THE EQUITIZATION MANAGEMENT COMMITTEE OF HAU GIANG CENTER FOR RURAL WATER SUPPLY AND ENVIRONMENTAL SANITATION RECOMMENDS THE INVESTOR TO READ CAREFULLY ALL THE INFORMATION IN THIS DOCUMENT AND AUCTION REGULATIONS BEFORE APPLYING TO JOIN THE AUCTION.

INFORMATION DISLOSURE

THE INITIAL PUBLIC OFFERING OF SHARES IN

CENTER FOR RURAL WATER SUPPLY AND ENVIRONMENTAL SANITATION

AUCTION PERFORMING ORGANIZATION:

HOSE

HO CHI MINH CITY STOCK EXCHANGE

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

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

SHARE OFFERING ORGANIZATION :

CENTER FOR RURAL WATER SUPPLY AND ENVIRONMENTAL SANITATION

Address: Highway 61, Hamlet 2, Nang Mau Town, Vi Thuy District, Hau Giang Province.

Phone: (0293) 3573 355

CONSULTING ORGANIZATION :

BETA SECURITIES INC

BETA SECURITIES INCORPORATION

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

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

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INFORMATION ABOUT THE INITIAL SHARE OFFERING

1. Share offering organization

Organization name	:	**CENTER FOR RURAL WATER SUPPLY AND ENVIRONMENTAL SANITATION**
Address	:	Highway 61, Hamlet 2, Nang Mau Town, Vi Thuy District, Hau Giang Province
Phone	:	(0293) 3573 355
JSC Charter capital	:	292,331,400,000 VND
Share's par value	:	10,000 VND
Number of share	:	29,233,140 shares

In which:

Government's share holding	:	*14,643,901 shares, occupied 50.1% of charter capital*
Share offering for labor in the company according to working period standard in Government area	:	*57,000 shares, occupied 0.2% of charter capital*
Share offering for labor in the company according to long-term working commitment at the Joint Stock Company	:	*208,000 shares, occupied 0.78% of charter capital*
Share offering in the public auction	:	*14,324,239 shares, occupied 49% of charter capital*

2. Share offering for the auction

Number of share offering in the auction	:	14,324,239 shares, occupied 49% of charter capital
Type of share offering	:	Ordinary shares
Auction method	:	Public auction through HCMC Stock Exchange

Initial price for the auction	:	10,000 VND/share
Number of maximum share registered to be purchased by each investor	:	14,324,239 shares

3. Information disclosure about share purchasing registered organizations

Providing location of Information Disclosure, receiving registration to join the auction, receiving of deposits, distributing of participation sheet: According to regulations of share offering to the public by Center for Rural Water Supply and Environmental Sanitation issued by Ho Chi Minh City Stock Exchange.

I. LEGAL BASIS ABOUT THE AUCTION

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

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

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

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

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

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

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

- Decision No. 1200/QD-UBND on July 11st, 2017 issued by Hau Giang People's Committee about changing the Center for Rural Water Supply and Environmental Sanitation into Joint Stock Company;

- Decision No. 1596/QD-UBND on September 19th, 2017 issued by Hau Giang People's Committee about establishing Equitization Management Committee of Center for Rural Water Supply and Environmental Sanitation;

- Decision No. 04/QD-BCDCPH on October 02nd, 2017 issued by Equitization Management Committee of Center for Rural Water Supply and Environmental Sanitation about establishing the Assistant Team for the Equitization Management Committee of Center for Rural Water Supply and Environmental Sanitation;

- Decision No. 07/QD-BCDCPH on January 21st, 2018 issued by Equitization Management Committee of Center for Rural Water Supply and Environmental Sanitation about strengthening the Assistant Team for the Equitization Management Committee of Center for Rural Water Supply and Environmental Sanitation;

- Plan No. 35/KH-UBND on March 14th, 2018 issued by Hau Giang People's Committee on the equitization of Center for Rural Water Supply and Environmental Sanitation;

- Document No. 268/UBND – KT on February 13rd, 2018 issued by Chairman of Hau Giang People's Committee about undertaking to select consultancy units, determining the value of Center for Rural Water Supply and Environmental Sanitation;

- Document No. 4043/UBND – KT on November 22nd, 2018 issued by Chairman of Hau Giang People's Committee about adjusting the timeline for determining the enterprise value of Center for Resources and Environment Engineering;

- Decision No. 2138/QD-UBND on December 11st, 2019 issued by Hau Giang People's Committee about approving the value of Center for Rural Water Supply and Environmental Sanitation as of December 31st, 2018 for equitization;

- Decision No. 276/QD-UBND on February 20th, 2020 issued by Hau Giang People's Committee about approving the equitization plan of Center for Rural Water Supply and Environmental Sanitation;

- Other related legal documents.

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

1. Representative of Equitization Management Committee

- Mr. Nguyen Thanh Ha Position: Head of Committee.

This Information Disclosure prepared by equitization organization and consulting organization is approved by Equitization Management Committee.

2. Representative of Center

- Mr. Nguyen Van Long Position: Director of Center.

We are completely responsible about the assurance of the information and data in this Information Disclosure to be true, suitable with the reality, full and necessary for the investor to evaluate about properties, business operation, financial situation, result and prospect of the Center.

3. Representative of Consulting Organization – Beta Securities Incorporation

- Mrs. Tran Thi Bong Position: Deputy of General Director.

We assure that the analysis, evaluation and language selection in this Information Disclosure are performed reasonably and carefully based on the information and data provided by Center.

III. CONCEPTS AND ACRONYMS.

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

VĐL	:	Charter Capital
Center	:	Center for Rural Water Supply and Environmental Sanitation
XDCB	:	Construction in progress

IV. SITUATION AND CHARACTERISTICS OF OFFERING ORGANIZATION

1. Summary of formation and development process

- More than 10 years ago, the United Nations decided to take the decade (1981-1991) as the "International Decade on Water Supply and Environmental Sanitation". In response to that movement, the Government of Vietnam, funded by UNICEF, has implemented the Target program: National Rural Water Supply and Environmental Sanitation in the whole country, including Hau Giang province.

