

THE EQUITIZATION MANAGEMENT COMMITTEE OF QUANG NAM CENTER FOR AGRO-FORESTRY VARIETIES RECOMMEND THAT INVESTORS CAREFULLY READ THE INFORMATION IN THIS ANNOUNCEMENT AND REGULATIONS ON SHARE AUCTION BEFORE PARTICIPATING IN THE AUCTION

ANNOUNCEMENT OF INFORMATION IPO (INITIAL PUBLIC OFFERING) OF SHARES QUANG NAM CENTER FOR AGRO-FORESTRY VARIETIES

This announcement of information and additional documents will be provided at:
EQUITIZATION UNIT

QUANG NAM CENTER FOR AGRO-FORESTRY VARIETIES

Contact address: No. 78 Hung Vuong street, Tam Ky city, Quang Nam province

Tel: (0235) 3849 552 Fax: (0235) 3849 550

CONSULTING UNIT



VIETNAM BANK FOR INDUSTRY AND TRADE SECURITIES JOINT STOCK COMPANY (VIETINBANK SECURITIES) - DA NANG BRANCH

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Tel: (024) 3974 1771 Fax: (023) 6358 4788

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ORGANIZATION FOR AUCTION



HANOI STOCK EXCHANGE

Address: No. 02 Phan Chu Trinh street, Trang Tien ward, Hoan Kiem district, Ha Noi city

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Website: www.hnx.vn

SUMMARY OF INFORMATION OF THE INITIAL PUBLIC OFFERING (IPO) OF QUANG NAM CENTER FOR AGRO-FORESTRY VARIETIES

I. INFORMATION OF EQUITIZATION UNIT

Name of Unit	: QUANG NAM CENTER FOR AGRO-FORESTRY VARIETIES
Contact address	: No. 78 Hung Vuong street, Tam Ky city, Quang Nam province ¹
Tel	: (0235) 3849 552 Fax: (0235) 3849 550
Business industries	: Production of rice varieties, maize varieties, mushroom varieties, perennial industrial plants, pig breeds, cow breeds, and kinds of supplies, chemicals and biological products.
Legal representative	: Mr. Nguyen Dinh Vuong Position: Director
Expected charter capital	: 13,884,240,000 VND
Par value	: 10,000 VND/ 1 share
Total amount of shares	: 1,388,424 shares

Of which:

State shares: 69,421 shares (occupying 5.00% of charter capital)

Shares sold to employees: 37,700 shares (occupying 2.72% of charter capital)

Shares sold to strategic investors: 0 share (occupying 0% of charter capital)

Shares auctioned to the public: 1,281,303 shares (occupying 92.28% of charter capital)

II. INFORMATION OF THE INITIAL PUBLIC OFFERING (IPO)

Offering organization	: QUANG NAM CENTER FOR AGRO-FORESTRY VARIETIES
Types of shares offered	: Ordinary shares, freely transferable
Total quantity of offers	: 1,281,303 shares
Offering method	: Public auctions at Hanoi Stock Exchange
Starting price	: 10,000 VND/1 share
Subjects participating in the auction	: Individual investors, domestic and foreign institutional investors in accordance with the law.

¹ Note: The former address of Quang Nam Center for Agro-Forestry Varieties is in Tam An commune, Phu Ninh district, Quang Nam province. The land area associated with this old address has now been handed over to the Quang Nam Center for Ngoc Linh Ginseng Development and Medicinal Materials. Therefore, the current address of the Center is at: 78 Hung Vuong street, Tam Ky city, Quang Nam province.

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LIST OF ABBREVIATIONS

Abbreviations	Originally meaning
FSs	Financial Statements
Officers and employees	Officers and employees
Business Registration	Business Registration
Center	Quang Nam Center for Agro-Forestry Varieties
Company	Quang Nam Agricultural Joint Stock Company
Share	Share
Equitization	Equitization
JSC	Joint Stock Company
Enterprise	Enterprise
Unit	Unit
Labor contract	Labor contract
Original price	Original price
Contract	Contract
LUR	Land Use Rights
BAs	Business Activities
LL	Limited Liability
FAs	Fixed Assets
PC	People's Committee

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I. LEGAL BASIS

- Enterprise Law No. 68/2014/QH13 dated November 26th, 2014 of the National Assembly of the Socialist Republic of Vietnam, XIII, 8th session;
- Decree No. 96/2015/ND-CP dated October 19th, 2015 of the Government detailing the implementation of a number of articles of the Enterprise Law;
- Decree No. 126/2017/ND-CP dated November 16th, 2017 of the Government on transforming State-owned enterprises and One-member limited liability companies invested 100% of its charter capital by State enterprises into Joint Stock Company (*hereinafter called: Decree No. 126/2017/ND-CP*);
- Decree No. 63/2015/ND-CP dated July 22nd, 2015 of the Government regulating policies for redundant employees when reorganizing state-owned one-member limited liability companies;
- Decision No. 22/2015/QĐ-TTg dated June 22nd, 2015 of the Prime Minister on transforming public non-business units into Joint Stock companies;
- Circular No. 35/2016/TT-BLĐTBXH dated October 25th, 2016 of the Ministry of Labor, War Invalids and Social Affairs guiding the implementation of policies for employees when transforming public non-business units into stock companies according to Decision No. 22/2015/QĐ-TTg on June 22nd, 2015 of the Prime Minister;
- Circular No. 40/2018/TT-BTC dated May 04th, 2018 of the Ministry of Finance guiding the first sale of shares and management and use of equitized shares of state-owned enterprises and one member limited liability company invested 100% of its charter capital by a state-owned enterprise converted into a joint-stock company;
- Circular No. 41/2018/TT-BTC dated May 04th, 2018 of the Ministry of Finance guiding some contents on financial handling and valuation of enterprises when transferring state-owned enterprises and one member limited liability company invested 100% of its charter capital by a state-owned enterprise into a joint-stock company;
- Circular No. 07/2018/TT-BLĐTBXH dated August 01st, 2018 by the Ministry of Labor, War Invalids and Social Affairs guiding the formulation of labor use plans and implementation of policies towards employees when equitizing specified in Decree No. 126/2017/ND-CP dated November 16th, 2017 of the Government on transforming state-owned enterprises and one member limited liability company invested 100% of its charter capital by a state-owned enterprise into a joint-stock company;
- Circular No. 44/2015/TT-BLĐTBXH dated October 22nd, 2015 of the Ministry of Labor, War Invalids and Social Affairs guiding the implementation of a number of articles of Decree No. 63/2015/ND-CP dated July 22nd, 2015 of the Government stipulating policies for redundant workers when reorganizing state-owned one-member limited liability companies;
- Decision No. 3620/QĐ-UBND dated November 05th, 2008 on establishing Quang

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Nam Center for Agro-Forestry Varieties;

- Official Letter No. 850/TTg-BMDN dated May 24th, 2016 of the Prime Minister approving the list of public non-business units under the People's Committee of Quang Nam province transformed into Joint Stock Company;
- Decision No. 965/QĐ-UBND dated March 20th, 2018 of the People's Committee of Quang Nam Province on equitization, selecting the time to close the valuation unit and establishing the Equitization Management Committee of Quang Nam Center for Agro-Forestry Varieties;
- Decision No. 67/QĐ-BCĐ dated April 10th, 2018 of the Equitization Management Committee of Quang Nam Center for Agro-Forestry Varieties on establishing the assisting team of the Management Committee for Equitization of Quang Nam Center for Agro-Forestry Varieties;
- Decision No. 2659/ QĐ-UBND dated August 31st, 2018 of Quang Nam Provincial People's Committee on the allocation of land according to the current use status to Quang Nam Center for Agro-Forestry Varieties and re-allocate part of the land area to the Binh Trung Commune People's Committee for management at Binh Trung Plant, Animal Variety Farm;
- Decision No. 3660/QĐ-UBND dated December 06th, 2018 of Quang Nam Provincial People's Committee regarding the transfer of assets of Quang Nam Center for Agro-Forestry Varieties to Thang Binh District People's Committee for management and use;
- Official Letter No. 3953/UBND-KTTH dated July 18th, 2018 of Quang Nam Provincial People's Committee on settling property and land before equitizing Quang Nam Center for Agro-Forestry Varieties;
- Notice No. 344/TB-UBND dated September 12th, 2018 on the conclusions of Vice Chairman Le Tri Thanh of the Provincial People's Committee at the meeting to resolve land issues in the implementation of shares of Quang Nam Center for Agro-Forestry Varieties;
- Notice No. 370/TB-UBND dated October 03rd, 2018 on the conclusions of Vice Chairman Tran Dinh Tung of the Provincial People's Committee at the meeting on the equitization progress of public non-business units in the province;
- Decision No. 3797/QĐ-UBND dated December 19th, 2018 of Quang Nam Provincial People's Committee on the transfer of assets of Quang Nam Center for Agro-Forestry Varieties to Quang Nam Center for Ngoc Linh Ginseng Development and Medicinal Materials for management and use;
- Decision No. 09/QĐ-UBND dated January 03rd, 2019 by Quang Nam Provincial People's Committee approving the land use plan after equitization of Quang Nam Center for Agro-Forestry Varieties;
- Notice No. 908/UBND-KTTH dated February 22nd, 2019 by the People's

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Committee of Quang Nam province on urgently implementing steps to equitize public non-business units;

- Official Letter No. 591/SKHĐT-ĐKKD dated May 03rd, 2019 of the Department of Planning and Investment of Quang Nam province on commenting the Draft of Business and Production Plan after equitization and the regulations of Joint Stock Company after equitization of Quang Nam Center for Agro-Forestry Varieties;
- Official Letter No. 1085/SNV-TCBC dated May 23rd, 2019 of the Department of Home Affairs of Quang Nam Province on the criteria of preferential treatment for employees of Quang Nam Center for Agro-Forestry Varieties;
- Notice No. 180/TB-UBND dated May 20th, 2019 on the conclusions of Vice Chairman Tran Dinh Tung of the Provincial People's Committee at the meeting to hear reports on the valuation of equitization of Quang Nam Center for Agro-Forestry Varieties and related units;
- Decision No. 2428/QĐ-UBND dated July 31st, 2019 by the People's Committee of Quang Nam Province on approving the adjustment of cost estimates for the equitization of Quang Nam Center for Agro-Forestry Varieties;
- Decision No. 2469/QĐ-UBND dated August 02nd, 2019 by the People's Committee of Quang Nam Province on approving the unit value of Quang Nam Center for Agro-Forestry Varieties for equitization;
- Official Letter No. 2159/STC-DMDN dated August 20th, 2019 of the Department of Finance - Standing Committee of Quang Nam Enterprise Renewal and Development Board on criteria of buying preferred shares for employees when equitizing Quang Nam Center for Agro-Forestry Varieties;
- Decision No. 2962/QĐ-UBND dated September 17th, 2019 of Provincial People's Committee on approving the employment plan when transforming Quang Nam Center for Agro-Forestry Varieties into a joint-stock company
- Notice No. 325 / TB-UBND dated September 27th, 2019 regarding the conclusions of Vice Chairman Tran Dinh Tung at the meeting of the report on the equitization progress of non-business units in Quang Nam province;
- Decision No. 3366/QĐ-UBND dated October 24th, 2019 of Quang Nam People's Committee on approving the equitization plan of Quang Nam Center for Agro-Forestry Varieties;
- Other relevant legal documents.

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**II. MAIN PERSONS RESPONSIBLE FOR THE CONTENT OF THE
ANNOUNCEMENT OF INFORMATION**

1. Representative of the Equitization Management Committee

Mr. Le Minh Hung

Position: Deputy Director of Quang Nam Department of Agriculture and Rural Development - Head of Equitization Management Committee.

We commit that the information and figures in this Announcement are true and consistent with the actual situation of the Unit and the Equitization Plan approved by the Quang Nam People's Committee in accordance with Decision No. 3366/QĐ-UBND dated October 24th, 2019.

2. Representative of Quang Nam Center for Agro-Forestry Varieties

Mr. Nguyen Dinh Vuong

Position: Director of Quang Nam Center for Agro-Forestry Varieties.

We take full responsibility for ensuring the information and figures in this Announcement are completely true, consistent with the reality and full as prescribed by the law on equitization so that investors can assess the financial situation, business activities as well as development prospects of Quang Nam Center for Agro-Forestry Varieties.

3. Representative of Consulting Unit

Vietnam Bank for Industry and Trade Securities Joint Stock Company- Da Nang Branch.

Representative: **Ms. Le Dieu Thuy.**

Position: Director of Da Nang Branch.

Vietnam Bank for Industry and Trade Securities Joint Stock Company- Da Nang Branch ensure that the preparation and drafting of this Announcement are truthful, objective and accurate based on the information and data provided by Quang Nam Center for Agro-Forestry Varieties.

All of the above information is provided in accordance with applicable laws to ensure the publicity, transparency and legal rights of investors but does not imply the guarantee of the value of the shares. The above information is provided to investors with the aim of helping investors to view businesses intending to invest objectively and wisely.

We would like investors to carefully refer to this Announcement before making a decision to auction shares of Quang Nam Center for Agro-Forestry Varieties.

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III. GENERAL INTRODUCTION OF THE SITUATION OF UNIT BEFORE
EQUITIZATION

1. General information of equitization unit

- Name of Unit : QUANG NAM CENTER FOR AGRO-FORESTRY VARIETIES
- Contact address : No. 78 Hung Vuong street, Tam Ky city, Quang Nam province²
- Tel: : (0235) 3849 552 Fax: (0235) 3849 550
- Business capital of : 304,687,813 VND (*Three hundred and four million, public non-business unit six hundred and eighty seven thousand, eight hundred and thirteen*)
- Legal basis of operation : Establishment Decision No. 3620/QĐ-UBND dated November 05th, 2008 of Quang Nam People's Committee
- Main business industries : Production of rice varieties, maize varieties, mushroom varieties, perennial industrial plants, pig breeds, cow breeds, and kinds of supplies, chemicals and biological products.

² Note: The former address of Quang Nam Center for Agro-Forestry Varieties is in Tam An commune, Phu Ninh district, Quang Nam province. The land area associated with this old address has now been handed over to the Quang Nam Center for Ngoc Linh Ginseng Development and Medicinal Materials. According to Decision No 3797/QĐ-UBND dated December 19th, 2018 of Quang Nam People's Committee. Therefore, the current address of the Center is at: 78 Hung Vuong street, Tam Ky city, Quang Nam province.

