	Year 2018
1	Finished Titan	178,745,770,426	64,903,680,586	98,872,207,935	5,951,025,087
2	Finished stone	10,462,162,411	3,587,944,425	1,903,045,066	1,978,587,587
3	Tailing	10,358,242,080	6,678,433,530	1,044,896,979	14,481,664,773
Total		199,566,174,917	75,170,058,541	101,820,149,980	22,411,277,447

Sources: HUMEXCO

Structure of gross profit during the years before equitization:

Unit: Vietnam Dong

No.	Product group	Year 2015	Year 2016	Year 2017	Year 2018
1	Finished Titan	6,880,127,988	(576,680,843)	8,765,292,836	885,268,180
2	Finished stone	746,782,161	(44,024,451)	(1,390,289,769)	23,408,056
3	Tailing	10,358,242,080	6,678,433,530	1,044,896,979	2,246,052,273
Total		17,985,152,229	6,057,728,236	8,419,900,046	3,154,728,509

Sources: HUMEXCO

The titanium market in the world and in the country has been continuously declining since the end of 2012 without any sign of recovery. Selling prices of titanium products are reduced by 50% - 60% compared to before, some products have higher selling prices than costs and the consumption demand is also greatly reduced. Therefore, the Company's operating revenue also decreased significantly.

In the period 2015-2017, Titanium ore products accounted for a majority of the net revenue of HUMEXCO, always equal to above 90% of net revenue, but by 2018, Tailing accounted for a majority of company's revenue structure. In the course of operation, the Company has built a solid position in the industry and has a number of regular customers within the country and abroad. Therefore, the majority of revenue coming from Titanium products also shows the concentration in production activities of the Company. Besides Titan, the Company also carries out other exploitation activities, namely: Mining and processing of construction stone. However, this is an auxiliary activity, accounting for a small proportion in revenue and profit structure.

1.2 Production cost

Proportion of types of expenses of the Company compared to total revenue from 2015 to 2018:

Unit: Million Vietnam dong

Cost factor	Năm 2015		Năm 2016		Năm 2017		Năm 2018	
	Value	%/ Total revenue	Value	%/ Total revenue	Value	%/ Total revenue	Value	%/ Total revenue
Cost of goods sold	246,836	79.52%	69,112	91.69%	93,400	90.42%	19,257	84.86%
Selling expense	12,729	4.10%	6,076	8.06%	8,507	8.24%	2,498	11.02%
General & administrative expense	12,627	4.07%	4,251	5.64%	1,833	1.77%	926	4.09%
Financial expense	963	0.31%	55	0.07%	15	0.01%	-	0%
Other expenses	363	0.12%	1,024	1.36%	16	0.02%	127	0.56%
Total	273,518	88.12%	80,518	106.83%	103,771	100.46%	22,808	100.53%

Source: Audited financial statements for 2016, 2017, 2018 of HUMEXCO

It can be seen that in the production cost structure of HUMEXCO, cost of goods sold accounts for the highest proportion in total revenue and increases over the years (2018, the proportion of cost of goods sold/Total revenue accounts for 84.86% compared to 79.52% in 2015). The remaining cost items account for a significantly lower proportion of total cost compared to the cost of goods sold. In general, the total cost of production over the years in terms of absolute value gradually decreases, in particular in 2016 and 2017, the value of Total Costs (Cost of goods sold, Selling Expense, General & administrative expense, Financial expense and Other expenses) decreased correspondingly compared to the previous year (as the company's revenue also decreased in 2017 and 2018 respectively). However, the cost/revenue ratio increased.

In general, in the absence of the recovery of the global titanium industry, HUMEXCO in particular and companies in the industry in general must deal with the difficult problem of cost. The continuous cost reduction is a necessary move for the Company to maintain its operation in the short term, but in the long term, the Company shall also build a plan to improve the added value of the product, maintain the potentiality and take advantages of opportunities when the market shows signs of recovery.

1.3 Materials

❖ Material source:

Thua Thien Hue Minerals Products Single - Owner Limited Liability is an enterprise operating mainly in the field of mining, processing and trading of minerals, mainly Titanium minerals. Therefore, the main material in the operation is Titanium Mine, exploited from the Titanium mines of the Company. To serve the mining and processing process of Titanium ore, some materials and fuels are used as inputs such as: Electrode paste; Molasses; Oxygen-led steel pipe (for La Son Titanium slag plant); Packaging (product, semi-finished products packaging); Electrical and water supplies, lubricants,...

➤ Stability of Input Materials:

- *Titanium ore source:* As an enterprise operating in the field of mining and processing of Titan minerals, the existence of the Company depends greatly on mining land, but the mining area of the company consists only of utilized small mines with poor content and the old mines must be re-exploited the second or third time. Currently, the Company has been granted a license to exploit Quang Cong - Quang Ngan mine under the License No. 2975 dated 23/12/2016 of the Ministry of Natural Resources and Environment, which is 288.2 hectares and actually is only about 150 hectares, due to the application process for mining rights for nearly 6 years, it has been overlapped with grave works, houses, residential and transport planning areas, ...Therefore, the mine life based on the normal operating capacity of the Company and according to the license, is expected to be within 5 - 7 years of exploitation. In addition, some areas of this mine have been overlapped by inter-village concrete roads, residential areas and local graves, so the overall exploitation efficiency is expected to decrease. Therefore, regarding the titanium business, the Company can only build business and production plans for short and medium term, as it is difficult to build a stable long-term business development strategy.

- *Other supplies, auxiliary fuels and materials:* For some auxiliary fuels and materials, HUMEXCO selects small supplier according to the ISO management process of the Company such as Spare Parts and Materials for the repair of wheel loaders, scooters, excavators; Water supplies (water pipes), electricity; Transportation;...

➤ Influence of prices of raw materials to revenue - profit:

Prices of input materials for the production and operation are constantly changing due to direct impacts from the supply and demand of the market and policies of resource management of the State. As the cost of goods sold always accounts for a high proportion in

net revenue and gradually increases over the years, the price fluctuations of input materials will have a great impact on the profit margin of the Company.

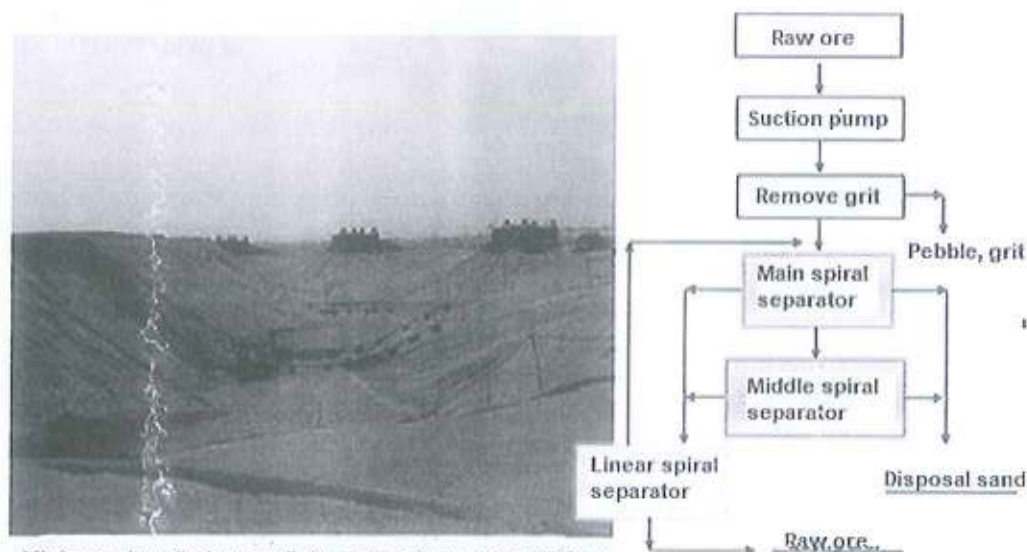
One of the factors that account for the largest proportion in the cost of goods sold is energy cost (including: Electricity (accounting for a large proportion in production costs), Coal (coal kiln), Diesel (thermal oil oven, machine repair) and Lubricants), accounting for about 35-40% of the cost of goods sold structure. The fluctuation of energy prices recently has also greatly affected the production of the Company.

1.4 Technology level

The company is always one of the leading companies in researching and investing in technological lines of deep processing of titanium products nationwide, meeting the requirements of strengthening the deep processing of the Government. The company's deep processing projects include: In 2003, the company completed a deep processing and superfine grinding plant with a capacity of 4,500 tons/year; In 2005, the Company continued to invest in the second Zircon processing and superfine grinding plant in Phu Bai IZ with a capacity of 5,000 tons/year; In 2011, the company completed a titanium slag plant in La Son IZ with a capacity of 10,000 tons/year. Thus, the Company has built and invested thoroughly the technology line system from the stage of exploitation to the stage of deep processing of Titanium products.

The system of equipment and technological lines of the Company is mainly imported from China with the advantages of moderate investment value but still meets the requirements of technology and product quality and with moderate modernity. Currently, the company is temporarily suspending some titanium deep processing plants due to the decline in consumption of the market and the operational inefficiency, so many machines and equipment are at risk of deterioration and obsolescence.

The Company's mining model includes Mining – Initial selecting and Deep Processing of Titanium products:



Mining and preliminary refining technology model at Thua Thien Hue Minerals Products Single - Owner Limited Liability

1.5 Research and development of new products

Since 2013, the company has shifted its business to clean agriculture, however, due to the severe recession of the world titanium market from the end of 2013 until now, it has not been able to implement this strategy.

1.6 Product/service quality inspection

The company has applied the quality management system ISO 9001:2008 continuously from 2006 onwards for all mines, from mining to processing stage.

The company has built 01 Vilas quality testing laboratory - Vilas 286 since 2007.

1.7 Marketing activities

In addition to good quality management of both inputs and outputs of the product, the Company also pays great attention to the promotion, introduction and distribution of products in the best way to customers. Currently, HUMEXCO is conducting product marketing steps on the Company's official website (<http://www.humexco.com.vn/>) and seeking customers on electronic search means to make offer directly.

1.8 Trademark, patent and copyright registration

As a state-owned enterprise operating in the field of mineral mining, the Company has built an exclusive trademark logo to promote widely its image to its partners. However, the Company's Logo has not yet registered as an exclusive trademark with the National Office of Intellectual Property.

Company logo: (Logo)



2. Position of the Company compared to other players in the same industry

2.1 *Position of the company in the industry*

Founded in 1987 as Binh Tri Thien Titanium Factory, after many years of operation, the Company has drawn a lot of experience in the field of mining and mineral processing, thereby possessing significant advantages compared to other players in the same industry in the province in particular and in the country in general.

- **Regarding Experience - Prestige:** Over nearly 30 years of establishment and development, Thua Thien Hue Minerals Products Single - Owner Limited Liability is one of the leading companies in mining and processing of Titanium minerals of Vietnam. The company also exploits and processes products such as Ilmenite, Rutile, Monazite, Zircon, Zircon powder and titanium slag, to meet the quality requirements of domestic and foreign customers. The company's products are used as input materials for many industries and are widely used in the field of manufacturing bricks, ceramic, glass, paint, metallurgy and diverse materials for many other industries.

- **Regarding Human Resources:** In the course of formation and development, the Company has fully and thoroughly invested in production facilities from exploitation to deep processing, while building a skilled, professional, stable team, which is capable of operating and directing effectively the Company's production and business activities.