- On August 5th, 1989, Hau Giang People's Committee (former) issued Decision No. 270 "Establishing the Management Board of Rural Water Works of Department of Labor Invalids and Social Affairs" in charge of construction of Rural Water Supply Works in Hau Giang Province (now Hau Giang Province, Soc Trang Province and Can Tho City).

- In 1990, the name was changed to UNICEF Hau Giang Water and Environmental Sanitation Program Center.

- By 1992, it was renamed to Can Tho Water and Environmental Sanitation Program.

- In 1997, the name was changed to Can Tho Center for Rural Water Supply and Environmental Sanitation.

- In 2004, at the time of separating the province and establishing Hau Giang province today, the People's Committee of Hau Giang province issued a decision to establish the Hau Giang Center for Rural Water Supply and Environmental Sanitation based on the initial basis that Can Tho Center for Rural Water Supply and Environmental Sanitation. Hau Giang Center for Rural Water Supply and Environmental Sanitation is under the management of Hau Giang Department of Agriculture and Rural Development;

- On February 10th, 2009, Hau Giang People's Committee issued Decision No. 286/QD-UBND about establishing Hau Giang Center for Rural Water Supply and Environmental Sanitation and operating to date;

- The achievements the Center has achieved:

+ Decision No. 196/QD.SNN & PTNT on December 29th, 2006 issued by Department of Agriculture and Rural Development about recognizing advanced collectives and individuals in 2006.

+ Decision No. 14/QD.SNN & PTNT on January 17th, 2008 issued by Department of Agriculture and Rural Development about recognizing advanced collectives and individuals in 2007.

+ Decision No. 08/QD.SNN & PTNT on January 12nd, 2010 issued by Department

of Agriculture and Rural Development about recognizing advanced collectives and individuals in 2008.

+ Decision No. 05/QD.SNN & PTNT on January 7th, 2011 issued by Department of Agriculture and Rural Development about recognizing advanced collectives and individuals in 2010.

+ Decision No. 34/QD.CĐVC on November 18th, 2014 issued by Hau Giang Official Trade Union on the recognition of strong and excellent base Trade Union in 2014.

+ Decision No. 142/QD-SNNPTNT on February 3rd, 2015 issued by Director of Department of Agriculture and Rural Development about recognizing advanced collectives and individuals in 2014.

+ Decision No. 69/QD.CĐVC on November 20th, 2015 issued by Hau Giang Official Trade Union on the recognition of strong base Trade Union in 2015.

+ Decision No. 516/QD-SNNPTNT on December 25th, 2015 issued by Director of Department of Agriculture and Rural Development about recognizing advanced collectives and individuals in 2015.

+ Decision No. 539/QD-SNNPTNT on December 7th, 2016 issued by Director of Department of Agriculture and Rural Development about recognizing advanced collectives and individuals in 2016.

+ Decision No. 857/QD-SNNPTNT on December 12nd, 2017 issued by Director of Department of Agriculture and Rural Development about recognizing advanced collectives and individuals in 2017; Decision No. 327/QD-UBND on March 12nd, 2018 issued by Hau Giang People's Committee about recognizing the title of excellent collective for 09 collectives under Department of Agriculture and Rural Development.

+ Decision No. 535/QD-SNNPTNT on December 24th, 2018 issued by Director of Department of Agriculture and Rural Development about recognizing advanced collectives and individuals in 2018.

+ Decision No. 129/QD-LĐĐL on June 9th, 2014 issued by Hau Giang Labor Union about awarding the Certificate to Center Rural Water Supply and Environmental Sanitation base Trade Union for outstanding achievements in the "Labor Month" in 2014

+ Decision No. 33/QĐ-LĐLD on January 28th, 2015 issued by Hau Giang Labor Union about awarding the Certificate to Center Rural Water Supply and Environmental Sanitation base Trade Union for outstanding achievements in the movement of good labor emulation and building a strong Trade Union organization in 2014.

+ Decision No. 28/QD-CĐVC on January 29th, 2015 issued by Hau Giang Official Trade Union about awarding the Certificate to Center Rural Water Supply and Environmental Sanitation base Trade Union for outstanding achievements in trade union activities in 2014.

+ Decision No. 144/QD-SNNPTNT on February 3rd, 2015 issued by Director of Department of Agriculture and Rural Development about awarding the Certificate to collectives and individuals that successfully completed their tasks in 2014.

+ Decision No. 13/QD-CĐVC on April 20th, 2015 issued by Hau Giang Official Trade Union about awarding the Certificate to Center Rural Water Supply and Environmental Sanitation base Trade Union for outstanding achievements in the patriotic emulation movement and trade union activity for the period of 2011-2015.

+ Decision No. 518/QD-SNNPTNT on December 25th, 2015 issued by Director of Department of Agriculture and Rural Development about awarding the Certificate to individuals who have achieved emulation achievements successfully in 2015.

+ Decision No. 90/QD-CĐVC on December 23rd, 2015 issued by Hau Giang Official Trade Union about awarding the Certificate to Center Rural Water Supply and Environmental Sanitation base Trade Union for outstanding achievements in the movement of officials and employees - workers and union activities in 2015.

+ Decision No. 858/QD-SNNPTNT on December 12nd, 2017 issued by Director of Department of Agriculture and Rural Development about awarding the Certificate from the Director of Department of Agriculture and Rural Development to collectives and individuals that successfully completed their tasks in 2017.

+ Decision No. 536/QD-SNNPTNT on December 24th, 2018 issued by Director of Department of Agriculture and Rural Development about awarding the Certificate from the Director of Department of Agriculture and Rural Development to collectives and individuals that successfully completed their tasks in 2018.