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2. The process of establishment and development

- Quang Nam Center for Agro-Forestry Varieties that is a public non-business unit under Quang Nam Department of Agriculture and Rural Development established according to Decision No. 3620/QĐ-UBND dated November 05th, 2008 of Quang Nam People's Committee on the basis of reorganizing Quang Nam Center for Livestock Development under Quang Nam Department of Agriculture and Rural Development.
- Quang Nam Center for Agro-Forestry Varieties is a non-business unit that partially subsidizes operational costs; have legal status, seal, open account to operate in accordance with the law.

3. Functions, tasks and powers

According to the Establishment Decision No. 3620/QĐ-UBND dated November 05th, 2008 of Quang Nam People's Committee on functions, tasks and powers of Quang Nam Center for Agro-Forestry Varieties, including:

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Table 1: Functions and tasks under the establishment decision

1	Functions
	Quang Nam Center for Agro-Forestry Varieties has the functions of introducing, testing, experimenting, selecting, investigating and selecting reclamation, breeding, preserving and developing plant and animal breeds; organizing the production and supply of seeds and technical equipment, chemicals, biological products for agricultural production according to regulations
2	Tasks and powers
2.1	Coordinating to develop planning, projects, long-term, medium-term and annual plans on plant and animal breeds assigned by the Department of Agriculture and Rural Development.
2.2	Introducing, testing, experimenting, selecting, investigating and selecting reclamation, breeding, preserving and developing plant and animal breeds with high productivity, good quality, adapting to the province's production conditions; keeping and preserving local plant varieties and animal breeds.
2.3	Participating in proposing policies to encourage industry development; applying scientific and technical advances, building a process of production of plant and animal breeds suitable for the province's production.
2.4	Implementing scientific and technological topics and projects on plant and animal varieties assigned or cooperated by the Agriculture and Rural Development Department for organizations and individuals according to law provisions.
2.5	Reserving, receiving and supplying a number of other essential plant and animal breeds to overcome natural disasters and pests assigned by the Provincial People's Committee and Department of Agriculture and Rural Development.
2.6	Organizing the production and supply of seeds and technical equipment, chemicals, biological products, consulting services for the development of cultivation and livestock production according to regulations.
2.7	Managing organizations, personnels, finance and assets of the Center according to the law and decentralization of the Department of Agriculture and Rural Development.
2.8	Performing some other tasks assigned by the Director of Department of Agriculture and Rural Development.

Source: Quang Nam Center for Agro-Forestry Varieties

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4. Main products and services

Main products and services of the Center include:

- Rice seeds G_0 to G_3 , maize varieties, other plant varieties such as beans, sesame ... produced at Nam Phuoc Plant Variety Farm and Binh Trung Plant, Animal Variety Farm.
- Variety of edible mushrooms, medicinal mushrooms, commercial mushrooms and all kinds of mushroom production materials produced at Dien Ngoc Mushroom Variety Development Farm.
- Forest trees, fruit trees, medicinal plants produced at Tam An Plant Variety Technology Development Farm.
- Breeds of pigs, cows and other supplies, chemicals, biological products, veterinary drugs, vaccines, frozen sperm and buffaloes at Binh Trung Plant, Animal Variety Farm.
- Activities of technical services, planning consultancy, project planning on plant, livestock and mushroom varieties at the Central Office.

5. Organizational structure and personnel arrangement

Quang Nam Center for Agro-Forestry Varieties is a non-business unit that partially subsidizes operational costs; have legal status, seal, open account to operate in accordance with the law.

Quang Nam Center for Agro-Forestry Varieties has a Director, Deputy Directors and professional divisions.

The appointment, dismissal, demotion, reward, discipline, resignation, retirement and other policies for Director, Deputy Directors of the Center follow the decentralization regulations of PPC.

The workforce of the Center is the officials allocated by the Director of the Department of Agriculture and Rural Development in the total of the officials to be approved by the Provincial People's Committee.

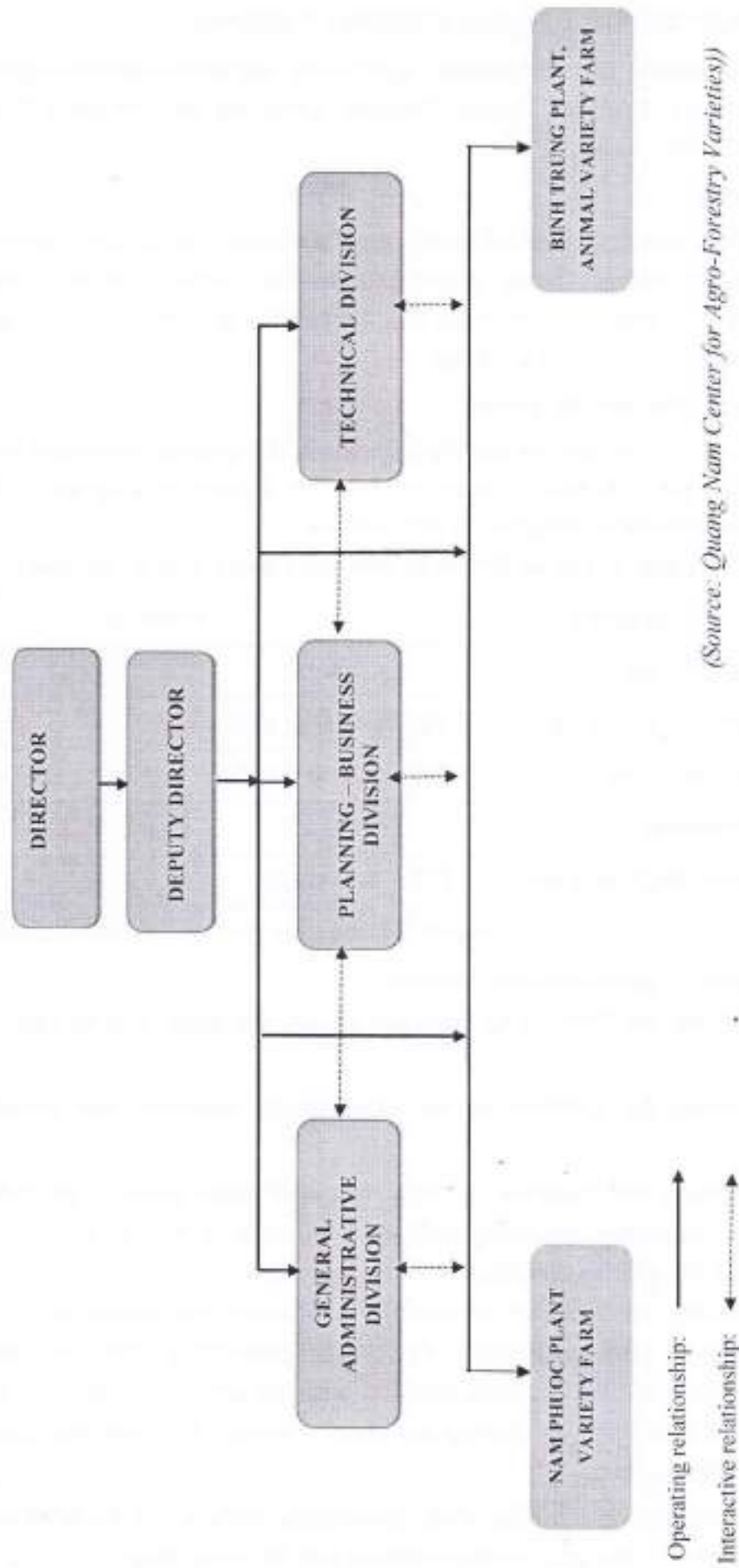
Quang Nam Center for Agro-Forestry Varieties is a non-business unit that partially subsidizes operational costs; have legal status, seal, open account to operate in accordance with the law.

Quang Nam Center for Agro-Forestry Varieties has a Director, Deputy Directors and professional divisions.

The appointment, dismissal, demotion, reward, discipline, resignation, retirement and other policies for Director, Deputy Directors of the Center follow the decentralization regulations of PPC.

The workforce of the Center is the officials allocated by the Director of the Department of Agriculture and Rural Development in the total of the officials to be approved by the Provincial People's Committee.

Diagram 1. Organizational structure of Quang Nam Center for Agro-Forestry Varieties



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The structures of management, supervision and administration apparatus of the Center includes: Director, Deputy Director, Divisions and Varieties Farms directly under the Center.

Director

Leading, managing and administering the Center's activities in accordance with the leadership regime, being responsible to the Director of the Department of Agriculture and Rural Development and the law for the Center's activities under the functions, tasks and powers assigned.

Deputy Director: 01 person

The Deputy Director assists the Director in the general leadership of the Center, directly manages a number of work fields of the Center as assigned by the Director and handles other tasks assigned by the Director.

Table 2. List of Board of Directors and Chief accountant

No.	Full name	Position
Board of Directors		
1	Nguyen Dinh Vuong	Director of the Center
2	Phan Hung Vinh	Deputy Director of the Center
Chief Accountant		
1	Nguyen Thi Kim Xuan	Chief accountant

Source: Quang Nam Center for Agro-Forestry Varieties

General – Administrative Division

- Advising the Director to issue documents and make reports under Division's duties;
- Advising the Director on the organization, apparatus and personnel of the Center;
- Assisting the Director to carry out staff management, planning, training, mobilizing, promoting, arranging staff and implementing staff policies and emulation, rewards, and disciplines according to decentralization.
- Advising the Director to manage the finance and assets of the Center' in accordance with State regulations, Performing accounting, final settlement of state budget revenues and expenditures and non-business activities with revenues. Guiding financial and accounting operations and check financial revenues and expenditures of units under the Center;
- Administrative administration, documents, archives of documents; protection and self-defense in the unit; flood prevention and fire protection.
- Perform some other tasks assigned by the Director.

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Planning – Business Division

- Develop short-term, medium-term and long-term plans for programs and projects, investment plans for plant and animal breeds;
- Advising the Director in assigning annual plan targets to its member units, developing plans for implementing plans and directing and inspecting the implementation of production and service plans of the units under the Center;
- Performing the periodic statistical reports, progress report according to regulations of the Department, the State;
- Advising the Director of joint ventures and associates in organizing the production of plant varieties, animal breeds and product consumption, the partners assigning or receiving services of plant, animal breeds and supplies and equipment being served production of cultivation and husbandry;
- Performing some other tasks assigned by the Director

Technical Division

- Advising the Director to develop and issue relevant documents and reports on techniques for producing plant and animal breeds;
- Coordinating with relevant departments and units to implement, or instruct the implementation of experiment, testing, selection, investigation, selection and restoration of plants and animals; programs and projects of science and technology in the field of agricultural and forestry varieties;
- Coordinating with the departments and units under the Center to build economic, technical, scientific and technological contracts, monitor the implementation, acceptance and liquidation of contracts;
- Performing inspection and testing of plant varieties; recruiting to assess livestock breeds produced by the Center;
- Performing some other tasks assigned by the Director.

Farms under the Center

Nam Phuoc Plant Variety Farm

- Researching, importing, assaying, selecting, restoring, breeding food, foodstuff and short-term industrial plants with high productivity and high quality suitable to ecological regions of the province for production;
- Producing and linking production and making services of provision of food crop varieties, short-term industrial crops, mulberry varieties and transfer of technical advances into production;
- Performing some other tasks assigned by the Director.

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Binh Trung Plant, Animal Variety Farm

- Researching, introducing and rearing and testing animal breeds of good quality and high productivity, suitable to ecological regions of the province to serve production. Applying new scientific and technological advances to multiplying animal breeds and implementing projects and scientific and technological projects on breeding and fodder;

- Keeping, pure breeds of pigs at grandparent level, selected breeds; preservation of precious and rare livestock breeds of the locality;

- Receiving, preserving and supplying livestock breeds and technical supplies for breeding work;

- Organizing the production and association of production and services of supplying livestock breeds, rice varieties, animal feed plants in the province and market demand.

- Performing some other tasks assigned by the Director.

6. Situation of labours

On August 02nd, 2019 (the time when Quang Nam People's Committee issued the Decision approving the unit value of the Center), the total number of employees named in the regular list of Quang Nam Center for Agro-Forestry Varieties is 20 people, in which the specific labor structure is as follows:

Table 3. Labor reality at the time of unit value announcement

No.	Criteria	Number (person)	Proportion (%)
I	Classified by qualifications	20	100%
-	Postgraduate degree	2	10%
-	Postgraduate degree	14	70%
-	College degree, intermediate degree	2	10%
-	Other qualifications (high school graduation)	2	10%
II	Classified by nature of labor contracts	20	100%
-	Cadres and civil servants	1	5%
-	Recruit according to the state payroll regime, but not yet transferred to labor contracts	10	50%
-	Not subject to labor contract/ work contract	0	0%

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No.	Criteria	Number (person)	Proportion (%)
-	Indefinite working contract	9	45%
-	Labor with definite term from 1 year to 3 years	0	0%
-	Seasonal labor	0	0%
III	Classified by gender	20	100%
-	Female	9	45%
-	Male	11	55%
	Total	20	100%

Source: Quang Nam Center for Agro-Forestry Varieties

In order to improve the performance of the Center, promote the capacity of employees after changing to the Joint Stock Company model, based on the existing workforce as well as the organizational structure of the divisions, functional departments in the Center, and based on the provisions of the labor law, the number of employees who will switch to work at the Joint Stock Company is 10 people, specifically as follows:

Table 4. Labor structure transferred to work at JSC (*)

No.	Criteria	Quantity (person)	Proportion (%)
I	Classified by qualifications	10	100%
1	University degree and postgraduate degree	8	80%
2	College degree, intermediate degree	2	20%
3	Other qualifications (high school graduation)	0	0%
II	Classified by labor contracts	10	100%
1	Cadres and civil servants	0	0%
2	Labor contracts	10	100%
III	Classified by gender	10	100%
1	Male	4	40%
2	Female	6	60%

Source: Decision No. 2962/QĐ-UBND dated September 17th, 2019 of Provincial

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People's Committee on approving the employment plan when transforming Quang Nam Center for Agro-Forestry Varieties into a joint-stock company:-

()On October 17, 2019, Director of Quang Nam Department of Agriculture and Rural Development issued Decision No. 402 / QD-SNN & PTNT approving a worker's resignation application. Therefore, the actual number of employees transferred to JSC after equitization is 09 people. After completing the sale of shares according to the equitization plan approved by the People's Committee of Quang Nam province, the Equitization Management Committee will coordinate with the consulting unit to summarize the results of the sale of shares (including shares of employees purchased according to the year of commitment to continue working at the Joint Stock Company) to the State management agencies in accordance with the law.*

7. Unit value as of December 31st, 2018

Pursuant to Decision No. 2469/QD-UBND dated August 02nd, 2019 of the Chairman of Quang Nam People's Committee, the actual value of the unit at 24:00 on December 31st, 2018 is VND 15,671,062,699. In particular, the actual value of the State capital in Quang Nam Center for Agro-Forestry Varieties as of December 31st, 2018 for equitization is VND 13,884,242,937.