- **Regarding Technology - Science and Technique:** The company is always one of the leading companies in researching and investing in technological lines of deep processing of titanium products nationwide, meeting the requirements of strengthening the deep processing of the Government. The company's deep processing projects include: In 2003, the company completed a deep processing and superfine grinding plant with a capacity of 4,500 tons/year; In 2005, the Company continued to invest in the second Zircon processing and superfine grinding plant in Phu Bai IZ with a capacity of 5,000 tons/year; In 2011, the company completed a titanium slag plant in La Son IZ with a capacity of 10,000 tons/year. Thus, the Company has built and invested thoroughly the technology line system from the stage of exploitation to the stage of deep processing of Titanium products.

2.2 *Industry prospects*

At the ASEAN International Titanium Conference held in Vung Tau City in 2013, representatives of the Ministry of Natural Resources and Environment said that the forecasted total reserve and resource for titanium-zircon ore in Vietnam is 664 million tons

of concentrated ore. Titanium placer is mainly discovered along the coast from Thanh Hoa to Northern Ba Ria - Vung Tau, nearly 50% of the world reserves (1,400 million tons). Thanks to this resource, Vietnam is expected to be one of the countries with the most developed Titanium Mining industry. According to the approval of the plan for exploration, mining, processing and use of titanium ore in the period of 2007 - 2015, orientating to 2025, the areas of titanium mineral activities include Thai Nguyen, Thanh Hoa - Ha Tinh region, Quang Tri - Thua Thien Hue region, Binh Dinh - Phu Yen region, and Binh Thuan - Ba Ria - Vung Tau region. Especially, in the period of 2016-2020, it the industry of mining and processing titanium ore will form with the main products being Titanium slag, pigment, porous Titanium, Titanium metal.

Currently, there are 02 companies specialized in mining and processing Titanium listed on the stock market, namely Binh Dinh Mineral Joint Stock Company (BMC) and Binh Thuan Mineral Joint Stock Company (KSA). Generally affected during the global titanium market crisis, specifically from 2014 to the end of 2016, Titan consumption market fell into crisis, raw materials for Titanium processing industry continuously dropped to a peak in December 2016, the price dropped to 3,460 USD/ton compared to 8,000 USD/ton in early 2012. The reason for the sharp decline in prices is that the economy of Europe and China has fallen into recession, causing the demand for Titanium to plummet, leading to the fall in Ilmenite ore price from 185 USD/ton in early 2014 to 79 USD/ton in early 2016, equivalent to a 57% reduction.

Although, from the beginning of 2017 onwards, the Titanium price is on the rise, although the increase is modest, but with the current situation, it is a sign that the Titanium industry is gradually recovering and tends to improve after a long recession time... Titanium is the input material of many science and technology, national security, health, aviation and space industries, ... Therefore, in the long term, its demand is large and is expected to far exceed the supply in the market. Therefore, HUMEXCO, in the short term, will continue to implement solutions to stabilize and maintain the operation of the Company, thereby accumulating and improving its capacity for long-term development.

2.3 The appropriateness of the development orientation of the Company

Titanium, a metallic mineral with preminent features such as low weight, high chemical strength and hardness, ... has become the main material for different industries, such as science and technology, national security, health, aviation, space, ... Deep-processing products from titanium ore have a minimum value of 3 times compared to crude ilmenite ore. Beside Vietnam's abundant mineral resources, Titan mining and processing industry is considered one of the great potentials and advantages of Vietnam.

The orientation for Vietnamese titanium industry in the mining and deep processing of titanium until 2025, has been clearly defined by the Government: "*Strictly forbid*" the

export of titanium ore, encouraging the deep processing of products from titanium ore to serve domestic and export needs.

According to the Directive 02/CT-TTg of the Prime Minister dated January 9, 2012 on strengthening the state management of exploration, mining, processing, use and export of minerals, from July 1, 2012, export of non deep-processed titanium ore is prohibited and the export shall be approved by the Prime Minister.

Circular No. 41/2012-TT-BCT dated December 21, 2012 of the Ministry of Industry and Trade provides some regulations to tighten the export of minerals, thereby minimizing the export of crude ore. The export of titanium ore, according to Circular 41, is only allowed for grade 1 titanium slag (titanium oxide ratio greater than or equal to 85%) and grade 2 titanium slag (titanium oxide ratio greater than 70% and smaller than 85%); titanium ores with titanium oxide content below 70% must be refined in the country before being sold abroad. According to Circular 41 above, deep-processed titanium products allowed to export are at least reconstituted Ilmenite ($\text{TiO}_2 \geq 56\%$). This presents the basis and the great potential for enterprises leading in the implementation of Titanium deep processing projects such as processing of Titanium slag, superfine Ziron powder, TiO_2 pigment ... like HUMEXCO.

According to the Prime Minister's Decision No. 1546/QĐ-TTg of September 3, 2013, approving the Partition plan of areas for exploration, mining, processing and use of titanium ores up to 2020, taking into account the year of 2030. Accordingly, the overall goal by 2020: Forming the titanium industry with deep processing products to Pigment and Porous Titanium; cover the domestic demand for pigment; export products of Titanium slag, Porous Titanium, zircon oxychloride Salt. By 2030, the titanium industry development is stable and sustainable; Concentrate on and prioritize the development of Pigment products, Porous Titanium, Titanium metal and Titanium alloys for domestic and export needs.

Besides the general development orientation of the State, the directorate of the Company always pay close attention to the production activities of the Company on the basis of complying with the provisions of the law on mineral mining activities, ensuring the labor safety and the resource protection. In addition, HUMEXCO always focuses on the recruitment policy, the training of labor force for the Company, so the team of engineers and staff are always active, sharp at work and have good thought in the production and business management process of the Company.

With the business strategy and development orientation, focusing on Titanium slag processing in order to promote the efficiency of deep processing technology, improve the added value of products, the Company continues to focus on training and improving business, financial and technical management capacity of managers at all levels and build and train skilled staff and workers with high professional qualifications to meet the requirements of production and business of the company. Besides the continuous

technology innovation, the enhancement and improvement of each product's quality to best meet the customers' needs, the Company will simultaneously increase the proportion of high value products, and gradually reduce low value products, in line with the general development orientation and plan of the State.

3. Big contracts

No.	Contract Name	Partner name	Product/ Service	Value (USD)	Time to perform
1	Purchase contract	Nippon Steel & Sumikin Bussan Corporation –Japan.	Titanium slag	1,650,000	22/6/2015 – 28/2/2016
2	Purchase contract	Maoming Maogang Greatwall Mining Co.,LTD – China	Zircon 60%	243,000	Delivery time: 4 - 5/2016
3	Purchase contract	Guangxi Bafangjin Trade Co.,LTD – China	Monazite	78,000	Delivery time 3/2016

Sources: HUMEXCO

4. Financial situation and operation results during the years before equitization

Detailed data is summarized in the table below:

Unit: Vietnam Dong

No.	Item	Year 2015	Year 2016	Year 2017	Year 2018
1	Equity (excluding the balance of bonus and welfare fund)	260,472,629,577	120,291,980,659	118,490,926,332	113,534,471,495
2	Liabilities	83,218,566,847	185,468,934,476	138,064,206,861	119,737,044,615
2.1	Short-term debt	83,218,566,847	185,468,934,476	138,064,206,861	119,737,044,615
	In which: Overdue debt	-	-	-	-
2.2	Long-term debt	-	-	-	-
	In which: Overdue debt	-	-	-	-
2.3	Other Liabilities	-	-	-	-
3	Accounts receivables	11,904,914,010	5,852,625,464	22,926,523,970	8,402,489,297

No.	Item	Year 2015	Year 2016	Year 2017	Year 2018
	In which:				
3.1	Short-term receivables	8,385,360,390	2,333,072,844	19,304,857,010	4,735,123,007
3.2	Long-term receivables	3,519,553,620	3,519,553,620	3,621,666,960	3,667,356,290
4	Total employees (people)	950	600	185	
5	Average income of employees/month	4,000,000	2,500,000	2,500,000	
6	Net revenue	199,566,174,917	75,170,058,441	101,820,149,980	22,411,277,447
7	Cost of goods sold	181,581,022,688	69,112,330,305	93,004,249,934	19,256,548,938
8	total assets	343,691,196,424	305,760,915,135	256,555,133,193	233,271,516,110
9	Profit before tax	656,983,202	(5,145,662,772)	(1,472,158,327)	(142,315,290)
10	Profit after tax (PAT)	651,693,955	(5,145,662,772)	(1,472,158,327)	(142,315,290)
11	Net profit / Equity ratio	0.25%	-	-	-

Sources: HUMEXCO

Some financial indicators of the Company three years before equitization:

Item	Unit	Year 2015	Year 2016	Year 2017	Year 2018
Liquidity ratio					
Current ratio	Time	3.36	1.17	1.23	1.20
Quick ratio	Time	0.37	0.34	0.62	0.48
Leverage ratio					
Debt/Capital	Time	0.22	0.61	0.54	0.51
Debt/Equity	Time	0.28	1.54	1.17	1.05
Activity Ratio					
Inventory turnover ratio	Time	0.97	0.40	0.79	0.23
Total asset turnover ratio	Time	0.53	0.23	0.40	0.09

Item	Unit	Year 2015	Year 2016	Year 2017	Year 2018
Efficiency ratio					
Profit after tax/Net revenue	%	0.34	-0.07	-0.01	-0.64
Profit after tax/Equity	%	0.23	-0.03	-0.01	-0.13
Profit after tax/Total assets	%	0.18	-0.02	-0.01	-0.06
Operating profit/Net revenue	%	-5.11	-0.06	-0.02	-0.90

Sources: Summary from audited 2015 - 2018 of HUMEXCO

In general, in the period 2015-2018, HUMEXCO satisfies the ability to pay short-term debts. Although the quick ratio of the Company was low due to the characteristics of the mining sector with high inventories, especially in the period when this industry had unfavorable fluctuations.

The titanium market in the world and in the whole country has been continuously declining since the end of 2012 until now without any sign of recovery. Selling prices of titanium products are reduced by 50% - 60% compared to before, some products have higher selling prices than costs and the consumption demand is also greatly reduced. Many domestic titanium companies have begun to close since 2014 and the Company also temporarily suspended some inefficient processing plants from the end of 2014 until now. These factors make the Company's financial situation go down, reflected in the decline in the rate of return over the years. In the coming years, to overcome the price crisis and achieve long-term development goals, HUMEXCO will continue to implement the proposed plans, focusing on technology research to increase added value for products and implement other necessary plans.

5. Factors affecting the operation of the Company

5.1 Advantages

- The Party and State's policies have created favorable conditions for businesses in general and Thua Thien Hue Minerals Products SOLL in particular through the issuance of documents to create a legal foundation for the strong and proactive mining and processing of Titanium ore and other business activities.

- Established in 1987, HUMEXCO is one of the leading companies in Titanium mining and processing in Vietnam. With a long-standing and prestigious development advantage and with its own efforts, HUMEXCO owns a network of regular customers in many countries around the world such as China, Korea, Japan, India,....

- In the course of its existence and development, the company has invested fully and thoroughly in production facilities, from mining to deep processing, and at the

same time building a team of skilled, professional and stable staff which is capable of directing the Company's operation effectively for many years.