2. Main types of business

According to Decision No. 273/QD-SNNPTNT on May 31st, 2016 issued by Hau Giang Department of Agriculture and Rural Development about defining the functions, tasks, powers and organizational structure of Hau Giang Center for Rural Water Supply and Environmental Sanitation, which specifies functions, tasks and powers as follows:

↓ Position and function

- Hau Giang Center for Rural Water Supply and Environmental Sanitation is a non-business unit with income, self-sufficient for all regular operating expenses, legal status, seal and separate account as prescribed by law.

- Center for Rural Water Supply and Environmental Sanitation is under the management of Hau Giang Department of Agriculture and Rural Development; actively coordinating to perform professional work with agencies and units of the Department.

- Center for Rural Water Supply and Environmental Sanitation functions to organize the implementation of programs, plans and projects on rural water supply and environmental sanitation.

- Organizing the management, operation and exploitation of rural water supply and sanitation facilities according to the decentralization assigned by the Provincial People's Committee in Hau Giang province in accordance with the current law.

↓ Mission

- Advising the Director of Hau Giang Department of Agriculture and Rural Development to develop long-term, medium-term and annual programs and plans, legal documents on rural water supply and environmental sanitation.

- Coordinating with relevant agencies and organizations to apply new technologies in the field of clean water treatment to meet the needs of daily-life water for rural people.

- Managing and organizing the apparatus, payroll, finance and properties of the Center according to regulations, implementing the salary regime and regimes of preferential treatment, commendation, discipline and appointing officials and employees laborers go to training courses to raise their professional qualifications.

- Participating in the implementation, management and use of investment capital for programs and projects on rural water supply and environmental sanitation arranged by the province and international aid organizations. At the same time, organizationing to receive and manage materials, equipment and capital allocated according to the programs and projects as prescribed.

- Carrying out information reporting, periodic and unexpected on the implementation of assigned tasks according to the regulations of the Department of Agriculture and Rural Development; National Center for Rural Water Supply and Environmental Sanitation; Ministry of Agriculture and Rural Development; Other related units.

- In addition to the implementation of plans, programs and projects assigned by the State, the Center shall perform the following tasks: Constructing and installing load pipes, branches and water meters for households and organizations using water; constructing Rural Water Supply and Environmental Sanitation works for organizations and individuals who need them on the basis of utilizing resources at the Center or coordinate with external units but make sure not to affect the tasks assigned by the State.

- Performing other duties as assigned by the Director of Department of Agriculture and Rural Development and superior agencies.

Power

- Be allowed to collect water use fee in accordance with the regulations of the Provincial People's Committee to cover operation, maintenance, regular repair, upgrade, expand rural water supply and environmental sanitation projects, ensuring sustainable works, serving better for people's lives.

- The Center is allowed to work with domestic and foreign organizations and individuals to set up a project in order to enlist help and aid in the field of rural water supply and environmental sanitation.

- Participating in coordination and implementation of programs and projects on rural water supply and environmental sanitation funded by domestic and foreign organizations and integrated with local socio-economic programs.

- Researching and applying scientific and technical advances, choosing appropriate technical solutions to provide rural water supply and environmental sanitation to apply and popularize widely in each rural area.

- Collaborating with specialized agencies in the province, mass media agencies, social organizations, socio-political organizations in propaganda and communication on clean water and environmental sanitation.

3. Governing body

- Name of governing body: Hau Giang Department of Agriculture and Rural Development.

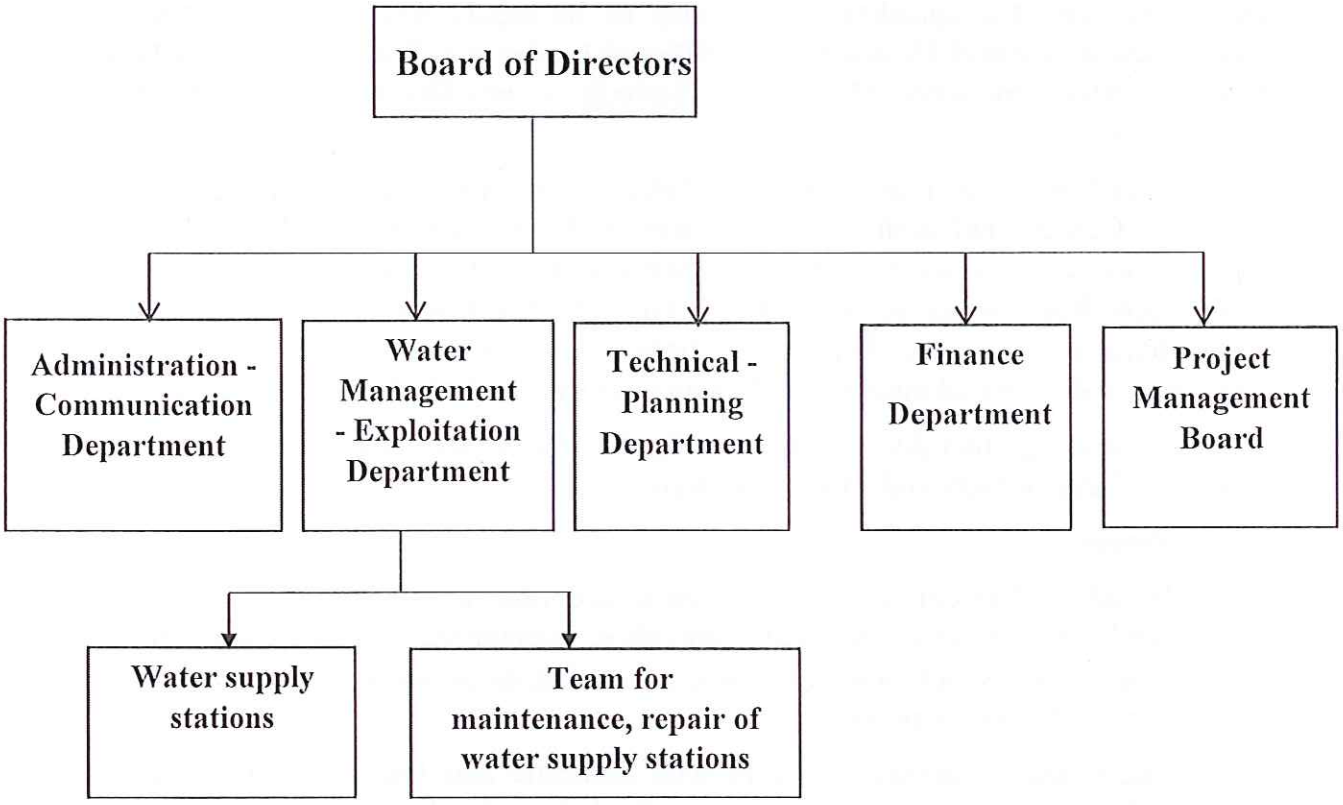
- Address: No. 5 Xo Viet Nghe Tinh Street, Ward 5, Vi Thanh City, Hau Giang Province.