Table 5. Unit value as of December 31st, 2018

Unit: VND

Targets	Data accounting books	Data redefine	Difference
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)=(3)-(2)</i>
A. Assets in use (I+II)	12,298,954,994	15,671,062,699	3,372,107,705
I. Fixed assets and long-term investments	9,560,648,471	12,907,251,767	3,346,603,296
1. Fixed assets	9,560,648,471	12,907,251,767	3,346,603,296
a. Tangible fixed assets	8,591,565,471	12,907,251,767	4,315,686,296
b. Intangible fixed assets	969,083,000	-	(969,083,000)
II. Current assets and short-term investments	2,738,306,523	2,763,810,932	25,504,409
1. Cash	1,225,381,637	1,225,381,637	-
a. Cash in stock	172,932,058	172,932,058	-
b. Bank deposits	1,052,449,579	1,052,449,579	-

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2. Short-term financial investments	-	-	-
3. Receivables	1,164,881,545	1,164,881,545	-
4. Supplies and other inventories	348,043,341	348,043,341	-
5. Other short-term current assets	-	25,504,409	25,504,409
B. Unused assets	5,465,299,026	5,465,299,026	-
I. Fixed assets and long-term investments	5,465,299,026	5,465,299,026	-
1. Tangible fixed assets	5,135,219,026	5,135,219,026	-
2. Intangible fixed assets	330,080,000	330,080,000	-
C. Assets waiting for liquidation	-	-	-
1. Fixed assets	-	-	-
2. Intangible fixed assets	-	-	-
D. TOTAL ASSET VALUE OF THE UNIT (A+ B+ C)	17,764,254,020	21,136,361,725	3,372,107,705
Of which:			
E. Total actual unit value (Section A)	12,298,954,994	15,671,062,699	3,372,107,705
F. Actual debt payable	1,910,280,231	1,786,819,762	(123,460,469)
G. TOTAL ACTUAL VALUE OF STATE CAPITAL IN THE UNIT (E-F)	10,388,674,763	13,884,242,937	3,495,568,174

(Source: According to the Minutes of verification of determination of unit value by the asset method of Nam Viet Valuation Co., Ltd. As of July 02nd, 2019)

8. The main assets of the unit:

8.1. Land situation (before transferring to a joint stock company)

The total area of land the unit is using is 1,482,561.4 m², of which:

- Land area leased: 9,000 m²;
- Land area allocated: 1,473,561.4 m²

Currently, the area of land that has been handed over is: 520,140 m². The area of land in progress of handover is: 519,000 m², the area retained after equitization is: 443,421.4 m².

Specifically as follows:

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**Table 6. The situation of land use before the time of conversion to a joint stock
company**

No.	Real estate assets	Area (m ²)	Location	Purpose of use	Form of use	Note
1	Nam Phuoc Plant Variety Farm	56,608 m ²	Phu Bong village, Duy Trinh commune, Duy Xuyen district, Quang Nam province.	Build the working offices and warehouses. Plant annual and perennial plants.	The State allocates land without collecting land use fees	Retained after transferring to a joint stock company
		104,421 m ²	My Hat village, Nam Phuoc town, Duy Xuyen district, Quang Nam province			
		13,629 m ²	Cau Lau Tay village, Duy Phuoc commune, Duy Xuyen district, Quang Nam province;			

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No.	Real estate assets	Area (m ²)	Location	Purpose of use	Form of use	Note
2	Binh Trung Plant, Animal Variety Farm	268,63,40 m ²	Vinh Xuan village, Binh Trung commune, Thang Binh district, Quang Nam province	Build the working offices Use as animal husbandry and rice cultivation	The State allocates land without collecting land use fees	Retained after transferring to a joint stock company
3	Forest land	519,000 m ² ;	Address : An Thien village, Tam Nghia commune, Nui Thanh district, Quang Nam province.	Use as afforestation land	The State allocates land without collecting land use fees	In progress handing over to Nui Thanh district People's Committee
		450,000 m ² ;	Address: Binh Tan village, Binh Minh commune, Thang Binh district, Quang Nam province.		The State allocates land without collecting land use fees	Has been handed over to Thang Binh district People's Committee on April 10 th , 2019
4	Land at Dien Ngoc Mushroom Variety Development	9,000 m ²	Cau Ha village, Dien Ngoc commune, Dien Ban	Use as mushroom growing soil	State for rent; duration of use:	Has been handed over to Dien Ban town People's Committee on

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No.	Real estate assets	Area (m ²)	Location	Purpose of use	Form of use	Note
	Farm		district, Quang Nam province		Until November 2021	April 23 rd , 2019
5	Land in Tam An area (including: Office of Center for Agro-Forestry Varieties and Tam An Plant Variety Technology Development Farm)	41,140 m ²	An Tho village, Tam An commune, Phu Ninh district, Quang Nam province;	Build the working houses of the Center, stations and infrastructure works. Garden of producing agricultural and forestry crops, tissue culture	The State allocates land without collecting land use fees	Has been handed over to Quang Nam Center for Ngoc Linh Ginseng Development and Medicinal Materials on January 03 rd , 2019
6	Land at the Chien Dan nursery	20,000 m ² ;	Tay Yen village, Tam Dan commune, Phu Ninh district, Quang Nam province;	Use as a plant nursery	The State allocates land without collecting land use fees	Has been handed over to Phu Ninh district People's Committee on August 20 th , 2019

Source: Quang Nam Center for Agro-Forestry Varieties

8.2. Status of fixed assets

Table 7. List of fixed assets as of December 31st, 2018 (Residual value)

Unit: VND

Targets	Figures on accounting books	Figures redefined	Difference
(1)	(2)	(3)	(4=3-2)
A. Fixed assets in use	9,560,648,471	12,907,251,767	3,346,603,296

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Targets	Figures on accounting books	Figures redefined	Difference
(1)	(2)	(3)	(4=3-2)
1. Tangible fixed assets	8,591,565,471	12,907,251,767	4,315,686,296
- House, building materials	8,041,323,807	12,049,338,467	4,008,014,660
-Machinery, equipment	502,310,650	750,041,550	247,730,900
-Means of transportation	47,931,014	107,871,750	59,940,736
2. Intangible fixed assets	969,083,000	-	(969,083,000)
- Land use right value	969,083,000	-	(969,083,000)
B. Fixed assets are not needed in use	5,465,299,026	5,465,299,026	-
1. Tangible fixed assets	5,135,219,026	5,135,219,026	-
- House, building materials	4,515,215,076	4,515,215,076	-
-Machinery, equipment	620,003,950	620,003,950	-
2. Intangible fixed assets	330,080,000	330,080,000	-
- Land use right value	330,080,000	330,080,000	-
Total (A+B)	15,025,947,497	18,372,550,793	3,346,603,296

(Source: According to the Minutes of verification of determination of unit value by the asset method of Nam Viet Valuation Co., Ltd. As of July 02nd, 2019)

9. Managing Unit of Quang Nam Center for Agro-Forestry Varieties:

Quang Nam Department of Agriculture and Rural Development

10. Business situation and results of production and business activities in the 3 years prior to the time of transformation into a joint stock company

10.1. Situation of business activities of Quang Nam Center for Agro-Forestry

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**ANNOUNCEMENT OF INFORMATION IPO (INITIAL PUBLIC OFFERING) OF SHARES
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Varieties

As a public service unit under Quang Nam Department of Agriculture and Rural Development, Quang Nam Center for Agro-Forestry Varieties has implemented the following basic tasks targets

❖ Selection, restoration of varieties and testing of plant varieties

- Selecting and restoring rice varieties

In order to maintain and preserve a good source of rice seeds, the Center regularly selects and restores rice varieties, thereby selecting many varieties, including some outstanding varieties such as GSR58 and Q.Nam9, HT9, NP27, CH207 ...

- Testing rice varieties

Implementing the policy of the Department of Agriculture and Rural Development of Quang Nam Province on the socialization of breeding in general and the testing in particular, the Center has focused on evaluating some promising varieties from the hybrid source of Unit and have selected a number of promising varieties such as NP38, NP40, NP41 .. with short-term growth time, resistant to some major pests and diseases, high yield of Winter-Spring crop reaches 65-70 quintals/ha, 60-65 quintals/ha in the Summer-Autumn crop, that is to be continued to test and put into production.

- Testing and trial production of rice varieties

From the results of the experiment, select the varieties with medium and short-term growth in accordance with the production structure, higher productivity or equivalent control, good quality rice, pest resistant, especially the brown backed rice plant hopper and rice blast disease, the Center has selected and produced a large-scale trial of some promising rice varieties such as NP27, NP18 ...

In addition, the Center also produces salt-tolerant rice varieties in order to select new and high-quality seed sources suitable to local conditions, helping people to be proactive in seed sources for production in advance with climate change, extreme weather changes, increasing salinity. At the same time, we apply technical measures to improve economic efficiency and increase the use of technical varieties, bringing economic efficiency for farmers.

- Checking and evaluating plant varieties for testing and trial production of units and enterprises

In addition to the task of selecting, rehabilitating and assaying, trial production of rice varieties, the Center is also assigned by the Department of Agriculture and Rural Development to check and evaluate the variety tested by the unit and enterprises deployed in Quang Nam province to advise the Department of Agriculture and Rural

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Development in the state management of rice varieties and the structure of recommended varieties in the province.

❖ Selection and testing of mushroom varieties

- Selecting and storing mushroom varieties: To serve the preservation of good mushroom varieties, high productivity, quality and resistance to adverse conditions to meet seed sources for production and construction of acting process models.

- Building mushroom cultivation models in localities: To transfer mushroom cultivation techniques to technicians and farmer households to build a commercial mushroom production model in the province.

❖ Livestock program

- Promote technical development and provide artificial insemination services for cattle in the whole province of Quang Nam with the scale of 20,000-30,000 doses of refined and fertilized tools per year.

- Training insemination members and improve the professional skills of the insemination team in the province.

❖ Forestry program

- Manage and protect over 100 ha of trial forests and forests in the delta, midland and mountainous districts of the province.

- Research and application of biotechnology advances to the production and breeding of forest plants, fruit trees and high quality medicinal plants.

- Testing new plant varieties, large timber trees, fruit trees and medicinal plants.

- Training, technology transfer of seed production, planting and care of forest trees, fruit trees and medicinal plants.

- Investigating, selecting and creating seedling gardens and fruit trees to breed; transform afforestation and natural forests into seed forests.

❖ Implementing topics and projects

Implementing scientific and technological topics and projects on plant varieties and animal breeds such as the survey of the situation of distribution, selection and conservation of Tien Phuoc pepper variety and pomelos of Dai Binh (2014-2018); apply technical advances to develop buffaloes in Quang Nam; Rural mountainous projects ..

a. Revenue and profit structure by products/ services

❖ Production and association of rice seed production

Every year, the Center produces and cooperates to produce approximately 1,000 tons of rice seed at Nam Phuoc Plant Variety Farm and Binh Trung Plant, Animal Variety Farm.

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The production of seeds ensures the regulation and basically meets the good seed sources for local production.

❖ Production of upland crops: Upland crops are produced annually by the Center such as maize, beans, peanuts ... with an output of about 15 - 25 tons of seeds.

❖ About mushroom production

- Production and consumption of annual oyster mushroom: 25,000 - 30,000kg.

- Production and consumption of Lingzhi mushrooms; oyster mushroom.

- Production and consumption of commercial mushrooms: 15,000 - 30,000 kg of oyster mushrooms.

❖ Production of fruit trees and forest trees

- Annual production of fruit trees in the province: 10,000 - 20,000 trees.

- Production of Acacia hybrid, Acacia mangium: 1,000,000 - 2,000,000 trees/year.

- Production of Acacia for glue: 200,000 - 500,000 plants/year.

- Production of a number of medicinal plants such as Medicinal Indian Mulberry /Morinda officinalis, saplings, lentils, ...: 100,000 trees/year.

❖ About breeding

- Supplying services of cattle artificial insemination program: Supply of 10,000-20,000 frozen sperm doses per year; 10,000 - 20,000 kits and 20,000 liters of liquid nitrogen for districts in the province.

Table 8: Details of Revenue structure of each type of product / service:

No.	Targets	Year 2016		Year 2017		Year 2018	
		Value (VND)	Proportion (%)	Value (VND)	Proportion (%)	Value (VND)	Proportion (%)
1	Cultivation (rice varieties)	8,307,535,465	71.70	8,274,931,565	65.83	5,766,333,570	80.18
2	Mushroom	630,500,500	5.44	810,773,611	6.45	424,833,200	5.91
3	Breeding	824,956,000	7.12	956,940,100	7.61	265,572,000	3.69
4	Forestry	1,823,416,300	15.74	2,527,064,780	20.10	735,000,750	10.22
	Total	11,586,408,265	100.00	12,569,710,056	100.00	7,191,739,520	100.00

Source: Self-prepared financial statements for 2016, 2017 and audited financial statements for 2018 of Quang Nam Center for Agro-Forestry Varieties.

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The total revenue in 2018 was 7.19 billion VND, decreasing 5.38 billion VND compared to 2017. The reason is that the unit does not have a monopoly rice variety, the revenue of cultivation and forestry activities is highly competitive and sharply declines in 2018.