- The company and its mining and processing plants are all in the province's planning, so the transportation are very convenient.

- The timely application of scientific advances in administration and management has brought about the high efficiency.

5.2 Difficulties

- Mechanism and policies in titanium ore mining and processing activities, although has brought many positive factors to motivate mining and processing activities, still present many shortcomings leading to oversupply.

- The main activity of the Company is the Titanium mining and processing - which has a direct impact on the nation's resources, so it is subject to strict management from all levels, departments and macro directions of Government. Any changes in the policy will greatly affect the production and business process of the Company.

- The price of titanium ore in the market recently has been unfavorable for HUMEXCO. Specifically, the titanium price in 2015 and 2014 is only 50% - 60% compared to 2012 and 2013 (although in 2017, Titanium ore price tends to increase slightly), while some products such as Titanium slag are absolutely cannot be sold because the selling price is lower than the price. With this price, it is difficult for the Company to offset production costs as well as to ensure the profitability. Therefore, the consumption of goods and selling prices of the Company are continuously declining, the inventory is continuously increased over the years. This negative change caused HUMEXCO to put pressure on reorganizing production and suspending the operation of processing plants and at the same time planning to sell mine ore to maintain its existence in this difficult period. If in the following years the market situation does not change, the Company may suffer from loss business.

In the period of recession and difficulties in general, the titanium mining industry is no longer economically efficient as before, operating revenues cannot offset costs, so most Titanium companies have stopped operating or closed from 2013 in Binh Dinh, Binh Thuan, Thai Nguyen, Quang Tri provinces, ..

Faced with the above situation, the Board of Directors of the Company have tried to maintain its operation to stabilize the social security, to help others by: cut down the processing output, suspend some inefficient plants such as: La Son plant, Phu Loc plant, Phu Bai plant; allocate human resources, balance the work and salary to maintain the Company's operation in the last difficult economic period. However, with the continuous forecasted recession of the Titanium industry in the country and the world, while the current operation of the Company has not been able to carry on anymore due to the high number of unsold inventory and low selling prices, so the more processing

is, the more losses is, which leads to increasing bank debt burden of the company. In addition, the mining output is declining due to lack of mines, so it is impossible to continue processing. With the difficult economic situation and low income, the increasing number of workers who quits their jobs, it is necessary that the Company turn to a moderately active plan based on the reorganization of all business activities to maintain the existence of the Company and ensure immediate objectives as follows:

- Try to maintain the workforce by creating jobs at the mining site with a relatively good income to temporarily stabilize their life, waiting for the market recovery to restore production when needed;
- Maintain the production capacity of the Company by assigning processing workers at Dien Hoa - Dien Hai mine;
- Minimize costly processing operations without cost-effectiveness during this period;
- Ensure that the processing stage can be deployed when needed if there is an opportunity to export each shipment suitable for production costs.

– In addition to the influence from the price and demand of products, HUMEXCO is also exposed to risks from mining land. For the characteristics of the Company, the source of mine is vital for its operation. However, at present, the Company's titanium ore source is increasingly deficient and narrowed. Since the company has no major source of resources to serve the long-term development process over 3 years while mainly re-exploiting on previously mining areas or utilizing small mining areas with poor content, the company is only able to build a annual business plan. Since 2012, the Company has started and submitted the complete application document for mining licenses to the Ministry of Natural Resources and Environment for licensing, but since the Directive No. 02/CT-TTg dated January 9, 2012 of the Government on strengthening the state management of mineral exploration, mining, processing, use and export activities have applied, the licensing process of Quang Cong - Quang Ngan industrial mine has been suspended for a long time, although the procedure has been completed, causing many difficulties for the planning to balance the raw materials for deep processing plants, because the current mines of the Company are all "utilized" mines and their reserve is small, their content is poor, which is difficult to ensure the output for deep processing.

Follow the policy on requesting to continue resolving difficulties in raw materials for mineral deep processing projects of mineral processing and exploitation companies that have deep processing plants in Official Letter No. 10369/VPCP-KTN dated 18/12/2012 of the Government, the Provincial People's Committee issued Official Letter No. 27/UBND-TN dated 04/01/2013, proposing to the Government to allow the Company to establish procedures for mining Titan and the Government Office have comments in Document No. 40/TC-VPCP dated 15/01/2013, transferring to the

Ministry of Natural Resources and Environment for solving the mining licensing procedures of the Company.

Some information about Quang Cong - Quang Ngan mine:

- Mining scale: design mining capacity of 30,000 tons/year of synthetic ores;
- Location: Quang Ngan Commune and Quang Cong Commune, Quang Dien District, Thua Thien Hue Province. Total land area under license: 288.2 ha. However, as the application process has been extended for 5 years, in fact, many areas of the mine have been overlapped with concrete inter-village roads, residential areas, and local graves, ... The area of exploitable areas is only about 150ha;
- Operation time: It is expected to serve the Company's operating capacity for 5-7 years.

Currently, in order to maintain production activities, the company has to exploit, for the third time, the mines that have been exploited in the previous years or to take advantage of the small mines with very poor content. Hence, the mining output decreased to only 40-50% compared to the years before 2013, and there is not enough raw materials for plants to operate, the cost of mining ore production increases, which reduces production efficiency of the Company, to an extent that the business is no longer effective. Therefore, the company is rushing to conduct partial clearance compensation of Quang Cong - Quang Ngan mine to promptly put into operation to compensate for declining output in 2019.

- Difficulties and problems in tax policy:

➤ Regarding export taxes: The government is stipulating an export tax of up to 40% on Titanium products, which is too high compared to the extremely difficult consumption of the current Titanium industry, which leads to a heavy cost burden for businesses.

➤ Regarding natural resource tax:

- Tariff of Government: The state tax rate for Titanium according to Resolution No. 712/2013/UBTVQH13 dated 16/12/2013 is 16% and increased to 18% from July 2016 according to Resolution No. 1084/2015/UBTVQH13 dated December 10, 2015 of the National Assembly Standing Committee.
- Taxable price: It is specified in Appendix I attached to Decision No. 71/2018/QĐ-UBND promulgating the Table of calculation of natural resources tax in Thua Thien Hue province for metallic minerals; for non-metallic minerals; for natural forest products; for natural seafood; for natural water, specifically, the price for calculating natural resource tax related to Titanium is as follows:

Group name, resource type / Resource product	Unit	Taxable price (VND)
Metallic minerals		
Titanium		
<i>Original titanium ore (Ilmenite)</i>		
Titanium base ore with a content of $TiO_2 \leq 10\%$	ton	110,000
Titanium base ore with a content of $10\% < TiO_2 \leq 15\%$	ton	150,000
Titanium base ore with a content of $15\% < TiO_2 \leq 20\%$	ton	210,000
Titanium base ore with a content of $TiO_2 > 20\%$	ton	385,000
<i>Placer titanium ore</i>		
Placer titanium ore not yet separated	ton	1,300,000
Separated placer titanium (concentrated Titanium ore)		
Ilmenit	ton	1,950,000
Zircon ore with a content of $ZrO_2 < 65\%$	ton	6,600,000
Zircon ore with a content of $ZrO_2 \geq 65\%$	ton	15,000,000
Rutil	ton	7,700,000
Monazite	ton	24,500,000
Manhectic	ton	700,000
Titanium slag	ton	13,000,000
Other products	ton	3,000,000

➤ Besides the two taxes, the Company shall bear many other high-cost tax and fees such as mining rights, environmental protection fees, land lease fees,...

According to the calculation of the company, the total tax charges currently account for an average proportion of around 50% of the selling prices of titanium products, not to mention other production costs.

III. BUSINESS SITUATION AT THE TIME OF DETERMINING BUSINESS VALUE

1. Actual value of the company for equitization

Pursuant to Decision No. 3016/QĐ-UBND dated 26/12/2018 of the People's Committee of Thua Thien Hue Province on approving the enterprise value for the equitization of Thua Thien Hue Minerals Products Single - Owner Limited Liability:

- The actual value of the enterprise at 24:00 of 31/12/2017 of Thua Thien Hue Minerals Products Single - Owner Limited Liability is: 275,394,937,636 VND (*In words: Two hundred and seventy-five billion, three hundred and ninety four million, nine hundred and thirty seven thousand, six hundred and thirty six Vietnam Dong*)
- In particular, the actual value of State capital in Thua Thien Hue Minerals Products Single - Owner Limited Liability at 24:00 of 31/12/2017 for equitization is: 132,516,591,228 VND (*In words: One hundred thirty-two billion, five hundred and sixteen million, five hundred and ninety one thousand, two hundred and twenty eight Vietnam dong*).

The actual value of enterprises for equitization of Thua Thien Hue Minerals Products Single - Owner Limited Liability at at 24:00 of 31/12/2017 is presented in detail in the following table:

Unit: Vietnam Dong

Item	Accounting	Verified data of the Steering Committee	Difference
(1)	(2)	(3)	(4)=(3)-(2)
A. Assets in use (I+II+III+IV)	256,555,133,193	275,394,937,636	18,839,804,443
I. Fixed assets and long-term investments	87,318,563,965	100,020,349,345	12,701,785,380
1. Fixed assets	79,584,094,858	92,285,880,238	12,701,785,380
a. Tangible fixed assets	76,608,354,549	89,122,291,929	12,513,937,380
b. Intangible fixed assets	2,975,740,309	3,163,588,309	187,848,000
c. Fixed financial leasing assets	0		0
2. Investment property			
3. Long-term financial investments	0	0	0
4. Construction in progress			
5. Long-term deposits, collateral	0	0	0
6. Long-term prepaid expenses	4,112,802,147	4,112,802,147	0
7. Long-term receivables	3,621,666,960	3,621,666,960	0
II. Current assets and short-term investment	169,236,569,228	168,414,509,228	(822,060,000)
1. Cash	22,181,553,990	22,181,553,990	0
+ Cash on hand	90,652,618	90,652,618	0
+ Bank deposits	22,090,901,372	22,090,901,372	0
+ Cash in transit	0	0	0
2. Short-term financial investment			
3. Receivables	19,304,857,010	18,421,517,010	(883,340,000)
4. Supplies and goods inventory	84,087,849,225	84,087,849,225	0

Item	Accounting	Verified data of the Steering Committee	Difference
(1)	(2)	(3)	(4)=(3)-(2)
5. Other current assets	43,662,309,003	43,723,589,003	61,280,000
6. Non-business expenditures			0
III. Goodwill of the company	0	6,960,079,063	6,960,079,063
1. Potential development value	0	5,336,031,257	5,336,031,257
2. Brand value	0	1,500,000,000	1,500,000,000
3. Value of land rent advantage	0	124,047,806	124,047,806
IV. Value of land use rights	0	0	0
B. Assets not needed for use	0	2,185,823,355	2,185,823,355
I. Fixed assets and long-term investments	0	1,302,483,355	1,302,483,355
1. Fixed assets	0	1,302,483,355	1,302,483,355
<i>In which: Investment assets by reward fund + welfare fund</i>			
2. Long-term financial investments	0	0	0
3. Construction in progress	0	0	0
4. Long-term deposits, collateral	0	0	0
II. Current assets and short-term investments	0	883,340,000	883,340,000
1. Irrecoverable debt	0	883,340,000	883,340,000
2. Obsolete inventory	0	0	0
3. Reversal of receivables provisions	0	0	0
C. Asset awaiting liquidation	0	2,909,679,764	2,909,679,764
1. Fixed assets and long-term investments	0	2,909,679,764	2,909,679,764
2. Current assets and short-term investments	0	0	0
D. State recovery asset	0	8,938,000	8,938,000
1. Fixed assets and long-term investments	0	8,938,000	8,938,000
- Fixed assets of houses and architectural objects (Remaining book amount)	0	8,938,000	8,938,000
E. Assets acquired by Bonus and welfare funds (not for business purposes))	0		0
TOTAL VALUE OF ASSETS (A+ B+ C+ D+ E)	256,555,133,193	280,499,378,755	23,944,245,562
In which:			