4. Organizational and management structure

4.1. Organizational chart

Organization chart of Center for Rural Water Supply and Environmental Sanitation

Figure 1: Organization chart of Center



(Source: Center for Rural Water Supply and Environmental Sanitation)

4.2. Function and detail responsibilities of each department:

a. Board of Directors: Including 01 Director and 01 Deputy Director:

Director:

- Director is the Head of Center, responsible to the Director of Department of Agriculture and Rural Development and the law for the entire operation of the Center. The appointment and dismissal of director is conducted by Director of Department of Agriculture and Rural Development according to the decentralization of the Provincial People's Committees.

- Promulgating the Regulation on organization and operation of the offices and

sections of the Center; at the same time, organizing the organization and arranging employees in accordance with job positions and criteria prescribed by the State.

- Assigning the Deputy Directors, Heads and Deputy Heads of the Center to perform professional tasks.

- Signing documents of the Center issued on related issues, the work of the field of the unit. In case the Director is absent, authorizing the Deputy Director to sign.

- Chairing press conferences, conferences, seminars of agencies, attending meetings and working with leaders of the provincial People's Committee and departments and agencies on issues related to their work.

Deputy Director:

- Deputy Director is responsible to the Director and the law for their assigned fields. The appointment and dismissal of a Deputy Director is made by Director of Department of Agriculture and Rural Development according to the decentralization of the Provincial People's Committee.

- Actively directing and settling affairs according to the competence assigned by the Director, signing on behalf of the Director in writing when the Director authorizes or leaves the office.

- Researching and advising Director to issue documents, development plans and political duties of the unit.

- In addition to the specific tasks assigned, the Deputy Director is responsible for capturing and monitoring the Center's general activities so that they can advise and coordinate on the work.

b. Administration - Communication Department:

- Assisting the Director to coordinate the daily work of agency, schedule the Board of Directors, monitoring and urging specialized departments to implement programs, work plans, reports, handle professional work, contents related to the functions and tasks of the Center at the request of People's Committee, Ministry of Agriculture and Rural Development, Department of Agriculture and Rural Development, and related Departments.

- Advising the Director on organization, personnel, emulation - commendation and discipline work.

- Performing archives - store of agencies, administrative work, legal work and some other internal affairs of the unit; administration of facilities, equipment, working conditions, facilities for activities of agencies, water supply stations.

- Organizing and carrying out reception and festive activities, activities to celebrate big holidays, security and order, fire and explosion prevention, agencies' hygiene, guiding and welcoming guests to work at the Center.

- Gathering information, organizing the implementation, coordinating with other departments and agencies in compiling documents and training water supply station management staff in water operation, management and exploitation. Collaborating with local authorities in organizing, propagating and mobilizing people in using clean water and participating in environmental protection.

- Monitoring and evaluating the annual set of indicators for Clean Water and

Environmental Sanitation in accordance with the orientation of the national program and the national strategy on rural water supply and environmental sanitation.

c. Finance Department

- Advising the Board of Directors on financial management, receiving and managing materials, equipment, capital, assets under financial autonomy and programs, rural water supply and environmental sanitation projects every year, responsible to the superior and the law within their assigned scope.

- Advising the Board of Directors on building operation regulations, financial and asset use regimes and funds under the management of the Center.

- Organizing the payment and settlement according to the programs and projects that the Center is managing and implementing. Coordinating with relevant departments and agencies to periodically check the settlement, water debt, meter and supplies at the water supply stations managed by the Center.

- Organizing the work: financial statements, taxes, fees, charges by month, quarter, year and other reports when assigned; estimating revenue - expenditure of non-business capital, PMB according to the annual plan.

d. Water Management - Exploitation Department

- Managing the water supply stations in Hau Giang province managed by the Center in the management, operation and exploitation of water, ensuring the supply of water for people.

- Advising the Board of Directors on planning, investing in the construction of new water supply stations, developing water supply pipelines, installing clocks at water supply stations in the area.

- Organizing periodic surveys, inspections, reviews, preliminary reviews and summaries of water supply situation on a monthly, quarterly, six-month and whole-year as well as repair and maintenance of water supply works. Set the direction and plan to perform the task according to the functions and tasks of the divisions.

e. Technical - Planning Department

- Advising and assisting the Center's leaders in making long-term, medium-term and annual plans on rural water supply and environmental sanitation; performing synthesis and report monthly, quarterly and annually in the implementation of projects.

- Advising and taking responsibility to the Center's leaders in technical matters, in the field of technology solutions, participating in the survey project.

- Advising the Project Management Board of Center in organizing project evaluation, reporting on bidding results, bidding, and construction contracts in accordance with the Government's bidding regulations; organizing the inspection and acceptance test of the quality of rural water supply and environmental sanitation works.