Table 9: Structure of Gross profit by each product / service

No.	Targets	Year 2016		Year 2017		Year 2018	
		Value (VND)	Proportion/ Area (%)	Value (VND)	Proportion/ Area (%)	Value (VND)	Proportion/ Area (%)
1	Cultivation (rice varieties)	293,070,688	2.53	195,415,011	1.55	288,551,935	4.01
2	Mushroom	126,890,317	1.10	189,374,493	1.51	4,727,089	0.07
3	Breeding	306,811,240	2.65	-	0.00	21,293,082	0.30
4	Forestry	182,909,606	1.58	199,657,701	1.59	(90,331,379)	-1.26
	Total	909,681,850	7.85	584,447,205	4.65	224,240,727	3.12

Source: Self-prepared financial statements for 2016, 2017 and audited financial statements for 2018 of Quang Nam Center for Agro-Forestry Varieties

Although total revenue in 2018 decreased by 42% compared to 2017, the total gross profit in 2018 reached 174.9 million VND, 2.6 times higher than in 2017. Central gross profit in 2018 came mainly from the cultivation (rice), segment. Gross profit from cultivation activities (rice varieties) in 2018 was 239.2 million VND, 10.5 times higher than in 2017. Causes: The center is a non-business unit to self-finance a part of operating costs. In 2018, the Center was fully funded by the state budget for salaries, wages for officials and employees, and operating expenses, so the cost of production and services in 2018 was lower than in 2017. (In 2017, the Center had to ensure part of the salary and wages of officials and employees and operating expenses from production and service activities, so the price of 2017 was higher than in 2018).

Particularly, the forestry in 2018 had a gross profit of 90.3 million VND due to the loss business in the trees such as acacia tissue culture, acacia trees ...

b. Raw materials, supplies and goods

*** Raw materials:**

- Raw materials for master seed production, maize production

Seeds and fertilizers (including manure, lime, phosphorus, urea, potassium, NPK fertilizer ...), plant protection drugs.

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In addition, other materials and tools for production activities: monitoring tools, seed bags, other packaging ...

- Raw materials for master seed production inside the camp

Seeds and fertilizers (including: lime, phosphorus, urea, potassium, NPK fertilizer ...), plant protection drugs.

In addition, other materials and tools for production activities: packaging, labels, thread ...

- Raw materials for master seed production outside the camp

Seeds, packaging, thread, tools, spare parts.

* Stability of raw materials

In general, the materials for production activities of the Center are quite popular so the Center has many advantages in selecting suppliers with reasonable prices and stable supply. This helps the Center to be proactive in providing services, contributing to improve the business efficiency of the Center. The input costs of this activity are mainly the costs of seeds, fertilizers, pesticides, tools, electricity, water, inspection and labor costs (including common labours such as plating, soil preparation, care, harvesting and technical work: monitoring, measuring, analyzing ...).

* Effect of raw material prices on revenue and profit

The proportion of cost of goods sold in the cost structure of the Center is quite large. Meanwhile, the cost of raw materials accounts for about 75% of COGS. So, the fluctuation of raw material prices will directly affect the revenue and profit of the Center.

c. Business production costs

The operation of the Center is also influenced by the weather (due to agriculture). The current production and business costs (mainly the cost of goods sold) are still quite high in terms of proportion to revenue, so the competitiveness with other businesses is not large.

Table 10: Structure of production and business costs in 2016 - 2017

No.	Targets	Year 2016		Year 2017	
		Value (VND)	Proportion/ Area (%)	Value (VND)	Proportion/ Area (%)
1	Costs of goods sold	10,676,726,415	92.15%	11,985,262,851	95.35%
2	Costs	547,913,867	4.73%	516,309,700	4.11%
	Total	11,224,640,282	96.88%	12,501,572,551	99.46%

Source: Financial statements of 2016, 2017 of Quang Nam Center for Agro-Forestry Varieties made according to the accounting form of public non-business units

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Table 11: Structure of production and business costs in 2018

Unit: VND.

No.	Target	Year 2018	Proportion/ Area
1	Costs of goods sold	6,967,498,793	96.88%
2	Financial costs	32,504,642	0.45%
3	Selling costs	-	-
4	Enterprise Management Costs	66,589,899	0.93%
	Total	7,066,593,334	98.26%

Source: Financial statements of 2016, 2017 of Quang Nam Center for Agro-Forestry Varieties made according to the accounting form of public non-business units

d. Technology level

The current situation of machines and production technology of the Center is sufficient to meet the needs of production and business activities, service and supply of the best varieties of crops with the best quality in Quang Nam province.

e. Situation of research and development of new products

With the business characteristics of enterprises operating in the field of seed production, the Center has constantly researched to develop new rice varieties of good quality and high value-added products besides traditional products.

f. Situation of product / service quality inspection

During the production process, the Center always closely monitors and follows the working process of the Department of Agriculture and is specified in the work program of the unit. Currently, the Center signs contracts with external units that have the function to carry out quality control activities (in particular, field testing).

g. Marketing activities

The prestige of Quang Nam Center for Agro-Forestry Varieties was built mainly thanks to the quality of service provided and experienced by the Center over the years.

At present, the Center has promoted on mass media, promoted through annual rice seed workshops. At the same time, the Center has always strengthened, strengthened and expanded relations with other units in the industry.

h. Trademark, patent registration and copyright:

None

10.2. Financial situation and results of production and business activities in 03 years before equitization

❖ Financial situation

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Table 12 : Financial situation of Company in the period of 2016 - 2018

FINANCIAL STATEMENTS FOR THE PERIOD OF 2016 - 2017 (ACCOUNTING FORM OF NON-BUSINESS ADMINISTRATIVE UNITS)					
Account No.	Accounting account name	Balance carried forward 2016	Arising in the period		Balance carried forward 2017
			Debit	Credit	
111	Cash	204,752,173	12,913,882,382	12,961,633,747	157,000,808
112	Bank Deposits, Treasury	717,141,950	11,509,604,346	10,335,762,504	1,890,983,792
152	Raw materials, materials	209,281,332	685,326,090	709,384,142	185,223,280
153	Tools	5,340,480	-	3,750,000	1,590,480
155	Products, goods	1,606,613,211	8,003,561,473	9,439,680,184	170,494,500
211	Tangible fixed assets	36,991,718,446	793,451,000	665,580,867	37,026,873,421
213	Intangible fixed assets	2,261,258,000	-	-	2,261,258,000
214	Depreciation of fixed assets	15,643,772,902	570,580,867	2,263,904,977	17,244,381,854
241	Construction in progress	-	-	-	-
311	Receivables	1,081,415,290	11,370,890,783	10,345,304,197	2,107,001,876
312	Advance	82,428,000	735,018,000	283,128,000	534,318,000
331	Payables	1,919,587,159	13,105,460,455	15,262,093,105	4,076,219,809
332	Payables according to salaries	8,016,162	456,468,556	458,024,680	9,572,286
333	Payables for the State	127,979,048	90,833,248	144,589,401	181,735,201
334	Payables for civil servants and officials	-	2,109,623,371	2,109,623,371	-

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337	Settlement funds transferred the following year	-	48,577,747	-	-
342	Internal payments	497,420,177	723,299,751	548,847,501	322,967,127
411	Business capitals	304,687,813	-	-	304,687,813
431	Funds	1,281,236,976	426,841,375	63,010,004	917,406,405
441	Funding for capital construction investment	-	-	-	-
461	Operational funding sources	4,010,066,570	8,304,507,170	8,757,572,200	4,463,131,600
462	Project funding sources	-	-	-	-
466	Funding sources have formed fixed assets	23,609,203,544	2,333,779,977	768,326,000	22,043,749,567
511	Receivables	-	88,522,500	88,522,500	-
531	Receivables from production and business activities	-	12,594,882,956	12,594,882,956	-
631	Expenses for production and business activities	420,485,646	7,408,099,263	7,127,588,004	700,996,905
661	Operational expenses	3,841,375,570	8,926,263,200	8,304,507,170	4,463,131,600
662	Project expenses	-	-	-	-
642	General management expenses	-	138,958,600	138,958,600	-
643	Prepaid expenses	28,738,000	69,689,000	33,448,000	64,979,000

(Sources: Financial Statements in 2016 and 2017 of Quang Nam Center for Agro-Forestry Varieties)

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BALANCE SHEET OF YEAR 2018 (ACCOUNTING FORM OF BUSINESS)			
ASSETS	Code	31/12/2017	31/12/2018
1	2		
A. SHORT-TERM ASSETS	100	5,933,242,665	2,738,306,523
I. Money and money equivalents	110	2,047,984,600	1,225,381,637
1. Money	111	2,047,984,600	1,225,381,637
III. Short-term receivables	130	2,761,973,900	1,164,881,545
1. Short-term receivables of customers	131	1,505,652,900	1,006,581,000
2. Prepay for short-term sellers	132	32,989,000	21,000,000
5. Other short-term receivables	136	1,223,332,000	137,300,545
IV. Inventories	140	1,058,305,165	348,043,341
1. Inventories	141	1,058,305,165	348,043,341
V. Other short-term assets	150	64,979,000	-
1. Short-term prepaid expenses	151	64,979,000	-
2. Other short-term assets	155	-	-
B - LONG-TERM ASSETS	200	21,121,586,711	15,025,947,497
I. Long-term receivables	210	-	-
II. Fixed assets	220	21,121,586,711	15,025,947,497
1. Tangible fixed assets	221	18,860,328,711	13,726,784,497
- Original price	222	37,026,873,421	31,847,391,221
- Accumulated depreciation value (*)	223	(18,166,544,710)	(18,120,606,724)
3. Intangible fixed assets	227	2,261,258,000	1,299,163,000
- Original price	228	2,261,258,000	1,299,163,000
- Accumulated depreciation value (*)	229	-	-
TOTAL ASSETS (270 = 100 + 200)	270	27,054,829,376	17,764,254,020

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C – ACCOUNTS PAYABLE	300	5,028,815,109	1,910,280,231
I. Short-term debts	310	5,028,815,109	1,910,280,231
1. Short-term payables	311	2,414,754,601	77,280,840
2. Short-term prepaid buyers	312	48,804,151	-
3. Taxes and payables to the State	313	13,627,501	25,614,117
8. Other short-term payables	319	1,297,962,194	1,197,403,652
9. Short-term borrowings and financial liabilities	320	936,000,000	300,000,000
11. Bonus and welfare fund, income reserve, income supplement	322	317,666,662	309,981,622
II. Long-term liabilities	330	-	-
D - OWNER'S EQUITY	400	22,026,014,267	15,853,973,789
I. Owner's equity	410	904,427,556	828,026,292
1. Capital contributed by owners	411	304,687,813	304,687,813
8. Investment & Development fund	418	599,739,743	523,338,479
11. Undistributed after-tax profits	421	-	-
II. Other funding sources and funds	430	21,121,586,711	15,025,947,497
1. Funding sources	431	-	-
2. Funding sources have formed fixed assets	432	21,121,586,711	15,025,947,497
TOTAL CAPITAL SOURCES (440 = 300 + 400)	440	- 27,054,829,376	17,764,254,020

(Sources: Audited financial statements in 2018 of Quang Nam Center for Agro-Forestry Varieties)

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❖ Business results

Table 13: Business results in the period of 2016 - 2017

REPORT ON RESULTS OF BUSINESS ACTIVITIES IN THE PERIOD OF 2016 - 2017 (ACCOUNTING FORM OF NON-BUSINESS ADMINISTRATIVE UNITS)		
Targets	2016	2017
1. The difference in receipts is greater than the expenses of the previous period brought forward	-	-
2. Receipts in the period	11,586,408,265	12,569,710,056
3. Expenses in the period	11,224,640,282	12,501,572,551
Of which:	-	-
- Cost of goods sold	10,676,726,415	11,985,262,851
- Costs	547,913,867	516,309,700
4. Difference between receipts and expenses in this period	361,767,983	68,137,505
5. State budget submission in this period	72,353,597	13,627,501
6. Setting up funds in this period	289,414,386	54,510,004
7. The difference in receipts is greater than the unallocated expenses until the end of the period	0	0

(Sources: Financial Statements in 2015, 2016 and 2017 of Quang Nam Center for Agro-Forestry Varieties)

REPORT ON BUSINESS RESULTS OF 2018 (ACCOUNTING FORM OF BUSINESS)	
TARGETS	In 2018
1. Revenue from sales and service provision	7,191,739,520
2. Revenue deductions	-
3. Net revenue from sales and service provision	7,191,739,520
4. Costs of goods sold	6,967,498,793

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5. Gross profit on sales and service provision	224,240,727
6. Revenue from financial activities	1,924,400
7. Financial expenses	32,504,642
- Of which: Interest expenses	32,504,642
8. Costs of sales	-
9. Costs of Enterprise Management	66,589,899
10. Net profit from business activities	127,070,586
11. Other incomes	-
12. Other costs	-
13. Other profits	-
14. Total accounting profit before tax	127,070,586
15. Current CIT expense	25,414,117
16. Deferred CIT expense	-
17. Profit after corporate income tax	101,656,469

(Sources: Audited financial statements in 2018 of Quang Nam Center for Agro-Forestry Varieties)

Opinion of the auditing unit at the Financial Statements in 2018 (FAC Auditing Company Limited - Central Branch):

Basis of the qualified opinion:

1. We were appointed to audit after the end of the accounting year December 31st, 2018 so we did not participate in witnessing the inventory of cash and inventories as at December 31st, 2018 with the value of VND 172,932,058 and VND 348,043,341 respectively. This limitation, we can not overcome by alternative audit procedures, so we can not comment on the accuracy and occurrence of the above mentioned item.

2. In the fiscal year ended on December 31st, 2018, the Center has recorded the costs of production and business activities under the method of cost estimation, this method has no sure basis on the compatibility between revenue and expenses are recognized during the period. Therefore, we cannot determine its impact on the business results as well as the work in progress and other items at the end of the period in the financial statements for the year ended December 31st, 2018 of the Center.

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The qualified opinion:

In our opinion, except for the impact of the matter described in the paragraph "Basis of the qualified opinion", the financial statements have given true and fair view, in all the material respects, of the financial situation of the Quang Nam Center for Agro-Forestry Varieties as at December 31st, 2018, as well as the results of operations and cash flow situation for the fiscal year ended at December 31st, 2018, in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and legal regulations relevant to preparation and presentation of financial statements."