Item	Accounting	Verified data of the Steering Committee	Difference
(1)	(2)	(3)	(4)=(3)-(2)
TOTAL ACTUAL VALUE OF THE COMPANY	256,555,133,193	275,394,937,636	18,839,804,443
Item A	256,555,133,193	275,394,937,636	18,839,804,443
Difference in valuation of transferred assets	0	0	0
E1. Actual debt	138,064,206,861	142,878,346,408	4,814,139,547
In which: New value of land use right to be handed over must be paid to the state budget	0	0	0
E2. Non-business expenditures sources	0	0	0
TOTAL ACTUAL VALUE OF THE STATE CAPITAL PORTION IN THE COMPANY {A- (E1+E2)}	118,490,926,332	132,516,591,228	14,025,664,896

Sources: Minutes of determination of HUMEXCO EV by the Equitization Steering Committee on 13/12/2018

Pursuant to Article 2 of Decision No. 3016/QĐ-UBND dated 26/12/2018, assets and liabilities are not included in the enterprise value of HUMEXCO as of 31/12/2017, calculated on the residual value recorded in the accounting book is 5,104,441,119 VND, including:

+ **Fixed assets:**

- *Assets not in need of transport vehicles: 1,302,483,355 VND*
- *Machinery and equipment awaiting liquidation: 2,909,679,764 VND*

+ **Irrecoverable debts: 883,340,000 VND**

+ **Houses, architectural objects at No. 53, Nguyen Gia Thieu Street, Hue City, which the State recalls: 8,938,000 VND.**

HUMEXCO's Equitization Steering Committee is responsible for coordinating with the local Department of Finance and relevant agencies to develop a plan for the lease of assets excluded as stated in Clause 3, Article 2 of Decision No. 3016/QĐ-UBND dated 26/12/2018 (houses, architectural objects at No. 53, Nguyen Gia Thieu, Hue City) in accordance with the current regulations of the state.

The company is responsible for continuing to manage the assets and bad debts that are removed from the value of the business until the handover according to current regulations.

2. Major assets of the company

Fixed assets of the Company as of 31/12/2017 is shown in the following table:

Asset	Original price	Depreciation (*)	Residual value
1. Tangible fixed assets	215,333,390,773	138,725,036,224	76,608,354,549
▪ Houses, architectural objects	68,168,821,159	36,434,418,863	31,734,402,296
▪ Machinery and equipment	135,977,692,879	94,419,397,201	41,558,295,678
▪ Transport means and transmission equipment	9,544,693,045	6,420,569,025	3,124,124,020
▪ Management equipment and tools	1,642,183,690	1,450,651,135	191,532,555
2. Intangible fixed assets	8,675,785,909	5,700,045,600	2,975,740,309
▪ Production technology	939,240,000	939,240,000	0
▪ Titanium slag production technology	7,736,545,909	4,760,805,600	2,975,740,309
3. Construction in progress	-	-	-

Sources: Audited financial statement as of 31/12/2017 of HUMEXCO

Note (*): According to the note of the 2017 audited financial statements recognized by Vietnam AVN Auditing Limited Company:

- Accumulated depreciation value on the depreciation table of Tangible fixed assets is smaller than the accounting book's as of 31/12/2017: 143,195,845 VND. This is the difference from the end of 2016 due to the reduction of Fixed Assets by the Company according to Decision No. 423/QĐ-UBND dated 09/03/2017 of the People's Committee of Thua Thien Hue province but the depreciation number on the accounting books is different.
- In 2017, the Company does not depreciate some tangible fixed assets and some intangible fixed assets, which leads to the deficient depreciation amount of tangible fixed assets and intangible fixed assets respectively: 14,009,923,875 VND and 1,071,193,636 VND.

3. Land area under management and plans for using houses and land after equitization

Pursuant to Decision No. 2635/UBND-DC dated 07/11/2017 of the People's Committee of Thua Thien Hue Province on approving the land use plan when equitizing Thua Thien Hue Minerals Products Single - Owner Limited Liability and Proposal No. 374/TT-STNMT-QLDD dated ngày 23/10/2017 of the Department of Natural Resources and Environment of Thua Thien Hue Province, the Company's land use plan after equitization is as follows:

No	Land plot	Area (m ²)	Type of land use	Land use plan	
				Actual	After equitization
1	Mui Ne pass area, Phu Loc Town, Phu Loc District, TT. Hue	7,729	+ The State leases land with annual payment under Decision No. 2800/QD-UBND dated 23/10/2002 + Lease term: 30 years (until 23/10/2032)	Phu Loc Titanium Processing Plant.	Phu Loc Titanium Processing Plant.
2	La Son IZ, Loc Son Commune, Phu Loc District, TT. Hue	80,950	+ The State leases land with annual payment under Decision No. 1734/QD-UBND dated 01/08/2008 + Lease term: 50 years (until 01/08/2058)	Titanium slag plant	Titanium slag plant
3	Da Le, Thuy Phuong Ward, Huong Thuy Town, TT. Hue	19,600	+ The State leases land with annual payment under Decision No. 2343/QD-UBND dated 19/07/2004. + Lease term: 25 years (until 19/07/2029)	Granite stone floor grinding mill	Granite stone floor grinding mill
4	Land in Phu Bai IZ, Huong Thuy town, TT. Hue	63,387	+ The State leases land with payment according to Decision No. 2343/QD-UBND dated 19/07/2004 + Lease term: 50 years (until 28/02/2049)	- Zircon Phu Bai fine grinding plant; - Company warehouse.	- Zircon Phu Bai fine grinding plant; - Company warehouse.
5	Land at Ke Vo Hamlet, Vinh Xuan Commune, Phu Vang District, TT. Hue	377,261.2	+ The State leases land with annual payments under Decision No. 2312/QD-UBND 01/11/2013 + Land lease term until 27/04/2024.	Mining of titanium ore	Mining of titanium ore
6	Land in Huong Tho	100,000	+ The State leases land with annual payment under Decision No. 715/QD-UBND dated	Mining of stone	Mining of stone

No	Land plot	Area (m ²)	Type of land use	Land use plan	
				Actual	After equitization
	commune, Huong Tra town, TT. Hue		15/04/2013 + Land lease term until 10/01/2038.	minerals as common construction materials	minerals as common construction materials
7	Land in Huong Binh commune, Huong Tra town, TT. Hue	50,000	+ The State leases land with annual payment under Decision No. 1439/QĐ-UBND dated 28/07/2015. + Land lease term until 24/12/2038.	Mining of stone minerals as common construction materials	Mining of stone minerals as common construction materials
8	Land at Nguyen Gia Thieu Street, Phu Hau Ward, TP. Hue	11,841	+ According to Decision 2395/QĐ-UBND on 12/9/200, leasing land to the date of equitization approval	Company headquarters	Do not continue to lease the land after equitization (*)

Source: Decision No. 2635/UBND-DC dated 07/11/2017 of People's Committee of Thua Thien Hue Province and Report No. 374/TT-STMNT-QLĐĐ dated 23/10/2017 of the Department of Natural Resources and Environment of Thua Thien Hue Province

(*) According to Decision No. 1065/QĐ-UBND dated 27/04/2019 of the People's Committee of Thua Thien Hue Province on approving the plan to convert Thua Thien Hue Minerals Products Single - Owner Limited Liability into a joint stock company, for the Land at 53 Nguyen Gia Thieu Street, Phu Hau Ward, Hue City:

" + Adjust the leasing period of the Land at 53 Nguyen Gia Thieu Street, mentioned in Clause I, Appendix of Land use plan when equitizing Thua Thien Hue Minerals Products Single - Owner Limited Liability attached with Decision No. 2635/UBND-DC dated 07/11/2017 of the People's Committee of Thua Thien Hue Province: The State leases land until the Joint Stock Company officially comes into operation.

+ After the Joint Stock Company officially goes into operation, the Department of Finance sets up a procedure to recall the Land plot at 53 Nguyen Gia Thieu Street and assigned the Land Fund Development Center under the provincial Department of Natural Resources and Environment.

+ The Land Fund Development Center is responsible for making a plan for leasing land and housing facilities at 53 Nguyen Gia Thieu and submitting it to the Department of Finance for appraisal of the report approved by the Provincial People's Committee".

4. Current financial and debt situation

Current financial and debt situation of the Company according to the accounting book data as of December 31, 2017 (according to 2017 audited financial statements) is as follows:

❖ Owner's equity:	118,490,926,332 VND
<i>In which:</i>	
▪ Owner's investment capital:	105,296,637,354 VND
▪ Investment and development fund:	15,680,656,671 VND
▪ Undistributed after-tax profit:	(2,486,367,693) VND
❖ Bonus and welfare fund:	9,836,162,335 VND
❖ Receivables:	22,926,523,970 VND
▪ Short-term receivables:	19,304,857,010 VND
▪ Long-term receivables:	3,621,666,960 VND
❖ Liabilities:	138,064,206,861 VND
▪ Short-term debt:	138,064,206,861 VND (*)
▪ Long-term debt:	0 VND

(*) According to the note in the 2017 Audit Report recognized by AVN Vietnam Auditing Limited Company: "According to Notice No. 22/DTKDV-TCKT dated 21/02/2017 of the State Capital Investment Corporation, as of 20/02/2017, the Company still has payable debt to SCIC in 2011, 2012, equal to 109,397,904,156 VND and the late payment interest as of 20/02/2017 equal to 21,428,314,477 VND. However, at present, the Company has not yet paid to SCIC this amount and has not yet reflected the amount of late payment interest on the business results of the year."