- Coordinating with Water Management - Exploitation Department for Survey, Calculate, Design and Estimate Works: Maintenance Water Supply Works, Development of Pipelines, Relocation of Water Supply Pipelines entangled in Water Transportation Works.

- Coordinating with the Finance Department in the process of payment, settlement of completed works, contacting independent auditors and the Department of Finance in the project settlement.

- Managing, checking the document storing work of the Divisions, the Program – Project.

f. Project Management Board

- Assisting the Director in managing and organizing the implementation of the Project strictly according to the State regulations; advising on technological solutions, project suggestions, surveys, designs, cost estimates, design appraisals, construction drawing estimates, organizing construction supervision of water supply and environmental sanitation works strictly according to state regulations; Other duties as assigned by the Director.

g. Water supply stations

- As a unit under the Water Management - Exploitation Department, under the leadership and administration of the Division Leaders, the Management Teams in the areas of water supply stations.

- Water exploitation and treatment must be ensured according to regulations on water quality, designed capacity to supply for households using.

- Implementing the management of personnel, assets, finance of Station in accordance with rules and regulations of Center and provisions of law.

h. Team for maintenance, repair of water supply stations

- As a unit under the Technical – Planning Department, under the leadership and administration of the Division Leader according to the assigned functions and tasks.

- Organizing the repair and maintenance of electricity, water supply pipelines and constructing water supply pipelines and works in rural areas under the management of the Center.

5. Labor situation

At the value disclosure time of Center on December 11st, 2019, total number of labor and officers with name in the regular list of Center is 14 people, in which the structure is as below:

NO.	Criteria	Number (people)	Percentage (%)
I	**Classify according to level**	**114**	**100**
1	Over university level	1	0.9
2	University level	34	29.8
3	College, inter-school level	22	19.3
4	Other levels	57	50
II	**Classify according to working contracts and labor contracts**	**114**	**100**
1	Workers not signing working or labor contract	0	0
2	Undefined time working contract	72	63.2
3	Contract with terms from 12 to 36 months	38	33.3
4	Temporary or under 12 months contract	4	3.5
III	**Classify according to gender**	**114**	**100**
1	Male	103	90.4
2	Female	11	9.6

(Source: Center for Rural Water Supply and Environmental Sanitation)

V. BUSINESS OPERATION ACTIVITIES OF CENTER

1. Business situation before equitization

1.1. Business operation activities through years

The center provides clean water to households in Hau Giang province. Business operations of the Center from 2016 to 2018 are summarized through the following table:

No.	Criteria	Unit	2016	2017	2018
1	Total number of water supply stations in operation	Station	201	153	68
2	Total number of newly installed meters	Set	3,850	3,200	5,036
3	Total number of households using water	Household	34,906	37,458	42,201

4	Market share (calculated by the number of households used in the total number of households in Hau Giang province)	%	24.43	26.09	29.39
5	Total water output	M^3	3,478,928	4,185,809	4,902,959

(Source: Center for Rural Water Supply and Environmental Sanitation)

Business results from 2016 to the end of 2018 are shown as follows:

Unit: Vietnam dong

No.	Criteria	2016	2017	2018
1	**Revenue**	**18,968,493,615**	**21,548,976,112**	**28,529,981,786**
-	Administrative and non-business activities	-	-	183,304,696
-	Production, business and service activities	18,968,493,615	21,548,976,112	28,346,677,090
-	Financial activities	-	-	-
-	Other activities	-	-	-
2	**Expenditures**	**17,187,384,595**	**19,867,786,634**	**26,574,222,456**
-	Administrative and non-business activities	-	-	148,896,000
-	Production, business and service activities	17,187,384,595	19,867,786,634	26,574,222,456
-	Financial activities	-	-	-
-	Other activities	-	-	-
3	**Different**	**1,781,109,020**	**1,681,189,478**	**1,955,759,330**
-	Administrative and non-business activities	-	-	34,408,696
-	Production, business and service activities	1,781,109,020	1,681,189,478	1,955,759,330
-	Financial activities	-	-	-
-	Other activities	-	-	-

4	**Income tax expense of the unit**	**178,110,902**	**168,118,948**	**192,135,063**
5	**Surplus/Deficit in the year**	**1,602,998,118**	**1,513,070,530**	**1,763,624,267**

(Source: Center for Rural Water Supply and Environmental Sanitation)

1.2. Material source

a. Input factors serve the supply service:

- Main materials mainly used in the production of products: polymer alum, chlorine, other materials and raw water. Besides, there is electricity and labor used in the production of clean water.

- Raw water is supplied from surface water taken from rivers (canals and ditches) meeting physical and chemical criteria to ensure standards of domestic water and underground water from wells, then surface water and groundwater are supplied through treatment systems at stations, finished water is tested to ensure quality before supplying to people.

b. Stability of the input factors:

- Raw water is taken from nature, with the advantage of river system and large groundwater, the raw water (surface water and groundwater) used for water production is assessed to be stable and meet the capacity of water supply stations every year.

- Materials of polymer alum, chlorine, and other materials are purchased from domestic suppliers and are quite diverse, abundant sources meet the needs of the Center.

- Besides, the power source uses the input from the common grid, the power supply is relatively stable.

- Labor force used is mainly local workers, the proportion of unskilled labor is high so the labor source is relatively abundant. The highly specialized labor force is relatively less volatile.

c. Impacts of the input factors to revenue, profit:

- The fluctuation of adjustment to increase the annual electricity price will affect the production and business profits of the Center due to the use of the central power source is calculated according to the production and business costs.

- Increased fluctuations in groundwater and surface water resource taxes have also caused pressure to reduce fluctuations, reducing profit margins.