10.3. Some big contracts are in progress or signed

Table 14: Some big contracts are in progress or signed

No.	Contract No.	Value (VND)	Contract signing date	Duration of contract	Content	Partners in the contract
1	20/HDKT	473,828,875	02/12/2018	02/12/2018 to 30/06/2019	Associating rice seed production for Winter-Spring crop 2019	Quang Binh Seed Co., Ltd
2	10/HDKT	426,460,775	25/5/2019	25/05/2019 to 31/12/2019	Associating rice seed production for Summer-Autumn crop 2019	Quang Binh Seed Co., Ltd
3	36/HDKT	411,600,000	05/12/2018	05/12/2018 to 30/06/2019	Associating rice seed production for Winter-Spring crop 2019	Tien Hai Seed Co., Ltd
4	14/HDKT	181,101,200	20/5/2019	20/05/2019 to 31/10/2019	Associating rice seed production for Summer-Autumn crop 2019	Dien Hong 1 Agricultural Cooperative

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No.	Contract No.	Value (VND)	Contract signing date	Duration of contract	Content	Partners in the contract
5	12/HDKT	141,286,500	20/5/2019	20/05/2019 to 30/06/2019	Selling rice varieties	Thien An Nong Co., Ltd

(Source: Quang Nam Center for Agro-Forestry Varieties)

10.4. Factors affecting production and business activities

✦ Advantages

- The Center always receives timely guidance and support from Quang Nam Department of Agriculture and Rural Development and Quang Nam People's Committee. In addition, the Center has built up good relationships and good reputation with local agencies, this is one of the important factors creating favorable conditions for the Center during the implementation process of production and business activities.

- Quang Nam province is one of the economic concentration areas of Central Vietnam. Therefore, the Center has many opportunities to expand and develop the exploitation of products and services in the Agro-Forestry Varieties industry.

- The staffs of the Center are skilled, always have a high sense of responsibility and a sense of effective work, efforts to improve the quality of work that create conditions and resources for the Center to complete the setting plan.

✦ Disadvantages

- Funding sources for the implementation of agricultural production models and projects are limited, the project is still spread, lack of concentration and not strong enough to stimulate the development of large-scale and concentrated commodity production, industry.

- The introduction of mechanization into production, the application of technical advances to farmers' production in the locality is still slow, there is no close coordination with the agricultural extension system to replicate the new model, creating specialized production areas, increasing income value on a large area of cultivated land. In addition, infrastructure for agricultural production is lacking and weak.

11. The position of the Unit compared to other enterprises in the industry

11.1. The position of the Unit in the industry

Quang Nam Center for Agro-Forestry Varieties is a unit with many years of experience in production and trading of varieties in Quang Nam province. The scale of

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Quang Nam Center for Agro-Forestry Varieties is at an average level compared to some other units / businesses in the same province.

11.2. Development prospects of the branch

In 2019, the Agriculture will face many difficulties and great challenges: African pig cholera has been complicated; Hot weather, drought occurred record in the central provinces; The market of many agricultural products is not stable, tends to fall sharply, especially for some major export agricultural products.

According to the General Statistics Office's report, in the first 6 months of 2019, the growth rate of production value of the whole industry was estimated at 2.71% compared to the same period in 2018; of which, agriculture (including cultivation and husbandry) increased by 1.44%, forestry by about 4.20% and fishery by 6.47%.

Gross Regional Domestic Products in Quang Nam (GRDP) first 6 months of 2019 is estimated at over 33.8 trillion, an increase of 6.21% compared to the same period last year. The results show that the economic growth in the first 6 months of 2019 in Quang Nam province maintained the growth rate not as high as the whole of 2018 (+ 8.1%). In particular, the agriculture, forestry and fishery, the added value is estimated at 3,751 billion, up 3.65%, contributing 0.41% to the overall growth. In particular, agriculture is estimated at 2,346 billion VND (contributing 0.19%), forestry is over 480 billion VND (contributing 0.13%); fishery reached 924 billion dong (contributing 0.09%), details are as follows:

- Cultivation

+ The total cultivated area of the annual crop of the Winter-Spring crop reaches 77.89 thousand hectares, equaling 99.3% (decreasing 569 hectares) compared to the same period last year, of which: the group of grain crops has 47.2 thousand hectares. (by 98.8%; decreasing by 411 hectares); group of starchy starch trees with 8,989 ha (equal to 94.2%; reducing 549 ha); group of oilseed crops is 8,445 ha (equal to 100.6%; increase by 48 ha); group of vegetables, beans and flowers of 9,641 ha (equaling 102.4%; increasing 226 hectares); 1,100 ha of spices and medicinal plants (equal to 103.4%; increasing by 36 ha); other annual tree group is 2,137 ha (equal to 106.6%; increasing by 132 ha); ...

+ Winter-spring rice cultivated area of the whole province this year reached 42.2 thousand ha, equaling 99.2% (decreasing 346 ha) against the same period last year. In general, the seed structure and seasonality of this rice season is basically complied, in which mid-short-term breed groups are produced much and outperform the long-day varieties. Most localities, in rice crops grow well, uniformly, less pest and disease damage even for rain-water rice. The average rice yield of the whole province preliminarily reached 57.6 quintals / ha, down 0.4 quintals / ha compared to the previous winter-spring crop; production reached 243.2 thousand tons, down 3.4 thousand tons. If adding 23.05 thousand tons of maize, the total food output of winter-spring grain crop in

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2019 reached 266.2 thousand tons (down 3.6 thousand tons; down 1.3%).

+ Winter-Spring crop of this year, farmers in some localities such as Dai Loc, Dien Ban, Duy Xuyen, Que Son, Thang Binh, Phu Ninh (of Quang Nam province) ... through agricultural cooperatives associated with enterprises producing 3,335 ha of rice seeds and 133 ha of main crops such as chilli, corn, peanuts, sesame ... under the mode of product consumption. The above model of linking production will help farmers increase 25 - 45% of economic value on the same area unit.

+ The conversion of crops continues to be maintained effectively, in the crop, 585 hectares of rice fields have been converted into short-term industrial crops and vegetables, of which the watermelon area is 188.5 ha, accounting for 31.7%. According to calculations, the watermelon yield on converted rice footings is about 30 tons/ha, with the selling price of 6,000 - 6,500 VND/kg, the farmers' income is from 180 to 195 million VND/ha/crop.

+ Winter-Spring crop in 2019, although the production of crops such as rice, maize, sweet potato, peanut ... decreased compared to the same crop in 2018. However, the output of groups of legumes and other annual crops increased. pretty: sugarcane reached 6,355 tons (up 2.5%; up 155 tons over the same period last year); soybean reached 210 tons (up 44.8%; increased by 65 tons); sesame reached 131 tons (up 4.8%; increased by 6 tons); vegetables of all kinds reached 154,935 tons (up 3%; up 4,544 tons); beans reached 4,227 tons (up 6.2%; increased 247 tons) ... Thus, the production value of these crops increased by nearly 16% compared to the same period in 2018.

+ Up to June 15, 2019: The whole province's rice crop has planted nearly 40 thousand hectares, reaching 95.2% of the plan, equaling 100.5% of the same period last year, of which the area of upland rice is 2,900 hectares. . Currently, rice is developing well, localities have strengthened the inspection, prevention of pests and diseases, drought and instructed people to take care of rice properly to achieve high productivity. For other annual crops, 10,350 hectares of maize have been planted, equaling 101.2% of the same period last year; 2,500 ha of sweet potatoes (94%); 8,879 hectares of groundnut (100.1%); 16,400 ha of vegetables and beans (102.5%).

+ The total area of perennial tree planting in the first 6 months of 2019 reached 24.4 thousand hectares, up 0.9% (up 217 hectares) over the same period in 2018. Of which, the group of fruit trees reached 8,297 hectares (up 2, 3%; increasing 183 hectares); the group of industrial plants reached 14,018 ha (down 255 ha; decreased 1.8%); medicinal herbs spice group 1,185 ha (up 21.4%; increase 209 ha); other perennial plants increased by 8.8%. Outputs of some perennial plants increased compared to the same period last year such as: Rubber reached 2,500 tons (up 8.7%); Mango reached 520 tons (up 6.1%); Jackfruit reached 2,700 tons (up 1.9%); Pineapple reached 11,700 tons (up 1.7%); Bananas 36,500 tons (up 1.4%);

- Forestry

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+ In the first 6 months of 2019, the newly concentrated forestation area is estimated to reach 3,110 hectares, up 0.3% (up 10 hectares) over the same period in 2018; The area of planted forest under care in the period reached 29.7 thousand hectares (an increase of 14.2%; an increase of 3.7 thousand hectares); the number of dispersed planted trees was estimated at 3.5 million (up 6%; up 0.2 million). Forest product exploitation increased significantly compared to the same period last year, wood production in 6 months was estimated at 711 thousand m³, up 12.1% (up 76.5 thousand m³); firewood 280 thousand ste (down 1.7%; decrease 5 thousand ste).

+ Due to the prolonged hot weather and the subjective use of fire by the people to handle the vegetation as well as the organization of propaganda and supervision of the Forest Ranger in the area and the local authorities are not good, so from the beginning of the year to 9 forest fires have occurred, the damaged area is over 11.5 ha of acacia plantation, estimated damage is about 880 million VND and 13 deforestation occurred, the area damaged 5.5 ha.

+ Conservation and development of Ngoc Linh Ginseng in Quang Nam province: the forest environment has been leased for planting Ngoc Linh Ginseng for 4 organizations with an area of 44.47 ha and households and household groups with permanent residence registration at 7 communes (Tra Linh, Tra Cang, Tra Nam, Tra Leng, Tra Don, Tra Don, Tra Tap) number of households planting 1,200 households, planting and managing area is over 1,600 ha.

Besides, restructuring has recently been carried out, which is regarded as a guideline on direction and administration of agricultural production in Quang Nam province. In particular, in order to implement the restructuring of the crop sector well, crop restructuring is considered one of the radical solutions of Quang Nam province. At the same time, speeding up the progress of concentrated land consolidation, forming large fields to attract the investment of enterprises in production links is also an effective solution in the current situation.

11.3. Evaluation of the conformity of the development orientation of the unit with the orientation of the industry, the State's policies

- Our company is inherently an equitized public service delivery agency; therefore, we have strength and experience in production and supply of cultivars in Quang Nam and its neighbours. Moreover, the company has always received the support of mechanism and policies from provincial leaders. As a result, the company after equitization has opportunities for more development and expansion along with the general development of agricultural sector.

- After equitization, the company will follow the market competition mechanism, which is a great opportunity for the company to develop and expand its market to other provinces. Therefore it is necessary to be well-prepared right now. However, if the

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quality of the products and the development strategy of the company are not paid much attention, its market share may be reduced or even lost.

- After equitization, our company focuses on the production and supply of cultivars, which is presented in detail as follows:

- + After equitization, the company will continue to be equipped with new facilities in order to improve labour productivity, service quality, competitiveness, ability to supply good cultivars in Quang Nam and the Central provinces. The company tries to get the leaders' approvals for its development and expansion of its market to neighbour provinces and the Central ones.

- + The company will better its production capacity, applying science and technology in research and production, attending the projects on new cultivars with good quality under the policies by Quang Nam province as well as by the Ministry of Agriculture and Rural Development.

- + The company will continue to promote production efficiency on the farms under the company's management, increasingly improve the quality of cultivars supplied to the market, toward an expansion of the seed distribution to other areas in the region.

- + On the other hand, it is necessary to research the market, determine market needs, key products, target customers so as to expand production scale effectively.

IV. OPERATION DIRECTION AND BUSINESS PLAN OF THE CENTER AFTER EQUITIZATION

1. Objectives of equitization

Implementing the provisions of Decision No.22/2015/QĐ-TTg dated June 22nd, 2015 of the Prime Minister on transforming public non-business units into joint-stock companies of Quang Nam Center for Agro-Forestry Varieties include:

- Transforming the form of 100% State owned capital into a joint stock company model; creating a fundamental change in management methods; step by step investing in technological innovation, scale development, improving financial capacity and production and business capacity in order to improve the operation efficiency of the Center.

- Raising the scale of business activities of the Center to develop strongly in both width and depth in order to manage, use and exploit the advantages of the land facilities that the Center is keeping.

- Mobilizing idle capital of officials and employees in the unit, individuals and economic organizations at home and abroad to invest in development, expand the scope of activities in many fields to increase business revenue, increase profits and develop steadily in the future.

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- Enhancing the role of true master, tighten the responsibilities, work and interests of shareholders, create a driving force in the management, effective production and business management, improve the income of employees, shareholders and contribute to the country's economic growth.

- Making public and transparent according to market principles; overcome the situation of closed equitization within the enterprise; associated with the development of the capital market and the stock market.

2. Form of equitization

Pursuant to the Prime Minister's Decision No. 31/2017/QĐ-TTg dated July 17th, 2017 by the Prime Minister on criteria, list of branches and domains subject to transformation of public non-business units into joint-stock companies and centers. Quang Nam Center for Agro-Forestry Varieties is a unit belonging to the group of industry: *"Production and storage of plant varieties and animal breeds"*, of which the State holding less than 50% of charter capital when equitizing.

Pursuant to Decision No. 3366/QĐ-UBND dated October 24th, 2019 of Quang Nam People's Committee on approval of equitization plan: **equitization form according to Point b, Clause 1, Article 3 of Decision No. 22/2015/QĐ-TTg: "Selling a part of existing State capital at the Center"**.

The selected form of equitization must meet the objectives of the Equitization presented above and must meet some specific criteria as follows:

- The charter capital of the Center after equitization must meet the development requirements of the Center.

- The production and business activities of the company must be developed in both scale and quality, diversified with both traditional business methods and modern and business-efficient business methods, the business activity aims at the high effective economy to enhance the position of the Company commensurate with the Center's tradition and social development requirements, in accordance with the market economy mechanism.

3. Information of enterprise after equitization

Enterprise name	: QUANG NAM AGRICULTURAL JOINT STOCK COMPANY
Name in English	: QUANG NAM AGRICULTURAL JOINT STOCK COMPANY
Abbreviated name	: QUANG NAM AGRICULTURAL COMPANY
Head office address	: Cau Lau Tay village, Duy Phuoc commune, Duy Xuyen district, Quang Nam province

4. Business industries after equitization

In the period after being converted into joint stock companies, the company will focus mainly on the production of rice varieties, corn varieties, and other plant varieties ... at Nam Phuoc Plant Variety Farm and Binh Trung Plant, Animal Variety Farm.