5. Status of labor

At the time of enterprise valuation on 31/12/2017, the total number of employees of the Company is 175 people with the following structure:

Criteria	Quantity (people)	Proportion (%)
By education level	175	100%
▪ Post-graduate	0	0%
▪ Graduate	37	21.14%
▪ College, secondary and elementary level	04	2.29%
▪ Other qualifications	134	76.57%

Criteria	Quantity (people)	Proportion (%)
By type of labor contract	175	100%
▪ Labor not subject to labor contract signing	05	2.86%
▪ Contract of indefinite term	170	97.14%
▪ Contract from 1-3 years	0	0.00%
▪ Short-term contracts under 1 year	0	0.00%
▪ Employment contract before 30/08/1990 but has not yet converted to labor contract	0	0.00%
By gender	175	100%
▪ Male	157	89.71%
▪ Female	18	10.29%

In order to improve the production and business efficiency of enterprises, to bring out the capabilities of employees after changing into joint-stock company; Based on the current status of the existing labor force of the company, the expected labor demand of the Company in the post-equitization period and the provisions of the labor law, the re-arrangement plan of labor after:

No.	Content	Total
I	Total number of employees at the time of valuation of equitized company (At 31/12/2017)	175
1	Labor not subject to labor contract signing (President cum Director, Deputy Director, Chief Accountant)	05
2	Employees under labor contract	170
	- <i>Employees working under indefinite labor contracts</i>	<i>170</i>
	- <i>Employees working under labor contracts with definite terms from full 12 months to 36 months</i>	<i>0</i>
	- <i>Employees working on a seasonal basis or a certain task for less than 3 months</i>	<i>0</i>
3	Employees on leave but in the labor list of the Company	0
II	The number of employees will quit at the time of announcing the value of the equitized company	06
1	Number of employees eligible for retirement under the current regime	0

No.	Content	Total
2	Number of employees to terminate the labor contract, divided into:	0
	- <i>Expiration of labor contract</i>	0
	- <i>Voluntary termination of labor contract</i>	0
	- <i>Termination of labor contract for other reasons as prescribed by law</i>	0
3	Number of employees unable to arrange jobs at the time of announcing the value of the equitized company, divided into:	06
	- <i>Redundant number of employees according Decree no. 63/2015/ND-CP</i>	05
	- <i>Number of employees required to terminate the labor contract and pay job loss allowance</i>	01
III	The number of employees will transfer to work at Joint Stock Company	169
1	Number of employees that the labor contract is still valid	169
2	Number of employees absent with social insurance, divided into:	-
	- <i>Sick leave</i>	-
	- <i>Maternity</i>	-
	- <i>Labor accidents and occupational diseases</i>	-
3	Number of employees temporarily suspended from implementing labor contract, divided into:	-
	- <i>Military service</i>	-
	- <i>Other civil obligations</i>	-
	- <i>Being temporarily detained</i>	-
	- <i>Agreed by 2 parties (no more than 3 months)</i>	-

Note: Item 1 section III does not include item 2, 3 section III

The labor structure transferred to the joint stock company is as follows:

Criteria	Quantity (people)	Proportion (%)
Total	169	100%
By education level		
- Post-graduate	0	0.00%

Criteria	Quantity (people)	Proportion (%)
- Graduate	30	17.75%
- College, secondary level	04	2.37%
- Other qualifications	135	79.88%
By type of labor contract		
- Contract of indefinite term	169	100%
- Contract from 1-3 years	0	0.00%
- Seasonal contract	0	0.00%
By gender		
- Female	18	10.65%
- Male	151	89.35%

6. Problems required solutions

Based on the valuation file of enterprise value for equitization and the examination minutes of enterprise valuation of the Equitization Steering Committee of Thua Thien Hue Minerals Products Single - Owner Limited Liability, the Company continues to handle some issues as follows:

- For assets that are not needed and waiting for liquidation to be removed from the enterprise value: Thua Thien Hue Minerals Products Single - Owner Limited Liability is responsible for managing and handling them in accordance with Decree No. 126/2017/ND-CP dated 16/11/2017 of the Government and relevant guidelines of the Ministry of Finance;
- For properties recalled by the State and excluded from the enterprise value: Thua Thien Hue Minerals Products Single - Owner Limited Liability shall manage and handle them according to current regulations and relevant documents;
- For debts that cannot be recovered that are excluded from the value of the enterprise: Thua Thien Hue Minerals Products Single - Owner Limited Liability is responsible for handling according to the provisions of Decree No. 126/2017/ND-CP dated 16/11/2017 of the Government and relevant guiding documents of the Ministry of Finance;
- For the balance of reward and welfare fund and bonus fund of enterprise managers, supervisors at the time of valuation of the enterprise shall comply with the provisions in Article 19 of Decree 126/2017/ND-CP dated 16/11/2017 of the Government and relevant guiding documents of the Ministry of Finance;
- For late payment interest of 109,397,904,156 VND for SCIC as of 20/02/2017, the arising interest amounts to 21,428,314,477 VND. Currently, the Company has not

yet paid to SCIC and has not reflected the late interest payment to its business results at the time of enterprise valuation on 31/12/2017, the Company needs to compare and reflect fully;

- For receivables and payables: Thua Thien Hue Minerals Products Single - Owner Limited Liability is responsible for reviewing, checking, classifying and comparing debts and complying with regulations in the equitization process.

PART V: INVESTMENT PLAN, DEVELOPMENT STRATEGY, OPERATION AFTER EQUITIZATION

I. NAME OF JOINT STOCK COMPANY

- Vietnamese name : CÔNG TY CỔ PHẦN KHOÁNG SẢN THỪA THIÊN HUẾ
- English name : THUA THIEN HUE MINERALS JOINT STOCK COMPANY
- Abbreviation : HUMEXCO
- Head office : 53 Nguyen Gia Thieu, Phu Hau Ward, Hue City, Thua Thien Hue Province
- Phone : 0234.3541044 - 0234. 3523695
- Fax : 0234.3527926
- Website : <http://humexco.com.vn/>
- E-mail : humexco@dng.vnn.vn



- Logo : HUMEXCO

II. AUTHORIZED CAPITAL, BUSINESS LINES AND ORGANIZATION STRUCTURE

I. Authorized capital and authorized capital structure

1.1. Authorized capital of the joint stock company:

To ensure the capital for production and operation after the equitization process, with the form of equitization combining the sale of a part of the state capital and issuing additional shares to increase the authorized capital according to the Decision. No. 1065/QĐ-UBND dated 27/04/2019 by the People's Committee of Thua Thien Hue Province on approving the plan to convert Thua Thien Hue Minerals Products Single - Owner Limited Liability into a joint stock company. The chartered capital of Thua Thien Hue Mineral Joint Stock Company is expected as follows:

- Authorized capital of the joint stock company: **150,000,000,000 VND**, of which:
 - State capital is 113,386,490,000 VND (*One hundred and thirteen billion, three hundred and eighty-six million, four hundred and ninety thousand Vietnam Dong*), equivalent to 11,338,649 shares.

- o Additional issuance value: 36,613,510,000 VND (*Thirty-six billion, six hundred thirteen million, five hundred and ten thousand Vietnam Dong*), equivalent to 3,661,351 shares. Additional issuance value is partly used for the relocation of working office from 53 Nguyen Gia Thieu, Hue City to a new location (the State will recall the land at 53 Nguyen Gia Thieu according to the land use plan when the equitization was approved by the Provincial People's Committee) and the rest will be added to the working capital of Company.

1.2. Number of shares, the structure of shares issued for the first time:

- a) Par value of one share : 10,000 VND.
- b) Number of shares : 15,000,000 VND.

All shares of HUMEXCO at the time of establishment are common shares.

Activities of purchase, sale, transfer and inheritance of shares are implemented in accordance with the Charter of the joint stock company and other relevant legal documents.

- c) The share ownership structure in the total authorized capital is as follows:
 - Number of shares held by the State: 9,825,000 shares (65.5% of authorized capital)
 - Number of shares sold for the first time: 5,175,000 shares (accounting for 34.5% of the charter capital), of which:
 - o *Preferred sales for employees: 270,200 shares, representing 1.80% of authorized capital;*
 - o *Public offering via Stock Exchange: 4,904,800 shares, accounting for 32.70% of charter capital.*

No.	Shareholders	Amount of share	Value of shares (Vietnam Dong)	Ratio %
1	Government	9,825,000	98,250,000,000	65.50%
2	Preferred sales for employees	270,200	2,702,000,000	1.80%
2.1	<i>Buy according to seniority standards in the public sector</i>	270,200	2,702,000,000	1.80%
2.2	<i>Buy under the commitment to work in a long term at the joint stock company</i>	0	0	0
3	Trade union	0	0	0
4	Strategic investor	0	0	0

No.	Shareholders	Amount of share	Value of shares (Vietnam Dong)	Ratio %
5	External investors buy shares through auction	4,904,800	49,048,000,000	32.70%
Total		15,000,000	150,000,000,000	100%

If the shares are not sold out, they will be handled according to the State's regulations (Decree No. 126/2017 / ND-CP dated 16/11/2017 of the Government on conversion from state-owned enterprises and one-member limited liability companies with 100% of charter capital invested by state-owned enterprises into joint-stock companies).

2. Expected business lines

HUMEXCO maintains the same business lines as before equitization, specifically:

No.	Name of business lines
1	Other mining and quarrying n.e.c <i>Details:</i> - Mining of Titanium ore (Ilmenite, Zircon, Monazite, Rutile) - Mining of additives for industrial materials
2	Other manufacturing n.e.c <i>Details:</i> - Processing of Titanium ore (Ilmenite, Zircon, Monazite, Rutile) - Frocessing of additives for industrial materials
3	Mining of iron ores
4	Manufacture of basic iron and steel <i>Deetails: Manufacture of iron and iron alloys</i>
5	Wholesale of metals and metal ores <i>Details:</i> - Wholesale of titanium ore (Ilmenite, Zircon, Monazite, Rutile) - Wholesale of iron and steel, iron alloy
6	Quarrying of stone, sand and clay
7	Manufacture of clay building materials

No.	Name of business lines
8	Cutting, shaping and finishing of stone
9	Wholesale of construction materials, installation supplies <i>Details: Wholesale of bricks, sand, stone, clay</i>
10	Wholesale of other machinery and equipment n.e.c <i>Details: Wholesale of industrial equipment and supplies</i>
11	Wholesale of other household products <i>Details: Wholesale of household consumer goods</i>
12	Support activities for other mining and quarrying <i>Details:</i> - <i>Exploration of ore by conventional methods and ore sampling, geological observation at the exploration place</i> - <i>Analysis and testing services (VILAS 286)</i>
13	Wholesale of waste and scrap and other products n.e.c <i>Details: Wholesale of additives for industrial materials</i>