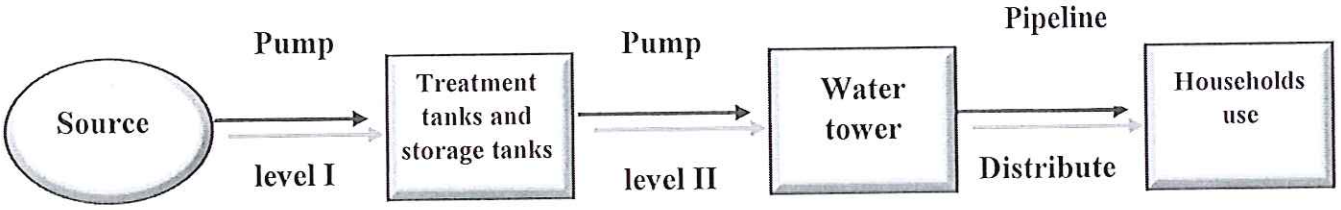
- Labor factors, polymer materials, chlorine, and other materials also significantly affect the profit structure when fluctuations increase or decrease.

1.3. Technology Level

- **Small centralized water supply system (4-6 m^3):**

➢ **Use surface water:**

- **Process technology diagram:**

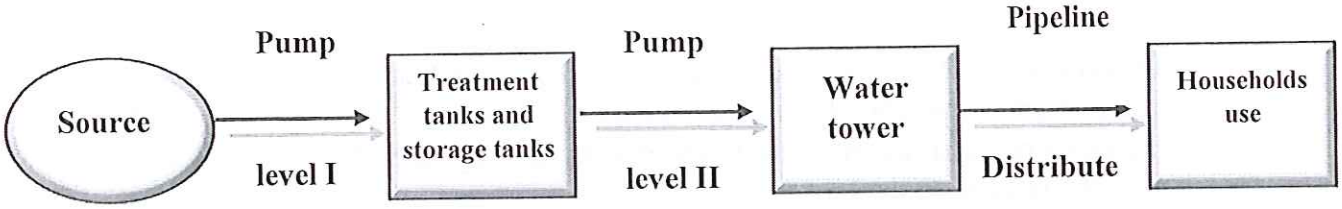


- **Technology explanation:**

Surface water taken from rivers (canals and ditches) meets the physical and chemical criteria to meet the standards of daily-life water, except for turbidity and suspended solids. Water is pumped from level I, pumped into the treatment tank, settled and filtered out of sediment, solids and silt in the water. The filtered water is directed to a clean water tank, where the water is injected by a chemical disinfectant pump that meets microbiological.

➢ **Use groundwater:**

- **Process technology diagram:**



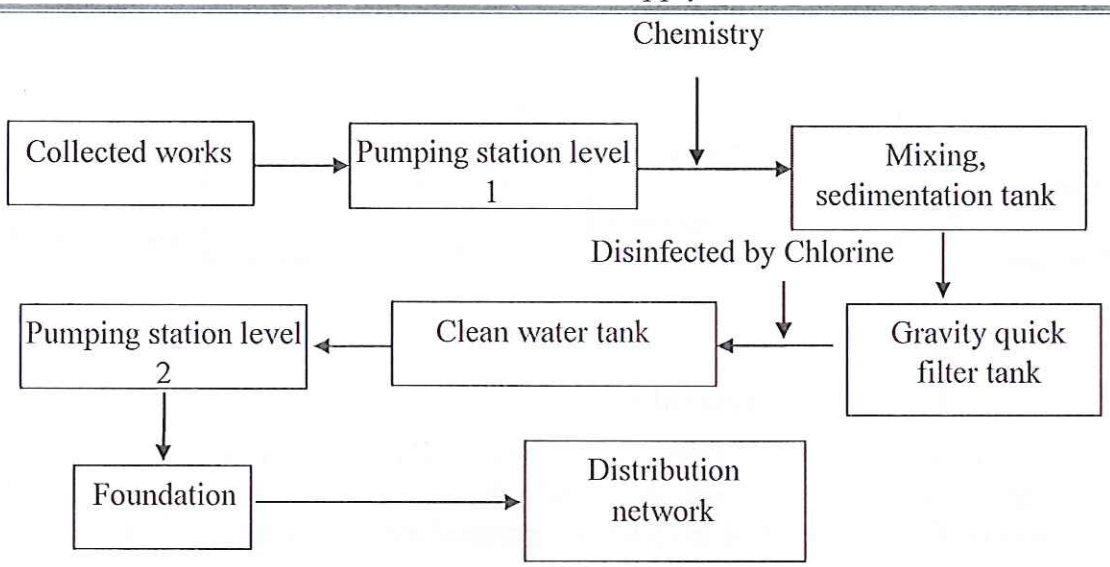
- **Technology explanation:**

Groundwater treatment technology is designed and improved according to the **Unicef** technology, the groundwater from the well is pumped from level I into the treatment tank, the water is deodorized and filtered out the residue, Iron in the water. The filtered water is passed through a clean water tank and filled with microbiological chemicals pumps. Here, clean water is pumped by a level II pumping system, leading to a clean water tank on the tower, from which water is distributed according to the main pipeline supplied to households.

➢ **Centralized water supply system of 10 m^3 or more:**

➢ **Use surface water:**

- **Water treatment technology line:**



- **Technology explanation:**

+ Water from the collected works is pumped by horizontal shaft pumps (level 1 pump) to settling tanks, colloidal chemicals are added on the push pipe of level 1 pumps, water, after being mixed with chemicals, is transferred to a waste sedimentation tank with suspended sediment through the fishbone distribution system at the bottom of the tank, where large scale particles (Iron deposits precipitate and inorganic deposits in water) is partially deposited.

+ Water collected after settling will be collected through a system of serrated troughs and then passed through the filter tank, evenly distributed on the surface of the layer of filter material made of quartz sand in the gravity gravity open filter tank by the trough placed in the middle of the tank.