5. Organizational structure after equitization

Quang Nam Agricultural Joint Stock Company operates under the Statute on organization and operation of the Joint Stock Company adopted by the General Meeting of Shareholders, based on the provisions of the Enterprise Law, under the management and supervision of the Joint Stock Company, supervised and operated by the Board of Directors, the Supervisory Board and the Executive Board. Based on the Plan on employment of employees after equitization, the Company will deploy the organization and management in the following direction:

5.1. Structure of management, governance and control of the Company

- General Meeting of Shareholders;
- Board of directors;
- Supervisory Board;
- Executive Board;
- Dependent units

5.2. Apparatus of management, administration and control

5.2.1. General Meeting of Shareholders

The General Meeting of Shareholders is the highest authority of the Company. The Annual General Meeting of Shareholders is held once a year (01). The General Meeting of Shareholders must hold an annual meeting within four (04) months from the end of the financial year. At the request of the Board of Directors, the business registration office may extend the time, but not more than six (06) months from the end of the fiscal year. The General Meeting of Shareholders has the right to discuss and approve: Annual financial statements; Reports of the Board of Directors; Reports of the Supervisory Board; Short-term and long-term development plans of the Company; Approving the number of members of the Board of Directors; Electing, dismissing, removing and replacing members of the Board of Directors and the Supervisory Board; Supplementing and amending the Company's Charter; Approving the type of shares and the number of new shares to be issued for each class of shares; ... and deciding other issues within its authority in accordance with the law and the Company's Charter.

5.2.2. Board of directors

The Board of Directors is the governing body of the Company, its business activities and affairs are subject to the supervision and direction of the Board of Directors. The Board of Directors has the full power to exercise all rights on behalf of the Company except the powers that belong to the General Meeting of Shareholders. The number of

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members of the Board of Directors shall be at least three (03) and at most 05 people. The term of the Board of Directors is five (05) years. The term of members of the Board of Directors shall not exceed five (05) years; Members of the Board of Directors can re-elect for an unlimited number of terms.

5.2.3. Supervisory Board

The Supervisory Board is elected by the General Meeting of Shareholders, on behalf of shareholders to inspect and supervise business operations, management and administration of the Company. The number of members of the Supervisory Board of the Company must not exceed three (03) people. The Supervisory Board must appoint one (01) member to be the Head. Head of the Supervisory Board is a person with expertise in accounting.

5.2.4. Executive Board

- **Director:** As the executive of the daily business of the Company, the Director is under the supervision of the Board of Directors and is responsible before the Board of Directors and the General Meeting of Shareholders, before the law for the performance of tasks and authorities assigned and must report to these agencies upon request. Director appointed by the Board of Directors

- **Vice-directors:** Assisting the Director in directing, operating and implementing each field of management of the Company as assigned and authorized by the Director, responsible to the Director and the law for the tasks assigned or authorised.

- **Chief accountant:** Be in charge of accounting, finance and other works of the company as assigned by the Board of Directors.

5.2.5. Functional divisions/boards

a. General - Administrative Division

- Advising the Director to issue documents and make reports under Division's duties;

- Advising the Director on the organization, apparatus and personnel of the Company;

- Assisting the Director to carry out staff management, planning, training, mobilizing, promoting, arranging staff and implementing staff policies and emulation, rewards, and disciplines according to decentralization.

- Advising the Director to manage the finance and assets of the Company in accordance with regulations of the State.

- Administrative administration, documents, archives of documents; protection and self-defense in the unit; flood prevention and fire protection.

- Perform some other tasks assigned by the Director.

b. Planning - Business Division

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- Develop short-term, medium-term and long-term plans for programs and projects, investment plans for plant and animal breeds;
- Advising the Director in assigning annual plan targets to its member units, developing plans for implementing plans and directing and inspecting the implementation of production and service plans of the units under the Center;
- Performing the periodic statistical reports, progress report according to regulations of the Department, the State;
- Advising the Director of joint ventures and associates in organizing the production of plant varieties, animal breeds and product consumption, the partners assigning or receiving services of plant, animal breeds and supplies and equipment being served production of cultivation and husbandry;
- Performing some other tasks assigned by the Director

c. Technical Division

- Advising the Director to develop and issue relevant documents and reports on techniques for producing plant and animal breeds;
- Coordinating with relevant departments and units to implement, or instruct the implementation of experiment, testing, selection, investigation, selection and restoration of plants and animals; programs and projects of science and technology in the field of agricultural and forestry varieties;
- Coordinating with the departments and units under the Center to build economic, technical, scientific and technological contracts, monitor the implementation, acceptance and liquidation of contracts;
- Performing inspection and testing of plant varieties; recruiting to assess livestock breeds produced by the Center;
- Performing some other tasks assigned by the Director
- Advising the Director in assigning annual plan targets to its member units, developing plans for implementing plans and directing and inspecting the implementation of production and service plans of the units under the Company;
- Advising the Director of joint ventures and associates in organizing the production of plant varieties, animal breeds and product consumption, the partners assigning or receiving services of plant, animal breeds and supplies and equipment being served production of cultivation and husbandry;
- Performing some other tasks assigned by the Director.

5.2.6. Farms under the Company

a. Nam Phuoc Plant Variety Farm

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- Producing and linking production and making services of provision of food crop varieties, short-term industrial crops, mulberry varieties and transfer of technical advances into production;

- Performing some other tasks assigned by the Director.

b. Binh Trung Plant, Animal Variety Farm

- Researching, introducing and rearing and testing animal breeds of good quality and high productivity, suitable to ecological regions of the province to serve production. Applying new scientific and technological advances to multiplying animal breeds and implementing projects and scientific and technological projects on breeding and fodder;

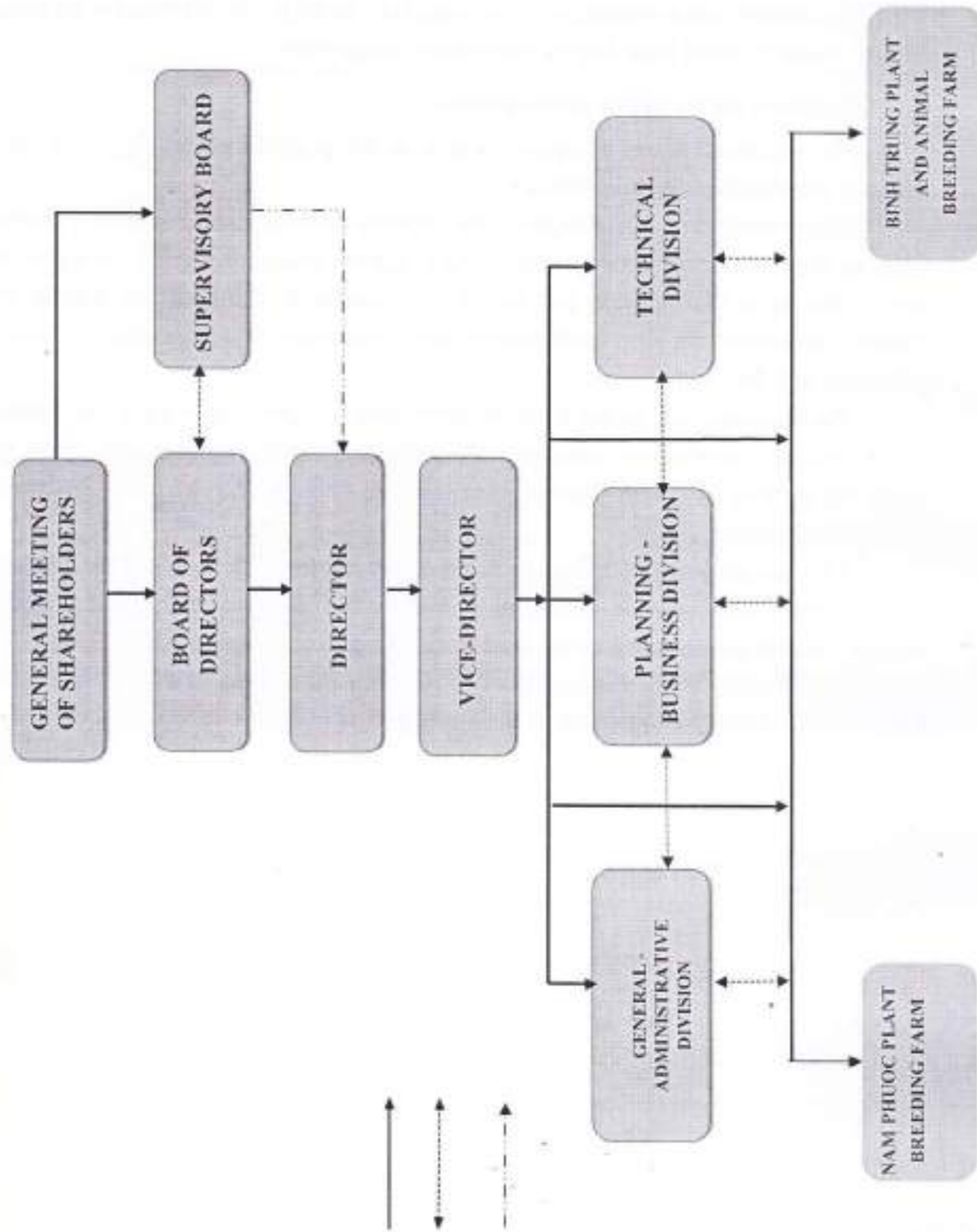
- Breeding and breeding grandparents' breeds, selective breeds; conservation of local rare and precious animal breeds;

- Receiving, preserving, supplying livestock breeds and technical materials for breeding activities;

- Organizing the production and association of production and services of supplying livestock breeds, rice varieties, animal feed plants in the province and market demand.

- Performing some other tasks assigned by the Director.

Diagram 2. Organizational and managerial structure of Quang Nam Agricultural Joint Stock Company



Note:

Executive relation:

Interactive relation:

Supervising relation:

6. Objectives for company development

After equitization, our company focuses on the production and supply of cultivars, which is presented in detail as follows.

- After equitization, the company will continue to be equipped with new facilities in order to improve labour productivity, service quality, competitiveness, ability to supply good cultivars in Quang Nam and the Central provinces. The company tries to get the leaders' approvals for its development and expansion of its market to neighbour provinces and the Central ones.

- The company will better its production capacity, applying science and technology in research and production, attending the projects on new cultivars with good quality under the policies by Quang Nam province as well as by the Ministry of Agriculture and Rural Development.

- The company will continue to promote production efficiency on the farms under the company's management, increasingly improve the quality of cultivars supplied to the market, toward an expansion of the seed distribution to other areas in the region.

- On the other hand, it is necessary to research the market, determine market needs, key products, target customers so as to expand production scale effectively.

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7. Basic plan targets after equitization

Table 15. Expected business targets in the 5 years after equitization

No.	Targets	Unit	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023
1	Charter capital	Thousand VND	13,884,240	13,884,240	13,884,240	13,884,240	13,884,240
2	Total revenue (*)	Thousand VND	6,892,240	10,382,240	13,497,240	16,452,240	19,487,240
- Revenue growth rate			-	51%	30%	22%	18%
3	Total Expenses (*)	Thousand VND	6,337,479	9,192,978	11,768,686	14,227,170	16,763,517
4	Profit before tax (*)	Thousand VND	554,761	1,189,262	1,728,554	2,225,070	2,723,723
5	Corporate income tax	Thousand VND	110,952	237,852	345,711	445,014	544,745
6	Profit after tax	Thousand VND	443,808	951,409	1,382,843	1,780,056	2,178,978
7	Basic interest / share	VND	320	685	996	1,282	1,569
Ratio of profit after tax/ revenue							
		%	6%	9%	10%	11%	11%
Ratio of profit after tax/ charter capital							
		%	3%	7%	10%	13%	16%
Deduction for development investment fund (10%)							
	Thousand VND		44,380	95,140	138,284	178,006	217,897
Deduction for welfare fund (5%)							
	Thousand VND		22,190	47,570	69,142	89,003	108,949
Dividend rate / Charter capital (expected)							
	%		2%	5%	5%	5%	5%
8	Labours and income						
	No. of labours	Person	10	10	10	10	10
	Total salary fund	Thousand VND	1,093,849	1,203,234	1,323,558	1,455,914	1,601,505
	Average income/ person/ month	Thousand VND	6,077	6,677	7,353	8,088	8,897

(Source: The equitization plan of Quang Nam Center for Agro-Forestry Varieties are approved)
(*) The Center has not had any plan for capital construction after equitization.

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8. Land use plan of Quang Nam Center for Agro-Forestry Varieties (after equitization)

Pursuant to Decision No. 09/QĐ-UBND dated January 03rd, 2019, approving the land use plan after equitization for Quang Nam Center for Agro-Forestry Varieties. The land use plan after equitization is approved as follows:

8.1. Land area retained for continued use, total area: 443,421.40 m². Of which:

8.1.1. Land for crop production: 381,857.70 m², including:

Binh Trung Plant, Animal Variety Farm

- Address: Vinh Xuan village, Binh Trung commune, Thang Binh district;
- Area: 227,057.7 m²
- Period of use: 01/2069
- Form of use: Rent land and pay annually.

b. Nam Phuoc Plant Variety Farm

- Address: Phu Bong village, Duy Trinh commune, Duy Xuyen district.
- Area: 50,379 m²;
- Address: My Hat village, Nam Phuoc town, Duy Xuyen district.
- Area: 104,421 m²;
- Period of use: 01/2069
- Form of use: Rent land and pay annually.

8.1.2. Other agricultural land: 32,620.4 m²

a. Binh Trung Plant, Animal Variety Farm (breeding area)

- Address: Vinh Xuan village, Binh Trung commune, Thang Binh district, Quang Nam province.
- Area: 32,620.4 m²
- Period of use: 01/2069
- Form of use: Rent land and pay annually

8.1.3. Building land: 28,943.30 m²

a. Binh Trung Plant, Animal Variety Farm (Working house, warehouse, drying yard)

- Address: Vinh Xuan village, Binh Trung commune, Thang Binh district, Quang Nam province.
- Area: 9,085.30 m²
- Period of use: 01/2069
- Form of use: Rent land and pay annually

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b. Nam Phuoc Plant Variety Farm (working office and warehouse)

- Address: Cau Lau Tay village, Duy Phuoc commune, Duy Duyen district, Quang Nam province,
- Area: 13,629.00 m²
- Address: Phu Bong village, Duy Trinh commune, Duy Xuyen district
- Area: 6,229.00 m²
- Period of use: 01/2069
- Form of use: Rent land and pay annually

8.2. Land is no longer needed for use, handed over to the State for management: 1,039,140 m², including:

8.2.1 Land and assets on land in Tam An Area (including Working Office of the Center, Tam An Plant Variety Technology Development Farm): 41,140 m², including:

- Area: 41,140 m²
- Address: An Tho village, Tam An commune, Phu Ninh district, Quang Nam province

8.2.2 Production forest land in Binh Minh commune, Thang Binh district: 450,000 m²;

- Address: Binh Minh commune, Thang Binh district, Quang Nam province
- Area: 450,000 m²

8.2.3 Forest land in Tam Nghia commune, Nui Thanh district: 519,000 m²

- Address: Tam Nghia commune, Nui Thanh district, Quang Nam province
- Area: 519,000 m²

8.2.4. Nursery land in Chien Dan: 20,000 m²

- Address: Tay Yen village, Tam Dan commune, Phu Ninh district, Quang Nam province.
- Area: 20,000 m²

8.2.5. Land at Dien Ngoc Mushroom Variety Development Farm: 9,000 m²

- Address: Cau Ha village, Dien Ngoc ward, Dien Ban, Quang Nam
- Area: 9,000 m²

9. Solutions for implementation of plan

9.1. Solutions to management

Change of running model: Equitization brings benefits to the company in operations management, cost control, minimizing cost of goods, increasing profits.