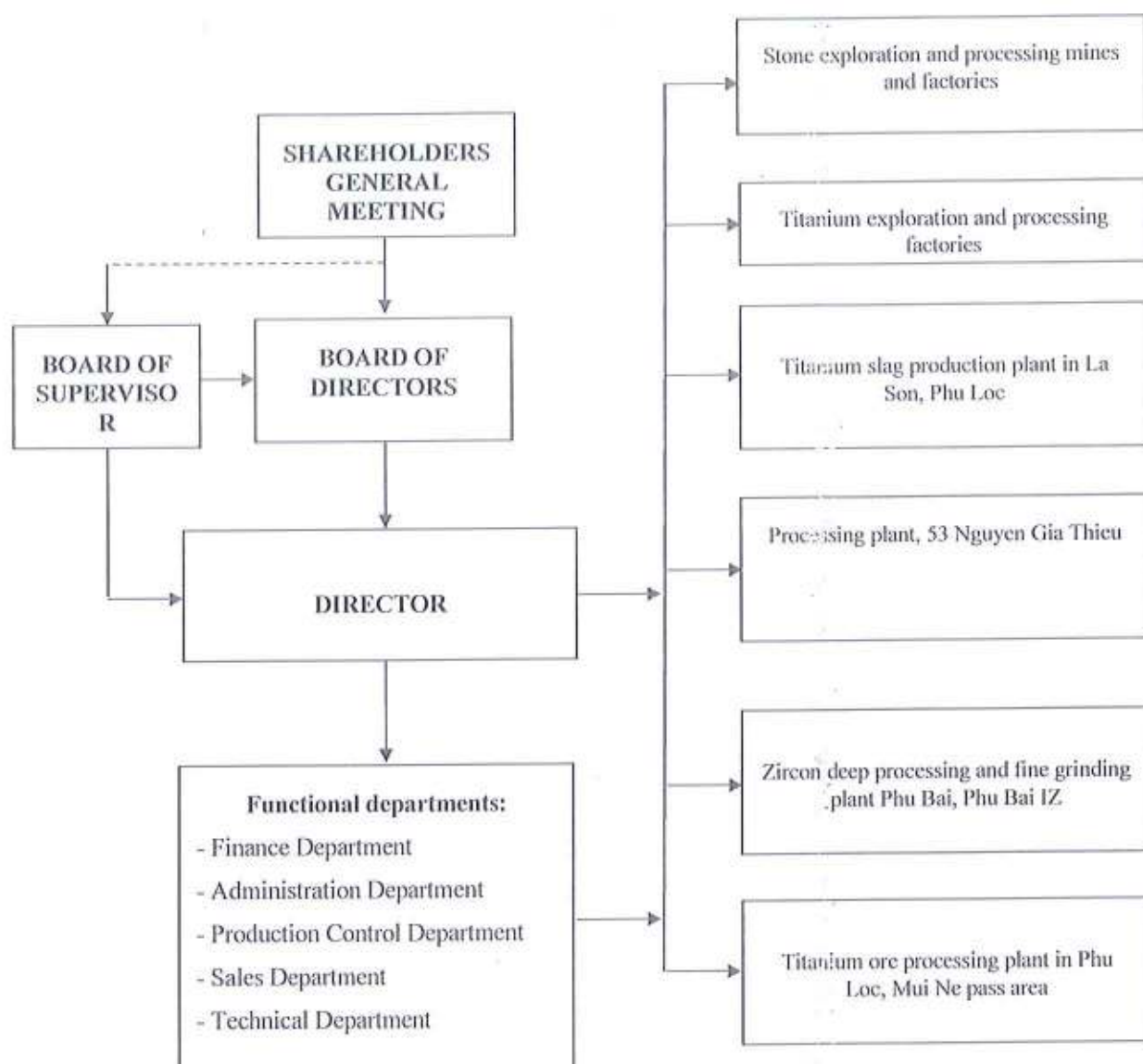
3. Management and organizational structure plan

Thua Thien Hue Mineral Joint Stock Company operates under the Charter of organization and operation of the Company approved by the General Meeting of Shareholders, based on the provisions of the Enterprise Law, under the management, supervision and executive of the Board of Directors, Board of Supervisors and Directors.

Expected organizational structure of the Company is as follows:

- Shareholders General Meeting;
- Board of Director;
- Board of Supervisors;
- Director and Deputy Directors;
- 05 professional departments: Finance Department, Administration Department, Production Control Department, Sales Department, Technical Department perform management tasks according to functions, and coordinate to implement the strategic policies of the Board of Directors, advise and propose business and production activities, the development investment, the organization to ensure the harmonious and highest profitability of the Company is.
- Plants, mine, factories, departments for production: Directly implement the

mining and processing; Implement the effective production management according to the regulations of the Company and Departments; Propose to advise the Company on the production management: labor, repair and maintenance of machinery and equipment, improvement and renovation,...

ORGANIZATION STRUCTURE OF THUA THIEN HUE MINERAL
JOINT STOCK COMPANY

4. Development orientation after equitization

After officially shifting to operate as a joint stock company, Thua Thien Hue Minerals Joint Stock Company set out the development orientation of the Company to maintain and develop advantages and overcome and limit existing shortcomings according to the following basic contents:

- **Orientation in the next 3 years:**

- **For titanium mining and processing activities:**

As the domestic and international Titanium industry has not recovered from the end of 2013 until now, Titanium slag products (processed from Ilmenite) prices are still low and the market demand is still weak, the Company will have to rely on the provincial leaders to influence the Government and the Ministry of Natural Resources and Environment to solve difficulties and obstacles of exporting Ilmenite product lines to ensure the efficiency of processing activities.

At the same time, the Company will temporarily suspend inefficient processing plants to reduce losses, preserve capital but still ensure the availability of processing when necessary to serve orders if it is profitable.

Temporarily stop exploiting and mining the poor content which is no longer effective at Vinh Xuan mine and start planning to exploit and mine at Quang Cong - Quang Ngan mine to maintain the Company's operation and create jobs for the company's workers.

If the selling price of processed products continues to be lower than the cost price, the Company will have to temporarily sell mine ore to have a minimum wage payment to ensure employees' living standards, maintain the existence of the Company through the crisis and difficulties of the domestic and international Titanium industry and gradually bring the Company to operate effectively.

- **For construction stone production activities at Huong Binh, Huong Tho stone mine, Da Le stone grinding station:**

In recent years, due to the difficult economic situation, decreasing production and financial shortage, the Company no longer has the ability to invest in mining Huong Binh mine (stopped production since 2009) as well as invest in expanding the capacity of Huong Tho mine includes: investment in capital construction, expansion of mining, procurement and repair of machinery and equipment, construction vehicles, etc. with the expected value of up to billions of VND.

Huong Binh stone mine has stopped operating for a long time, but every year, the company still has to pay the amount of the mining rights and environmental deposit, land lease up to nearly 1 billion VND, while the Huong Tho mine is only working in moderation

with a small capacity due to the failure to open the pits, machinery and equipment is too old and often damaged, ... so the economic efficiency of the mine is completely none and the salary of workers is low.

At the same time, in the beginning of 2019, the Company was facing financial difficulties to fulfill its obligations to pay for both mines, including: mining rights and environmental deposit, land lease up to nearly 1.5 billion VND.

In the future, the Company agreed on the policy:

- Temporarily suspend the construction stone production activities of the stone division, including Da Le grinding station, Huong Tho mine, Huong Binh mine;
- Looking for companies that have demand for stone mines with full capacity as well as financial conditions to co-operate in a business cooperation contract or transfer a mine to promote the efficiency

• **Long-term development strategy:**

Continue to maintain the nuclear officers and skilled workers of titanium processing plants, especially the team of experts of titanium slag plants, to ensure sufficient labor force for plans when there is a chance to operate again.

Base on the market demand to restore titanium processing activities and processing titanium concentrate products to promote the efficiency of deep processing technology, enhance the added value of the mine ore.

Relocate processing activities from 53 Nguyen Gia Thieu, Hue City to concentrate in La Son IZ, Phu Bai IZ to streamline the management structure, reduce production and business costs and also to comply with the relocation planning of industrial production facilities out of Hue city. Before the relocation, the Company leases land and infrastructure at 53 Nguyen Gia Thieu to continue its operation.

Focus on training, improving the business, financial and technical management capacity of managers at all levels and build, train skilled staff, workers with high professional qualifications to meet the production and business needs of the Company.

Continue to innovate technology to economize mines and production costs, strengthen and improve the quality of each product to best meet the needs of consumers. At the same time, gradually increase the proportion of high value products and gradually reduce low value products.

Try to retain Huong Binh and Huong Tho mines through business cooperation contracts in the short-term of 3-5 years, to ensure the strategy of product diversification and ensure the long-term development of the Company as the company does not depends on Titanium.

Search and conduct research on new industries such as: Services; Aquaculture, animal husbandry, afforestation; Clean agriculture,...

5. Business plan for 03 years after equitization

5.2 Expected business operation results after equitization

Based on the above strategic orientations and development plans, the expected production and business results of the joint stock company in the next 3 years are as follows:

No	Item	Unit	Year 2018	Year 2019F	Year 2020F	Year 2021F
1	Authorized capital	VND	40,000,000,000	150,000,000,000	150,000,000,000	150,000,000,000
2	Total number of employees	People	175	180	200	210
3	Total salary fund	VND		8,640,000,000	10,080,000,000	11,340,000,000
4	Average income per person / month	VND		4,000,000	4,200,000	4,500,000
5	Total revenue	VND	22,665,141,644	41,000,000,000	47,800,000,000	52,190,000,000
6	Total cost	VND	22,807,456,934	24,260,000,000	28,895,000,000	31,150,000,000
7	Profit before tax	VND	(142,315,290)	100,000,000	200,000,000	500,000,000
8	Profit after tax (*)	VND	(142,315,290)	100,000,000	200,000,000	500,000,000
9	Dividend / authorized capital ratio	%	-	-	-	-
10	State budget contribution	VND	-	3,500,000,000	4,125,000,000	4,700,000,000

Sources: Equitization plan of HUMEXCO

(*): According to the audited Financial Statements of 2018 (as at 31/12/2018),

- The charter capital of the Company is 40 billion VND, the equity is 105,296,673,354 VND.
- The company has an amount of accumulated losses (7,442,822,530 VND), so the Company has treated accumulated losses and has not been subject to corporate income tax.

5.3 *Bases for the establishment of business plan for 2018 - 2020*

- Production conditions: Complete the lease for mine land, install and test the mining equipment line in Quang Cong - Quang Ngan before June 2019, with the expected output of Titanium ore of 1,300 - 1,500 tons /month.
- Expect to sell Ilmenite inventories equal to about 3,000-5,000 tons/year in 2019, 2020.
- Policy conditions: Taxes, fees, etc. related to resources that do not increase in the short term.
- Market conditions: The above plan was built on the basis of predicting that the market will gradually recover from 2019 including the selling price and the consumption demand.
- Conditions on business costs: All material and fuel costs continue to be stable as in 2018, especially for fuel costs and electricity.
- Conditions for regional minimum wage: Continue to keep the minimum wage of 2018 with no big change.

6. Measures taken

6.1 *About the operation*

In order to implement the above development strategy, the Company has developed an implementation plan with some contents as follows:

➤ 2019:

Rearrange production activities of the whole Company: Continue to suspend the operation of Titanium processing plants; Stop mining at Vinh Xuan mine, which is no longer effective, to return the premises; Begin to carry out the capital construction, equipment installation and gradually put Quang Cong mine - Quang Ngan into operation. If the world titanium consumption market has not yet recovered, the Company will temporarily sell mine ore to maintain its existence through a difficult period.

Look for partners to quickly implement business cooperation contracts in Huong Tho mine, Huong Binh mine.

➤ 2020:

If the world titanium market starts to recover, the company will restore processing operations of plants in Phu Bai, Phu Loc, La Son and 53 Nguyen Gia Thieu - Hue.

Start planning for the relocation of processing activities from 53 Nguyen Gia Thieu - Hue City to La Son IZ, Phu Bai IX.

➤ 2021:

When the world titanium market has recovered stably, the company will start implementing the project of relocating processing activities from 53 Nguyen Gia Thieu - Hue City to La Son IZ, Phu Bai IZ, while continuing to restore titanium processing plants to achieve the design capacity.

Improve the titanium processing technology in order to reduce labor costs, reduce production costs, increase the processing capacity on the basis of redesigning technological lines, improving or replacing equipment.

➤ **After 2021:**

When the world titanium market situation has recovered positively, the company will relocate the office area of the Company to Phu Bai IZ to reduce the cost of land and office lease at 53 Nguyen Gia Thieu.

The company continues to operate stable processing activities at plants in Phu Bai, Phu Loc and La Son IZ.