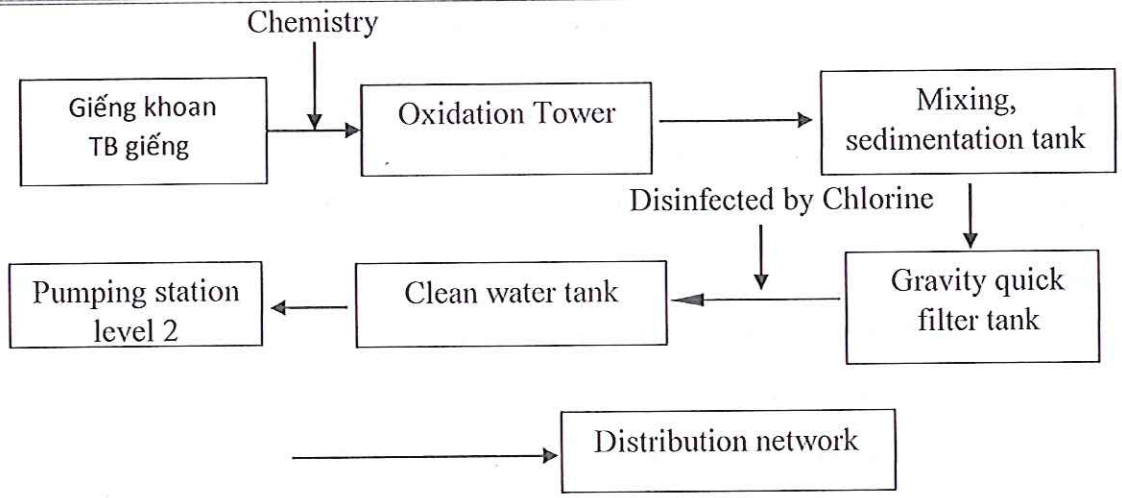
+ Here, small particles and a large part of the microorganisms in the water are retained in the filter material layer and the filtered water is then filtered through stainless steel floor system and on the upper siphon pipe with float valve adjusting the filtration speed of each filter compartment and returned to the clean water tank.

+ Water from the filter tank to the tank: At the position of the collection pipe after filtering, before entering the tank, the amount of chlorine solution mixed into the water will be quantified for disinfection, the expected dose of active chlorine is 2mg/l. The end of the chlorine filler tube is inserted into the middle of the water collection pipe to create disturbance in the water.

+ Water released into the network has residual chlorine content not less than 0.3mg/l and not more than 0.5mg/l.

➢ **Use surface water:**

- **Water treatment technology line**:



- **Technology explanation:**

+ Water from the well is taken by a submersible pump (level 1 pump) to the oxidation tower to get oxygen from the air to oxidize Fe ++ dissolved in water into Fe +++ capable of precipitating in the form of $Fe(OH)_3$. Simultaneously with the natural ventilation, NH_3 and CO_2 are released due to oxygen displacement. After clearing, the water is transferred to a waste sedimentation tank with suspended sediment through the fishbone distribution system at the bottom of the tank, where large scale particles (Iron deposits precipitate and inorganic deposits in water) is partially deposited.

+ Water collected after settling will be collected through a system of serrated troughs and then passed through the filter tank, evenly distributed on the surface of the layer of filter material made of quartz sand in the gravity gravity open filter tank by the trough placed in the middle of the tank.

+ Here, small particles and a large part of the microorganisms in the water are retained in the filter material layer and the filtered water is then filtered through stainless steel floor system and on the upper siphon pipe with float valve adjusting the filtration speed of each filter compartment and returned to the clean water tank.

+ Water from the filter tank to the tank: At the position of the collection pipe after filtering, before entering the tank, the amount of chlorine solution mixed into the water will be quantified for disinfection, the expected dose of active chlorine is 2mg/l. The end of the chlorine filler tube is inserted into the middle of the water collection pipe to create disturbance in the water.

+ Water released into the network has residual chlorine content not less than 0.3mg/l and not more than 0.5mg/l.

+ Clorator % Q is adjusted according to quantitative needs (expected 2mg / l), this dose may change when actual exploitation. According to the regulations (water released into the network has residual chlorine content not less than 0.3mg/l and not more than 0.5mg/l).

1.4. Research and development situation for new products

Center only provides clean water for people in accordance with the initial goal, so the research and development of new products for business is not available.

1.5. Checking situation of product – service

Water supply stations should be tested before taking water into operation. The testing is conducted in a laboratory and through an organization certified to conform to the Vietnamese Standard ISO/IEC17025 and registered for operation according to Decree No. 107/2016/ND-CP dated July 1st, 2016 of the Government providing conditions for business of conformity assessment services. The process of performing water quality testing of Center is as follows:

- **Step 1**: Testing raw water quality parameters

- Surface water according to QCVN 08-MT: 2015/BTNMT.

- Groundwater according to QCVN 09-MT: 2015/BTNMT.

- **Step 2**: Testing clean water quality parameters for all water quality parameters of Group A and Group B according to QCVN 01-1: 2018/BYT

Population	Quantity	Sampling locations
Under 100,000 people	At least 3 samples	-1 sample in the treated water tank -1 sample at the end source -1 random sample on the net
From 100,000 people or more	At least 4 samples	-1 sample in the treated water tank -1 sample at the end source -2 random sample on the net (one additional sample for every 100,000 people)

- **Step 3**: Storing and managing record keeping on clean water quality

- Local technical regulations on clean water quality are issued by the Provincial People's Committee.

- Results of testing raw water quality periodically and unexpectedly.

- Test results of regular and extraordinary water quality parameters.

- Chemical records.

- Record keeping of water samples.

- Report the remedies.

- Disclose information on clean water quality.

- Documents proving the implementation of safe water supply plan.

- **Step 4**: Disclosing information on clean water quality

Within 3 days after receiving the results, the water supply unit shall publicize the results of testing water quality parameters on the website. If there is no website, the unit must post the notice at the head office gate, the following contents:

- Total number of water samples tested and sampling locations.

- Specific parameters and test results of each water sample.