Reorganizing and perfecting the processes of sales, monitoring and payment management; developing mechanisms, norms and standards for each department and individual; attaching responsibility, income and working results.

Diversifying business types, combining traditional and modern business methods, applying modern technology in production and business activities for the company development.

9.2. Solutions to human resources

In terms of the company structure: The restructuring of the unit will be completed by 2021, including the systems of branches and enterprises that function specializedly and focus on the core activities of the company.

Regarding human resources: There will be a synchronous combination between standardizing the staff and training and updating the company's managers, technicians, professional staff in management and business on knowledge regularly.

The company will regularly give employees chances to improve their qualifications and contribute their ideas to motivate the employees' working spirit.

It is necessary for the management staff to improve their business knowledge regularly through training courses or experience exchanges with other companies of the same kind. It will help them do business actively in the market mechanism, limit waste caused by ignorance.

Labors will be arranged in accordance with their capabilities, strengths and aspirations. It is necessary to clearly define tasks and responsibilities to reduce the excess of labors with poor capacity and low productivity.

- The company will rearrange the workforce in the departments on the basis of work requirements, adjusting relationships between departments to ensure a smooth coordination at work. As a result, the company will make quick and accurate decisions.

9.3. Solutions to market expansion

Farmers nowadays tend to buy rice seeds at well-known and prestigious production facilities, which requires producers and businessmen of rice seed to have clear strategies, from marketing ability to the capacity of accessing the market and establishing credibility to the company. They should constantly improve product quality, set up a system of finished seed rice distribution including retail agents in the centers of communes and towns in Quang Nam and neighbour provinces.

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In the period of post-equitization, the company needs to enhance advertising activities on mass media and through annual rice seed workshops. At the same time, the company should continuously consolidate, strengthen, and expand relationships with other units of the same interest.

A system of customer classification will be develop to have proper policies for each customer. Negotiation and giving solutions to related problems will be paid attention. Project implementation needs to be monitored and controlled so as to ensure product provision.

9.4. Solutions to product diversification and development

The company will take advantage of the existing trade name of Quang Nam Center for Agro-Forestry Varieties to quickly create new copyrighted varieties of rice with good quality and high value-added products besides traditional ones.

9.5. Solutions to marketing

To take effect in business operations, the company needs to pay attention to in-depth development of service provision in the coming time.

In market research, it is necessary for the company to make surveys to collect information about the demands for main products of the company; thereby there will be proper decisions on its business operations.

- After equitization, it is essential for the company to establish relationships with customers to increase its reputation in the market which will contribute to the company's market expansion. There will be fulltime staff to do research, market analysis, market demand planning and consultancy.

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9.6. Registration of stock transactions on the stock market

Pursuant to Article 11 of Decree No. 126/2017/ND-CP on information publicity and transparency on the stock market:

"2. When making the first public record of stock auctions, the equitized enterprise must enclose the registration records of depository, transactions or listing on the stock market (if it is eligible).

3. Within a maximum period of 90 days from the end of the public stock offering, the equitized enterprise is obligatory to complete the procedures for stock depository registration at the Vietnam Securities Depository and transactions registration on Upcom trading system."

V. INFORMATION ABOUT OFFERED SHARES

1. Charter capital and charter capital structure

To ensure capital for production and business activities after the equitization process and actual demand based on the business and production plan of the joint stock company, the charter capital of Quang Nam Center for Agro-Forestry Varieties (after equitization) is determined as follows:

* Charter capital of joint stock company: 13,884,240,000 VND (Thirteen billion, eight hundred and eighty four million, two hundred and forty thousand Vietnamese dong).

* Par value of one share: 10,000VND

* Number of shares: 1,388,424 shares

Pursuant to the Prime Minister's Decision No. 31/2017/QĐ-TTg dated July 17th, 2017 by the Prime Minister on criteria, list of branches and domains subject to transformation of public non-business units into joint-stock companies and centers, Quang Nam Center for Agro-Forestry Varieties is a unit belonging to the group of industry: *"Production and storage of plant varieties and animal breeds"*, of which the State holding less than 50% of charter capital when equitizing.

Pursuant to Decision No. 3366/QĐ-UBND dated October 24th, 2019 of Quang Nam People's Committee on approval of equitization plan: The ratio of State capital held by Joint Stock Company is 5% (The State sells a part of its existing capital at Quang Nam Agriculture and Forestry Seed Center according to Point b, Clause 1, Article 3 of Decision No. 22/2015/QĐ- TTg).

The total expected number of shares of the Company at the time of establishment is 1,388,424 shares, the par value of one share is 10,000 VND, the detailed charter capital structure is as follows:

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Table 16: Expected charter capital structure

No	Shareholders	Number of shares	Value (VND)	Ratio of charter capital (%)
I	State	69,421	694,210,000	5%
II	Union	0	0	0%
III	Workers	37,700	377,000,000	2.72%
	<i>Buy incentives according to actual working time in the public sector</i>	27,700	277,000,000	2.00%
	<i>Buy incentives according to the time commitment to work long-term at the joint stock company</i>	10,000	100,000,000	0.72%
IV	Sell to strategic investors	0	0	0%
V	Investors buy shares through a public auction	1,281,303	12,813,030,000	92.28%
Total		1,388,424	13,884,240,000	100%

Source: Decision No. 3366/QĐ-UBND dated October 24th, 2019 of Quang Nam People's Committee on approval of equitization plan of Quang Nam Center for Agro-Forestry Varieties;

2. Methods of selling shares, selling prices of shares

2.1. Shares sold preferentially to employees working according to actual working time in the State sector

According to the provisions of Clause 1, Article 21 of Decision No.22/2015/QĐ-TTg dated June 22nd, 2015 of the Prime Minister, Laborers are named in the regular list of Quang Nam Center for Agro-Forestry Varieties at the time of announcement of the

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enterprise value, it is allowed to buy up to 100 shares for each year of actual working at the Center with the selling price equal to 60% of the lowest successful bid price.

- Total number of employees named in the labor list on August 02nd, 2019 (Time of announcement of unit value for equitization) is: 20 people;

- Total number of employees purchasing shares according to seniority standards working in the State sector: 20 people;

- Total number of employees registering to buy according to the working seniority criteria: 20 people;

- Total number of working years of 20 Employees registering to purchase shares according to seniority standards working in the State sector: 277 years.

- Total number of shares that Employees registering to buy in accordance with this form are 27,700 shares with a total value of 277,000,000 VND accounting for 2,00% charter capital of joint stock companies.

- Time of selling shares to employees who buy shares according to seniority standards working in the State sector: The sale of shares to employees will done after public auction of shares to the public.

- Selling price: Equal to 60% of the lowest successful auction price.

The list of employees who buy stocks according to the criteria of seniority working in the State sector is in the Appendix attached

2.2. Shares sold preferentially to employees working according to the commitment period of long-term work at joint-stock companies for at least 03 years (from the date the enterprise is issued the first business registration certificate)

According to the provisions of Clause 2, Article 21 of Decision No. 22/2015/QĐ-TTg dated June 22nd, 2015 of the Prime Minister, the price of preferential shares for employees in this case is: *"The lowest successful bid"*.

According to the provisions of Clause 2 Article 21 Decision No.22/2015/QĐ-TTg:

"2. Workers are listed on the regular list of units at the time of announcing the value of transformed public non-business units, who are necessary subjects and have committed to work for at least 03 years (since the date the unit is granted the first business registration certificate) may buy additional shares according to the following provisions:

- a) Purchase additional 200 shares/01 year of commitment to continue working but not exceeding 2,000 shares for 01 employee.*

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Particularly for employees who are excellent experts, have high professional qualifications and master scientific research topics and patents have been applied to work at public non-business units committed to work for at least 5 years (from the date the unit is granted the first certificate of business registration), it is allowed to buy additional shares at the rate of 800 shares/01 year of commitment to work but not exceeding 8,000 shares for one worker. Ministry of branch management, People's Committees of provinces and cities directly under the Central Government shall guide and inspect the transformed public non-business units under and belonging to economic groups and state-owned corporations to build criteria to determine good experts and people with high professional qualifications suitable to the particularities of the business lines and the operation domains of the non-business units; This criterion must be unanimously approved by the congress of workers and employees before conversion.

b) Selling price of preferential shares to additional employees as stipulated in Point a of this Clause is defined as the lowest successful auction price (in the case of the previous public auction) or with the lowest successful selling price for strategic investors (in case of selling to strategic investors first).

c) Number of preferred shares to be bought by employees, good experts, people with high professional qualifications and owners of scientific research projects, patents have been converted by the application become a common stock after the end of the commitment period.

In case of conversion of public non-business units leading to laborers having to terminate labor contracts, severance or job loss according to the provisions of the Labor Code before the committed time limit, the additional shares have been purchased will be converted into common shares. If the employee needs to sell back to the enterprise the number of shares, the joint stock company is responsible for buying back at the price close to the market price.

In case the employee terminates the labor contract ahead of time committed or due to objective and force majeure reasons (such as death, lost ability to work...), the joint stock company shall pay the amount of employees who have bought shares after subtracting benefits of employees from the number of preferential shares. Joint-stock companies may retain the above shares for sale to newly recruited workers."

The Center has 10 employees who register to buy in accordance with the provisions of this form with a total number of shares of 10,000 shares, equivalent to a total value of 100,000,000 VND accounting for 0.72% of charter capital of joint stock

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companies. In which, the number of shares that employees are good experts, high professional qualifications registered to buy is 0 shares.

Criteria for determining employees who are good experts and have high professional qualifications are as follows:

- + Officials and employees on the list of employees in the unit transferred to work in the Joint Stock Company and have a commitment to work for at least 05 years (from the date the unit is granted a business registration certificate for the first time);

- + Officials and employees transferred to work for the Joint Stock Company are not subject to any disciplinary measures, within 36 months from the date of public stock sale backwards;

- + Officials and employees are excellent experts with high professional qualifications and the head of scientific research, patent applications have been applied to work at the Center.

These criteria are based on Official Letter No. 2159/STC-DMDN dated August 20th, 2019 of the Department of Finance - Standing Committee of Quang Nam Enterprise Renewal and Development Board on criteria on the criteria to buy preferential shares for employees when equitizing Quang Nam Center for Agro-Forestry Varieties.

Time to sell shares to employees: The sale of shares to employees will be proceeded after the public auction of shares to the public.

Selling price: is defined as the lowest successful bid price.

List of shares subscription with preferential price according to commitment of working time at joint stock company as the attached Appendix.

2.3. Preferential shares for Trade Union

As stipulated in Clause 2 Article 17 Decision No.22/2015/QĐ-TTg:

"Preferential shares sold to trade unions at public non-business units equitized:

Local trade unions may use trade union funds to buy preference shares but not exceeding 3% of the charter capital and these shares are not transferable; Selling price of preferential shares for trade union is equal to 60% of the lowest successful auction price (in case of a public auction first) or equal to 60% of the lowest successful selling price for strategic investors (in case of sale for strategic investors first."

Based on practical needs, Trade Union of Quang Nam Center for Agro-Forestry Varieties does not register to buy shares.in the first sale.

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2.4. Shares sold to strategic investors

Pursuant to the Prime Minister's Decision No.31/2017/QĐ-TTg of July 17th, 2017, on criteria and lists of industries and domains to transform public non-business units into joint-stock companies, Quang Nam Center for Agro-Forestry Varieties is a unit of the industry group: "Production and storage of original plant and animal breeds", belonging to the case that the State holds less than 50% of the charter capital when equitizing.

Under the provisions of Point b, Clause 3, Article 6 of Decree No.126/2017/NĐ-CP of November 16th, 2017 of the Government on transforming State enterprises and One-member limited liability companies invested 100% of charter capital by State enterprises into Joint Stock Company *"The organization of the first sale of shares to strategic investors applies only to enterprises in the list of State that continue to hold more than 50% of the total shares when equitization according to the decision of the Prime Minister."*

Pursuant to Decision No. 3366/QĐ-UBND dated October 24th, 2019 of the Quang Nam People's Committee on approval of the equitization plan of Quang Nam Center for Agro-Forestry Varieties, holding ratio of strategic investors in the first sale of shares is: 0% of charter capital.

2.5. Shares auctioned outside

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

- Auction organization: **1,281,303** shares with a total value of **12,813,030,000** VND, accounting for 95.28% of the charter capital of joint stock companies for investors through auction.

- Estimated starting price: **10,000 VND/share**.

- Auction time: After the Decision of Quang Nam People's Committee on approval of the equitization plan of Quang Nam Center for Agro-Forestry Varieties.

- Subjects participating in the auction: Domestic and foreign investors and institutional investors in accordance with the law.

- Restrictions on foreign investors:

The holding rate of foreign investors will comply with the provisions of Clause 2, Article 1 of Decree No.60/2015/NĐ-CP dated June 26th, 2015 (effective from September 01st, 2015) of the Government amended and supplemented a number of articles of Decree No.58/2012/NĐ-CP dated July 20th, 2012, detailing and guiding the implementation of a number of articles of the Securities Law and the Law amending



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and supplementing a number of articles of the Securities Law, in which specifying: Foreign ownership rate in public companies as follows:

a) In cases where an international treaty of which Vietnam is a member contains provisions on foreign ownership ratios, the international treaty shall be complied with;

b) In case a public company operates in the business and investment lines in which the law on investment and related laws stipulates a foreign ownership rate, the provisions of such law shall apply.