6.2 Human resource development

a) Recruitment policy:

Employees are recruited to meet the development requirements of the Company, ensuring meeting the requirements of qualifications and working capacity, moral qualities, working according to workflows of the job title; prioritize the recruitment of highly qualified experts in the fields of mineral mining and processing.

b) Education policy:

Have an annual training plan, improve management skills, professional qualifications and skills for employees to improve their professional and managerial skills, especially young officers, with a long-term planning direction and adjacent team and plan to recruit engineers, technical staff with professional qualifications, dynamism, creativity and sense of responsibility to meet the requirements in management and production activities.

Attention should be paid to improving employees' qualifications and working capacity: have a policy to send employees who commit to work for the Company for a long time to participate in specialized courses and training in line with the business activities of the Company.

6.3 Financial management

After equitization, in order to have enough capital to implement projects and ensure competition with other enterprises in the industry, the Company sets out the following directions:

- Strengthen the connection with banks to attract investment capital for projects. In addition, the Company will continue to implement the policy of receiving capital

contribution from customers who buy products of the Company to have the source to implement projects.

- Implement management savings, reducing input costs in production and business activities in order to reduce production and service costs, improve the rate of return on capital to improve the competitiveness of the company in the market and attract shareholders' investment when planning to raise capital.
- Strengthen the audit and control of the financial and accounting management, account receivables and payables, ability to finance from trade credit sources, strictly control the source of receivables to ensure the working capital turnover.

PART VI

INFORMATION OF THE PUBLIC OFFERING

I. SHARE OFFERING METHOD

1. Candidate for shares acquisition

Candidate for shares acquisition include: Employees of the Company, domestic and foreign investors who buy through auction (as stipulated in Article 6 and Article 42 of Decree 126/2017/ND-CP).

2. Offering method

2.1 Preferred shares for employees

Including 2 detailed forms as follows:

2.1.1. Shares that employees buy according to seniority standards in the public sector

According to the provisions in Clause 1, Article 42 of Decree No. 126/2017/ND-CP dated 16/11/2017 of the Government on conversion from state-owned enterprises and single-member limited liability companies with 100% of authorized capital invested by state-owned enterprises into joint-stock companies: *"Employees working under labor contracts and managers of equitized enterprises on the date of enterprise valuation; Employees working for equitized enterprises on the date of enterprise valuation and appointed to be representatives of capital in other enterprises that have not been eligible to purchase preference shares from other enterprises; Employees working under labor contracts and managers of level II enterprises that have not been eligible to purchase preference shares from other enterprises on the date of enterprise valuation in case of the enterprises mentioned in Point a Clause 2 Article 2 herein "*, the selling price of shares to employees in this case is *"selling price equal to 60% of the value of 01 share calculated according to par value (10,000 VND/stock)"*.

- The total number of employees named in the labor list at the enterprise valuation (at 31/12/2017) is: 175 people;
- Total number of employees that are allowed to buy shares according to seniority standards in the public sector: 175 people;
- Total number of working years based on which all employees are allowed to buy shares according to seniority standards in the public sector: 2,702 years.
- Total number of shares that employees that are allowed to buy under this regulation is 270,200 shares with a total face value of 2,702,000 VND, accounting for 1.80% of the authorized capital of the joint stock company.
- Deadline to sell shares to employees: After the equitization plan is approved, the sale of shares to employees must be completed within 20 days from the deadline for

payment of investors to participate in the public auction (according to the provisions of Point b, Clause 1, Article 39 of Decree No. 126/2017/ND-CP).

- Selling price: Defined as 60% of the value of a share at par value (10,000 VND /share) is **6,000 VND/share**.
- Deadline for transfer restriction: According to the provisions of Point dd, Clause 1, Article 42 of Decree 126/2017/ND-CP: *"The employee shall hold the number of preference shares stated herein and shall not transfer it within 3 years from the day on which preference shares are subscribed"*.

2.1.2. *Shares that employees buy under the commitment to work in a long term at the joint stock company*

According to Clause 2b, Article 42 of Decree No. 126/2017/ND-CP dated 16/11/2017 of the Government on conversion from state-owned enterprises and single-member limited liability companies with 100% of authorized capital invested by state-owned enterprises into joint-stock companies, the price of shares sold to employees in this case is *"The selling price for the employee that wishes to purchase additional shares mentioned in Point a this Clause shall be the starting price approved by the representative authority through the equitization plan."*

According to the provisions of Point a, Clause 2, Article 42 of Decree No. 126/2017/ND-CP dated 16/11/2017: *" 2. From the date of enterprise valuation, the employee working under the labor contract and the manager of the equitized enterprise that have committed to work for the enterprise for at least 3 years (from the date of obtaining the certification of first registration of JSC) shall be entitled to purchase additional shares as follows:*

a) The employee shall purchase 200 shares per year but not exceeding 2,000 shares.

The employee that is a qualified expert shall be entitled to purchase 500 shares per year but not exceeding 5,000 shares. The equitized enterprise, according to characteristics of its business lines, shall develop and decide criteria for determining qualified experts that are agreed upon by the employee conference of the enterprise before carrying out equitization."

The deadline to sell shares to employees: After the equitization plan is approved, the sale of shares to employees must be completed within 20 days from the deadline for payment of investors to participate in the public auctions (according to the provisions of Point b, Clause 1, Article 39 of Decree No. 126/2017/ND-CP).

Selling price: Equal to the starting price approved by the representative agency in the equitization plan.

Conditions of transfer restriction: All shares registered to buy will be restricted to transfer until the end of the commitment period.

According to the report No. 09/2019/BC-TCHC dated 21/01/2019 of the

Administration Department, as of the end of the registration period, the Company does not have employees registering to buy under this method.

2.2 Preferred shares for Trade union

Pursuant to Official Letter No. 05/CD-KS/2019 dated 22/01/2019 of the Executive Committee of Trade Union of Thua Thien Hue Minerals Products Single - Owner Limited Liability, Trade Union of Thua Thien Hue Minerals Products Single - Owner Limited Liability does not register to buy shares.

2.3 Shares for strategic investors

None.

2.4 Shares for public offering

The number of shares to be sold to outside investors is as follows:

- The organization auctions 4,904,800 shares with the total par value of 49,048,000,000 VND, accounting for 32.70% of the authorized capital of the joint stock company, for investors through auction.
- Starting price: 11,700 VND / share.
- Auction time: June 2019.
- Auction participants: Individual investors (including employees in the Company allowed to participate in the auction), domestic and foreign investors in accordance with the law.
- Restriction for foreign investors: The current ownership ratio of foreign investors is based on Clause 2, Article 11 of Circular 123/2015/TT-BTC of the Ministry of Finance on 18/8/2015, Clause 2 Article 1 Decree 60/2015/ND-CP of the Government dated 26/06/2015 regulating the foreign ownership ratio on Vietnam stock market, Point c Clause 3 Article 22 Investment Law 2014. After reviewing the business lines and fields of business investment after equitization of Thua Thien Hue Minerals Products Single - Owner Limited Liability, the following business lines: Mineral mining, mineral trading with conditions as stipulated the Investment Law, it is therefore necessary to determine the foreign investor's ownership rate to a maximum of 49% of the authorized capital.

3. Payment method and payment term

- For investors who buy via auction: as stipulated in "Regulation on auction of initial public offering of Thua Thien Hue Minerals Products Single - Owner Limited Liability".
- For employees: After successfully organizing the auction.

II. TYPE OF SHARE AND METHOD OF ISSUANCE**1. Type of shares**

- All shares of Thua Thien Hue Minerals Products Single - Owner Limited Liability at the time of establishment are common shares.
- The purchase, sale, transfer and inheritance of shares shall comply with the provisions of the Charter of the joint-stock company and other relevant legal documents.

2. Method of issuance

Shares sold to other investors through public auction held at the Ho Chi Minh City Stock Exchange in advance and sale of shares at preferential prices to employees after at the company, according to the approved list.

III. REIMBURSEMENT PLAN FOR THE STATE BUDGET CAPITAL, PLAN FOR USE OF THE PROCEEDS FROM THE EQUITIZATION AND THE EQUITIZATION OF COST**1. Equitization cost**

Pursuant to the provisions of Article 8 of Decree No. 126/2017/ND-CP and Article 14 of Circular No. 40/2018/TT-BTC dated 04/05/2018.

Pursuant to Notice No. 54/TB-STC dated 07/01/2019 of People's Committee of Thua Thien Hue Province announcing the approval of the cost estimate for equitization of Thua Thien Hue Minerals Products Single - Owner Limited Liability into a joint stock company.

The estimated total equitization cost is approved according to Notice No. 54/TB-STC of 530,000,000 VND, including the following main items:

No	Expense item	Approved Number (VND)	Note
A	Direct expenses at the company	295,050,000	
1	Expenses for propagating and announcing information about the company; Advertising costs in central and local newspapers and other costs.	25,000,000	
2	Auction service fee (expected) (*)	100,000,000	
3	Expenses for audit fee of financial statements at the official conversion into joint-stock company (<i>based on contract values of previous years for implementation</i>)	50,000,000	
4	Expenses for organizing the founding shareholders' meeting (leasing a hall, sending invitations to shareholders, printing, ...)	15,000,000	

No	Expense item	Approved Number (VND)	Note
5	Other costs related to equitization	15,050,000	
B	Expenses for hiring equitization consultants (based on actual contract value)	179,000,000	
1	Expenses for consultants to determine the enterprise value	80,000,000	
2	Expenses for consultancy on building equitization scheme	33,000,000	
3	Expenses for consultancy of procedures and draft of shares offering documents	33,000,000	
4	Expenses for consultancy of the Organization of the Founding shareholders' meeting	33,000,000	
C	Remuneration for the Equitization Steering Committee and the assistant team	145,950,000	
1	Remuneration for the Equitization Steering Committee and the Assistant team of the Enterprise Innovation and Development Board (Details: Equitization Steering Committee: 08 people x 1,390,000 VND/month x 05 months), Assistant team of the Enterprise Innovation and Development Board: 08 people x 05 months x 1,390,000 VND/month)	111,200,000	
2	Remuneration for the Assistant team (Details: 05 people x 1,390,000 VND/month x 05 months)	34,750,000	
	TOTAL	530,000,000	

Note:

(*) The auction price of shares through the Stock Exchange is 0.3% of the total value of actual shares sold, at least 20 million VND/batch and not exceeding 300 million VND/batch (Refer to Circular No. 127/2018/TT-BTC dated 27/12/2018).

The equitization fee of the Company will be settled on the basis of actual costs after the equitization process.

2. Plan for use of the proceeds from the equitization

The management and use of proceeds from equitization shall comply with the provisions of Article 39 of Decree No. 126/2017/ND-CP dated 16/11/2017 and Section III of Circular No. 40/2018/TT-BTC dated 04/05/2018 of the Ministry of Finance.