For public companies operating in investment business lines applicable to foreign investors without specific regulations on foreign ownership, the maximum foreign ownership ratio is 49%;

c) In case a public company operates in a wide range of industries, with different regulations on foreign ownership, the foreign ownership ratio does not exceed the lowest level in the industries and trades of the company with provisions on foreign ownership rates, unless there are the other international treaties;

d) For public companies not falling into the cases specified at Point a, b and c of this Clause, the foreign ownership ratio is not limited, unless regulated by the company's rules.

Pursuant to the Investment Law No.67/2014/QH13 passed by the National Assembly of the Socialist Republic of Vietnam on November 26th, 2014, Law No.03/2016/QH14 dated November 22nd, 2016 amended and supplemented Article 6 and Annex 4 on the list of conditional business investment sectors of the Investment Law, **the business lines of the Company after equitization: "trading in plant and animal varieties" in the conditional business line.**

However, **there are currently no specific regulations on foreign ownership of the Group's business lines**, so the foreign ownership ratio is **maximum 49%** of the Company's Charter Capital.

3. Payment method and payment term

The sale of shares at preferential prices to employees and trade unions (if any) is carried out at the Unit, according to the approved list.

- Shares sold to other investors through public auction expected to be held at Hanoi Stock Exchange. The payment method and payment term are specified in the Auction Regulations issued by the Hanoi Stock Exchange.

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4. Plan for refunding state budget capital and plan for using proceeds from
equitization

Table 17: Plan for refunding state budget capital and plan for using proceeds
from equitization

No.	Items	Amount (VND)
1	Charter capital of the joint stock company (a)	13,884,240,000
2	Actual state capitals in the enterprise after revaluation (b)	13,884,242,937
3	Proceeds from equitization (expected) (c)	13,079,230,000
3.1	Proceeds from auction to outside	12,813,030,000
3.2	Proceeds from selling shares to trade unions	0
3.3	Proceeds from selling shares to employees	266,200,000
	+ Buying under seniority criteria working in the state sector	166,200,000
	+ Buying under the commitment working long-term in the joint stock company	100,000,000
4	Par value of shares sold to employees, auctioned to the outside (d)	13,190,030,000
6	Equitization expenses performed by the unit (f)	564,000,000
7	Expenses for settling policies for redundant labours (g)	15,046,400
Total amount deposited in the Enterprise Arrangement and Development Support Fund (expected) (c) – (f) – (g)		12,500,183,600

(Source: Quang Nam Center for Agro-Forestry Varieties)

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Note: The Center will refund state budget according to Article 39 of Decree No. 126/2017/ND-CP.

5. Parties involved in the offering

EQUITIZATION UNIT

QUANG NAM CENTER FOR AGRO-FORESTRY VARIETIES

Contact address: No. 78 Hung Vuong street, Tam Ky city, Quang Nam province

Tel: (0235) 3849 552 Fax: (0235) 3849 550

CONSULTING UNIT



**VIETNAM BANK FOR INDUSTRY AND TRADE
SECURITIES JOINT STOCK COMPANY (VIETINBANK
SECURITIES) - DA NANG BRANCH**

Address: 8th Floor, No. 36 Tran Quoc Toan street, Hai Chau 1 ward, Hai Chau district, Da Nang city

Tel: (024) 3974 1771 Fax: (023) 6358 4788

Website: www.ets.vn

ORGANIZATION FOR AUCTION



HANOI STOCK EXCHANGE

Address: No. 02 Phan Chu Trinh street, Trang Tien ward, Hoan Kiem district, Ha Noi city

Tel: (024) 3941 2626 Fax: (023) 3974 1760

Website: www.hnx.vn

AUDITING UNIT

FAC AUDITING CO., LTD - CENTRAL BRANCH

Head office: No. 159B Tran Quy Cap street, Hoa Thuan ward, Tam Ky city, Quang Nam province

ORGANIZATION FOR DETERMINING THE UNIT VALUE:



NAM VIET VALUATION CO., LTD (NVC)

Head office: No. 16, Kim Dong street, Giap Bat ward, Hoang Mai district, Ha Noi city

Tel: (024) 3244 4044 Fax: (024) 3244 4045

VI. RISK FACTORS EXPECTED TO AFFECT THE OPERATION OF THE ISSUING ORGANIZATION

1. Economic risks

Any economy always has certain risks. Those risks are formed by the fluctuations of basic factors in the economy such as economic growth, inflation, interest rates, exchange rates ... When the economy is in a growth cycle, macro factors are well controlled, the strong increase in demand is the driving force for businesses to develop, in contrast, when the economy recovers, interest rates and inflation rise. ... is a significant hindrance affecting business activities of businesses. Quang Nam Center for Agro-Forestry Varieties, as well as other businesses, is a participant in the economy, so it is not outside the influences and impacts from the changes of those factors.

1.1. Economic growth

Economic growth directly affects income, financial capacity, needs of customer(s) in making investment plans and investment decisions, etc. results of production and business activities of enterprises, including Quang Nam Center for Agro-Forestry Varieties.

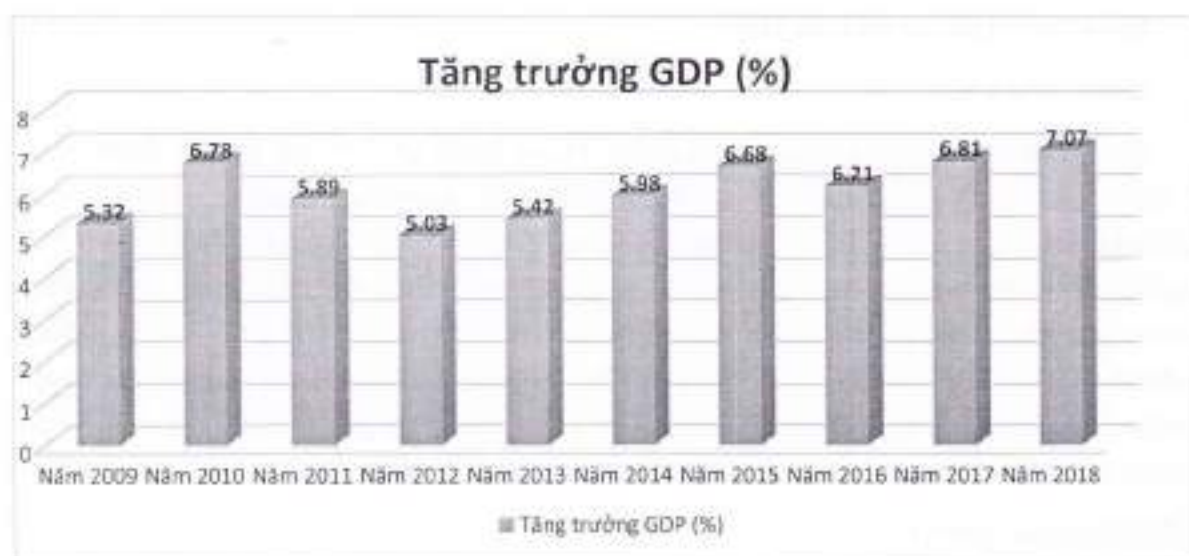
The socio-economic situation of our country in 2018 occurred in the context of the world economic growth slowing down and potentially unpredictable factors. Global trade increased more slowly than expected due to changes in US trade policy, the US-China trade war became more and more complicated. Global inflation in the first months of the year tended to increase higher than 2017 due to the increase in energy prices, especially oil prices. In addition, trade tensions between major countries and the increasing trend of trade protectionism have an impact on production and exports of Vietnam and other countries in the region. In the country, besides the favorable results from positive results in 2017, our economy also faces complicated weather conditions, affecting food and food prices, affecting the level. inflation control targets; Disbursement of public investment was low.

The gross domestic product (GDP) in 2018 increased by 7.07% compared to 2017, the highest increase since 2008. In the growth rate of the economy in 2018, the agriculture, forestry and fishery increased by 3.76%, contributing 8.7% to the overall growth; industry and construction sector increased by 8.85%, contributed 48.6%; service sector increased by 7.03%, contributing 42.7%.

Agriculture, forestry and fishery achieved the highest growth rate in the past 7 years, confirming the effective restructuring of the sector structure, especially in the field of agriculture and aquaculture.

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Chart 1. Vietnam's GDP growth rate in the period of 2009 - 2018



(Source: According to General Statistics Office, CTS summarizes)

Growth in 2019 is forecast to probably not achieve a good growth rate as in 2018 while inflation will tend to increase, in the first 3 months of 2019, GDP is estimated to increase by 6.79% over the year. before, lower than the same period in 2018.

However, the economic outlook in 2019 is still optimistic, Vietnam can take advantage of some impacts from world economic developments, such as the US-China trade war, which can create favorable conditions for businesses. Vietnamese enterprises have the opportunity to penetrate deeper into the US market, when products from China become more expensive. Vietnam - EU Trade Agreement, comprehensive and progressive Trans-Pacific Partnership (CTTPP) ... will also facilitate market expansion and have a positive impact on bilateral trade turnover and multilateral.

1.2. Inflation risk

Inflation is a macro factor that can affect the whole economy in general and the Company in particular. In the period 2008 - 2011, high inflation rates had a negative impact on the Vietnamese economy and business operations (s). Curbing inflation and macroeconomic stability remain one of the Government's top priorities in the period of 2011-2015, and is also reaffirmed in the 5-year economic plan for the 2016-2020 period.

The average core inflation in 2018 increased by 1.48% compared to 2017, forecasting in 2019, inflation may increase due to the impact on the prices of important commodities: petrol and electricity prices...

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1.3. Interest rate risk

The State Bank of Vietnam operates interest rates through two main types of interest rates: rediscount interest rates and refinancing rates. Based on the operating rates of the State Bank of Vietnam, the commercial banking system will determine the interest rates for capital mobilization and lending rates. Changing interest rates will affect financial costs and business performance, profits of businesses in general and Quang Nam Center for Agro-Forestry Varieties in particular.

Determining interest rates is one of the important financial indicators, which can greatly affect the cost of capital, business results of the Company, so the Board of Directors always monitors and updates the situation, daily interest rate model and always be cautious and careful before making a decision to use loans from bank (s). As a result, interest rate risk is always controlled by the Company.

2. Legal risks

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

Business operations of the Company are governed by various legal documents. These laws will continue to be amended and supplemented to suit the actual situation. Any change will affect the Company's production and business activities.

The ability to manage and control business operations is one of the important factors contributing to limiting legal risks. Along with the development process, the Company will continue to have the mechanism of monitoring, updating and adjusting to have the best adaptation to the changing legal environment.

3. Industry specific risks

In 2018, the sector of Agriculture, Forestry and Fishery achieved the highest growth rate in the past 7 years, confirming the effective restructuring of the sector structure, especially in the field and aquaculture. However, the agricultural sector has always been influenced by the weather conditions on the development of crops and livestock, the situation of annual devaluation seasons ... which significantly affects the development of the industry. Quang Nam Agricultural Company, which specializes in producing and supplying plant seeds, will not be excluded from these impacts. Therefore, Quang Nam People's Committee has implemented many mechanisms and policies to support rural agriculture development in the whole province..

4. Risks of the offering

The first outside share offering of Quang Nam Center for Agro-Forestry Varieties

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will be significantly affected by the situation of the stock market as well as the developments of the domestic economy. Unfavorable developments and information from the stock market and macro factors may affect the psychology of investors as well as the absorption capacity of the market. In addition, the first share offering of Quang Nam Center for Agro-Forestry Varieties has no underwriter, so it may not succeed as expected, resulting in low number of shares purchased more than the total offer volume. The unsold shares will then be handled in accordance with the Government's Decree No. 126/2017/ND-CP of November 16, 2017, on transforming State enterprises and one-member limited liability companies into State-owned enterprises invested 100% of charter capital into joint-stock companies.

Risks of the offering, if any, will change the Company's charter capital structure compared to the initial plan, thereby partly affecting the implementation of the Company's business plans after equitization.

5. Other risks

In addition to the above-mentioned risk factors, there are also risk factors that occur due to objective and force majeure phenomena such as natural disasters (storms, floods, droughts, epidemics, earthquakes ...), war or fire ... These risks, if they occur, will cause many difficulties and greatly affect the production and business activities of the Company.

VII. FOR CONCLUSION

This announcement of information is a part of the initial public offering of Quang Nam Center for Agro-Forestry Varieties, which was auctioned by the Vietnam Bank for Industry and Trade Securities Joint Stock Company - Da Nang Branch which drafted honestly, objectively and accurately based on the information and data provided by Quang Nam Center for Agro-Forestry Varieties.

All of the above information is provided in accordance with applicable laws to ensure the publicity, transparency and legal rights of investors but does not imply the guarantee of the value of the shares.

The above information is provided to investors with the aim of helping investors to view businesses intending to invest objectively and wisely.

We hope that investors should carefully refer to this announcement of information and related documents before making a decision to auction shares of Quang Nam Center for Agro-Forestry Varieties.

Sincerely thank you for your interest!

Quang Nam, Date: October 31st, 2019

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REPRESENTATIVE OF EQUITIZATION MANAGEMENT COMMITTEE

Head of Equitization Management Committee
Deputy Director of Quang Nam Department of Agriculture and Rural Development
(Signed and sealed)

Le Minh Hung

REPRESENTATIVE OF QUANG NAM CENTER FOR AGRO-FORESTRY VARIETIES

Director of Quang Nam Center for Agro-Forestry Varieties
(Signed and sealed)

Nguyen Dinh Vuong

**REPRESENTATIVE OF CONSULTING UNIT
VIETNAM BANK FOR INDUSTRY AND TRADE SECURITIES JOINT
STOCK COMPANY – DA NANG BRANCH**

Director of Da Nang Branch
(Signed and sealed)

Le Dieu Thuy

Handwritten signature in red ink, likely of the representative of the consulting unit, Le Dieu Thuy.

Công ty Cổ phần Dịch vụ Hàng không Quảng Nam xin xác nhận bản dịch
tiếng Anh hoàn toàn đúng so với bản gốc *tiếng Việt* đã giao.

Quang Nam Air Services Joint Stock Company confirm *English* Translation
quite right with original *Vietnamese* have signed.

TM. CÔNG TY

ON BEHALF OF THE COMPANY



TRẦN THỊ ANH TÙNG