On the basis of the value of state capital in the enterprise, the estimated authorized capital, the ratio of state capital contribution in the joint stock company, the company plans to collect proceeds from equitization and pay into the Enterprise Assistance and Development Fund with the details as follows (temporarily calculated according to the plan assuming all the number of auctioned shares to be purchased with a starting price of 11,700 VND/share and an average bid price of 11,700 VND/shares, the preferential price by seniority working in the public sector is VND 6,000 VND/share):

Unit: VND

No	Reimbursement plan for the state budget capital		Amount (VND)
1	Authorized capital of the joint stock company	(a)	150,000,000,000
2	Book value of state capital in the company as of 31/12/2017 (After financial handling)	(b)	113,386,485,213
3	Proceeds from equitization	(c)	59,007,360,000
3.1	Proceeds from the sale of shares to employees		1,621,200,000
	+ Purchase according to the seniority standards in the public sector (Selling price of 6,000 VND/share)		1,621,200,000
	+ Purchase under the commitment to work in a long term at the joint stock company (Price: 11,700 VND/share)		0
3.2	Proceeds from the sale of shares to strategic investors		0
3.3	Proceeds from the auction to outsiders (Price: 11,700 VND/share)		57,386,160,000
4	Value of par value of additional issued shares for the company	(e) = $3.661.351 \times 10.00$ 0	36,613,510,000
5	Expenses of equitization of the company	(f)	530,000,000
6	Expenses of policy settlement for redundant workers	(g)	543,242,140
7	Surplus of additional shares issued	TD	0
8	Capital surplus left in the company corresponds to the ratio of	(h) = [TD - (f) -	0

No	Reimbursement plan for the state budget capital		Amount (VND)
	additional shares issued/Authorized capital	(g) x [(c)/(a)]	
Total amount paid to the Enterprise Assistance and Development Fund			21.320.607.860

The company will carry out the reimbursement of the state budget as prescribed after completing the sale of shares to outsider in the following order:

- Within 05 (five) working days from the date of expiration of the investor's payment deadline through public auction: the Company is entitled to transfer proceeds from the sale of shares in proportion to the funds for policy settlement for redundant workers and equitization expenses according to the estimates determined under this equitization plan and transfer the remaining amount to the Enterprise Assistance and Development Fund.
- Within 05 (five) working days from the date of expiration of the payment deadline for the case of agreement sale, preferential sale to trade unions and workers, the company shall transfer all the proceeds to the Enterprise Assistance and Development Fund.
- Within 90 days from the time of issuance of the business registration certificate, the company shall determine by itself the amount to be paid to the Enterprise Arrangement and Development Fund according to the provisions of Clause 2, Article 39 of Decree No. 126/2017/ND-CP.

IV. PLAN FOR REGISTERING TRANSACTIONS AND LISTING OF STOCKS ON THE SECURITIES MARKET

Pursuant to Clause 8, Article 7 of Circular No 40/2018/TT-BTC dated 04/05/2018:

"a) The auctioneering organization shall send a written notification of the average price paid for purchasing shares and a list of owners of paid winning shares to the Vietnam Securities Depository Center and Hanoi Stock Exchange within 15 days from the payment due date. The list of winning share owners must specify their full names, subscribe number, address, depository account and the number of shares owned. The Vietnam Securities Depository Center must provide a share trading code for the equitized enterprise based on the request of such enterprise which is specified in its Application form for auction of shares (according to Appendix 5 issued together with this Circular).

b) According to the notification of the auctioneering organization as prescribed in point a in clause 8 in this Article, Hanoi Stock Exchange shall put the shares in trading on the trading system of Unlisted Public Company Market (UpCoM) within 90 days from the due date of payment for purchasing winning shares. The reference price on the first day on the UpCoM trading system will be the average winning price of the public auction.

c) If the equitized enterprise has its enterprise registration certificate granted before 90 days from the payment due date, such enterprise must send a written notification to Hanoi Stock Exchange within 5 working days from the day on which the enterprise registration certificate is granted. Hanoi Stock Exchange must put the shares in trading on the UpCoM trading system within 5 working days from the day on which the notification of the equitized enterprise is received.

d) For the case in which the equitized enterprise is eligible for listing share at the Stock Exchange, it must submit an application for listing to the Stock Exchange to list shares as regulated and notify the results of initial offering of shares to the State Securities Commission within 90 days from the finish date of the initial offering of shares".

After being officially converted into a joint stock company, Thua Thien Hue Minerals Products Single - Owner Limited Liability is responsible for completing the procedures for registration of depository account and additional trading/listing registration on the securities market according to THE regulations.

V. ANALYSIS OF PROJECTED RISK

1. Economy risk

The stability and robustness of the domestic and world economy are very important and necessary conditions for the implementation of the development goals of enterprises in general and Thua Thien Hue Minerals Products Single - Owner Limited Liability in particular.

In 2018, our economy and society took place in the context of the global economic recovery. Global investment and trade activities tend to improve markedly with increased consumer confidence, which are positive factors for domestic production. However, the growing trend of populism, protectionism, trade protection and geopolitical changes and trade policies of some major countries are challenges to our economy. In the country, besides existing problems of the economy such as growth quality, labor productivity and low competitiveness, the decline of the mining industry, along with natural disasters, storms and floods continuously occur, which negatively affect agricultural production, industry and challenge the country's growth target for 2018. However, the economic situation in 2018 still has positive and clear changes. Specifically, GDP in 2018 increased by 7.08%, the highest in the last decade, with the overall growth of the economy, the agriculture, forestry and fishery sector increased by 3.76%; the industry and construction sector increased by 8.85%; the service sector increased 7.03%.

The agriculture, forestry and fishery sector achieved the highest growth rate in the period of 2012-2018. In particular, the agricultural sector continued to recover clearly when reaching an increase of 2.89%, the highest in the period 2012-2018.

In the industry and construction sector, the industry sector in 2018 maintained a good

growth rate of 8.79%. However, the mining industry's growth rate was still negative (down 3.11%). The construction industry maintained a good growth rate of 9.16%.

The service sector in 2018 increased by 7.03%, though lower than the 7.44% increase of the previous year but higher than the years from 2012-2016.

In 2019, if the Government continues to commit itself to improving the business environment, promoting the economic development like 2018 and opportunities from Comprehensive Partnership and Trans-Pacific Partnership (CPTPP), Vietnam - EU Free Trade Agreement (EVFTA) ..., it will contribute to stabilizing and ensuring the expected growth rate. According to the General Office of Statistics, the gross domestic product in the first quarter of 2019 achieved a good growth of 6.79%, the macroeconomic was stable, the lowest controlled inflation in the three years 2017-2019 are the Positive signs motivating the growth of the next quarter.

However, difficulties in the operation and the internal weaknesses of the economy have not been thoroughly overcome, so the economic risk will still be a significant factor affecting business activities of enterprises in general and Thua Thien Hue Minerals Products Single - Owner Limited Liability in particular in the coming time.

2. Legal risk

As a company operating in the mining and mineral processing industry, the Company is greatly influenced by State policies such as the development orientation of the mineral industry, incentives or restrictions, tax policies, resources and environmental management. Any change in the above policies may affect the Company's operation, causing fluctuations in the revenue and profit of the Company. Activities of the Company are governed by legal documents on Enterprise Law, legal documents on securities and securities market. Laws and sub-law documents, especially in the field of securities and securities markets, are in the process of being finalized, policy changes are always hidden and when they occur, any changes will more or less affect the operation of the Company.

The system of laws and sub-law documents of Vietnam is still in the process of completion, changes in policies may occur and when it happens, it will more or less affect the business situation of the Company.

However, the positive side of these changes is to create an increasingly close and scientific legal corridor in accordance with international laws and practices, facilitating the attraction of foreign investment as well as facilitating domestic and foreign operations.

From an enterprise perspective, for HUMEXCO, being a state-owned enterprise that changes into a joint-stock company, the Company will face some obstacles from this conversion. However, due to the long operation under the model of Single Owner Limited Liability, which is also subject to the regulation of the Enterprise Law as a joint stock company, the Company will have more advantages in the adaptation to this type of company conversion.

In addition, the ability to manage and control business operations is one of the important factors contributing to limiting legal risks. Along with the development process, HUMEXCO will continue to have a mechanism to monitor, update and adjust to have the best adaptation to the change of the legal environment.

3. Specific risk

The business situation of the Company is influenced by natural conditions. Although the Company has studied and surveyed geological and quality mineral resources to minimize risks in the process of mining and deep processing, it cannot avoid abnormal fluctuations in geography and quality of input minerals ... Hence, costs increase and the profit margin of the Company reduces.

The mining and processing industry of minerals in general and Titan in particular depends very much on the environmental factors, the protection of natural resources, waste treatment after mining, ..., which is one of the big challenges for the Company. The pressure on the increase of fees such as environmental resource fees, waste treatment fees, land rent and mineral mining and utilization fee ... also greatly affects the balance of income-expense and ensuring the business results of the Company.

Risks from the State's policies on mining license term are a risk presenting in the operation of the Company. Example Risks of being withdrawn or not renewing a mining license due to concerns about environmental factors or damages regarding the eradication of the natural resources of the State are also a factor to consider during the course of mining and processing activities of the Company.

4. Risk of offering

The initial offering of shares is considered unsuccessful in case the actual number of shares sold is lower than the expected number of shares offered within the prescribed time limit.

With the current situation, Vietnam securities market has a positive signal, but it has not recovered completely. The supply of cheap shares on the market is high. Therefore, the initial public offering of the Company may face some effects from the general situation of Vietnam securities market.

5. Other risks

In addition, the Company's activities are also affected by a number of force majeure risks such as natural disasters, fires, water sources, wars, risks of political and social changes....

**VI. PEOPLE RESPONSIBLE FOR THE INFORMATION DISCLOSURE OF THE
EQUITIZED COMPANY****1. Representative of the Equitization Steering Committee**

Mr. Nguyen Chung Thanh Position: Deputy Director of Department of Finance -
Head of the Equitization Steering Committee

This information disclosure was prepared by the equitized company and the consultancy organization approved by the Equitization Steering Committee.

2. Representative of the Assistant team of the Equitization Steering Committee

Mr. Luong Vinh Thai Position: Chairman of Thua Thien Hue Minerals
Products Single - Owner Limited Liability - Head of
the Assistant Team - Member of the Equitization
Steering Committee

We ensure that the information and data in this Information disclosure are completely truthful, consistent with the reality and fully in accordance with the law on equitization so that investors can evaluate on assets, financial situation, results and business prospects of Thua Thien Hue Minerals Products Single - Owner Limited Liability before participating in the auction to buy shares.

3. Representative of the consulting company - Dong A Securities Co., Ltd.

Mr. Duong The Quang Chief executive officer

This Disclosure has been prepared by Dong A Securities One Member Limited Liability Company on the basis of a contract with Thua Thien Hue Minerals Products Single - Owner Limited Liability, complying with the provisions of the law. We ensure that the analysis, evaluation and selection of the words on this Information Disclosure are carried out in a reasonable and careful manner based on the information and data provided by Thua Thien Hue Minerals Products Single - Owner Limited Liability but does not imply to guarantee the value of securities.

Thua Thien Hue, May 2019

REPRESENTATIVE OF THE EQUITIZATION STEERING COMMITTEE
THUA THIEN HUE MINERALS PRODUCTS SINGLE - OWNER LIMITED

LIABILITY

CHAIRMAN

NGUYEN CHUNG THANH

REPRESENTATIVE OF THE EQUITIZED COMPANY
THUA THIEN HUE MINERALS PRODUCTS SINGLE - OWNER LIMITED

LIABILITY

PRESIDENT

LUONG VINH THAI

REPRESENTATIVE OF THE CONSULTING COMPANY

DONG A SECURITIES CO., LTD.

CHIEF EXECUTIVE OFFICER

DUONG THE QUANG