- Measures and time to overcome the parameters do not meet the standards

- **Step 5**: Testing water quality parameters periodically

- Frequency of testing for water quality parameters of Group A: not less than 1 time per month

- Frequency of testing for water quality parameters of Group B: not less than 1 time per 6 months

- Depending on the locality, the provincial People's Committee may set the frequency of testing more than the frequency specified above

Note: When there is an environmental incident that is likely to affect the quality of clean water, the water supply unit must test all clean water quality parameters of Group A and Group B.

1.6. Marketing activities

Center of particular activities is a public non-business unit with income under the Department of Agriculture and Rural Development of Hau Giang province and focuses on providing clean water to people, with the goal of ensuring the majority of people have access to clean water, the market is concentrated in Hau Giang province. Therefore, the production and business activities are specific and much different from the state units focusing on commercial business activities. Business activities and product prices comply with state regulations. Because of the above-mentioned characteristics, marketing activities are not implemented at the Center due to the dependence on the annual approved budget mechanism.

1.7. Commercial brand, patent and copyright registration

Center periodically upgrades its machinery and equipment system to produce clean water meeting the general regulations. Technologies and machines are purchased directly from manufacturers. Therefore, the center has not generated any patent and copyright activities.

1.8. Big contract in performing or have been signed

Clean water business activities of the center are retailing clean water to each household. Therefore, the main and popular customers are households in Hau Giang province.

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

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

Unit: VND

No.	Criteria	2016	2017	2018
1	Total revenue	18.968.493.615	21.548.976.112	28.529.981.786
2	Total expense	17.187.384.595	19.867.786.634	26.574.222.456
3	Profit after tax	1.602.998.118	1.513.070.530	1.763.624.267
4	Payment made to State	178.110.902	168.118.948	192.135.063

5	Receivables	3.093.205.056	2.836.029.171	3.525.719.990
	In which, overdue amount	-	-	-
6	Payables (*)	3.658.358.027	4.539.934.080	1.535.942.810
	In which, overdue amount	-	-	-
7	Total average labor	255	238	166
8	Total salary fund	5.293.294.729	4.775.268.072	5.606.944.134
9	Average monthly salary/person	-	-	-

(Source: Center for Rural Water Supply and Environmental Sanitation)

2. Situation of Center at the value determination time of Center

2.1. Situation about assets

Situation of assets of Center at the value determination time on December 31st, 2018 is as follow:

Unit: VND

No.	Type of assets	Book value have been financially processed before determining unit values		Revaluted value	
		Cost	Residual value	Cost	Residual value
A	**Assets in use**	**343.506.005.777**	**226.713.143.411**	**419.528.543.607**	**294.573.601.302**
I	**Fixed assets and long-term investment**	**337.261.731.070**	**220.468.868.704**	**413.284.268.900**	**288.329.326.595**
1	**Fixed assets**	**263.882.472.730**	**147.089.610.364**	**339.905.010.560**	**214.950.068.255**
a	*Building and structure*	*114.954.578.822*	*58.796.746.079*	*158.223.743.932*	*99.198.175.028*
b	*Machinery and equipment*	*145.641.583.912*	*86.073.286.308*	*178.394.956.632*	*113.532.315.250*
c	*Means of transportation*	-	-	-	
d	*Transmission equipment*	-	-	-	
e	*Other fixed assets*	*3.286.309.996*	*2.219.577.977*	*3.286.309.996*	*2.219.577.977*
f	*Intangible fixed assets*	-	-	-	

g	*Real estate*	-	-	-	
2	**Long-term financial investments**	-	-	-	
3	Construction in progress	**73.379.258.340**	***73.379.258.340***	**73.379.258.340**	**73.379.258.34(**
4	Long-term mortgages, collateral, deposits	-	-	-	
5	Long-term prepaid expenses	-	-	-	
II	**Current assets**	**6.244.274.707**	**6.244.274.707**	**6.244.274.707**	**6.244.274.70**
1	**Cash**	**384.371.820**	***384.371.820***	**384.371.820**	**384.371.82(**
-	*Cash in hand*	*38.097.109*	*38.097.109*	*38.097.109*	*38.097.10*
-	*Demand deposit*	*346.274.711*	*346.274.711*	*346.274.711*	*346.274.71*
2	**Short-term financial investments**	-	-	-	
3	**Receivables**	***4.911.868.257***	***4.911.868.257***	***4.911.868.257***	***4.911.868.25***
4	**Inventory supplies, goods**	948.034.630	948.034.630	948.034.630	948.034.63(
5	**Other current assets**	-	-	-	
B	**Assets not in use**	***7.232.601.936***	**4.815.039.973**	***7.232.601.936***	**4.815.039.97**
I	**Fixed assets and long-term investment**	-	-	-	
1	**Fixed assets**	-	-	-	
a	*Building and structure*				
C	**Assets waiting for liquidation**	-	-	-	
a	*Building and structure*				
b	*Machinery and equipment*				
c	*Means of transportation*				
d	*Transmission equipment*				
e	*Management equipment*				
D	**Assets from bonus & welfare funds**	-	-	-	
TOTAL (A+B+C+D)		**350.738.607.713**	**231.528.183.384**	**426.761.145.543**	**299.388.641.27**

(Source: Value determination report of Center for Rural Water Supply and Environmental Sanitation)

2.2. Situation about financial liability

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

Unit: VND

No.	Items	Book value have been financially processed before determining unit values	Revaluated value	Difference
A	**Receivables**			-
I	**Other short-term receivables**	**4.911.868.257**	**4.911.868.257**	-
1	Receivables from customers	3.525.719.990	3.525.719.990	-
2	Other receivables	1.386.148.267	1.386.148.267	
B	**Payables**			-
I	**Other short-term payables**	**4.611.854.077**	**2.454.951.692**	**(2.156.902.385)**
1	Payables to the Supplier	1.535.942.810	1.535.942.810	-
2	Capital mobilization of officials	3.075.911.267	919.008.882	(2.156.902.385)
3	Other payables			

(Source: Value determination report of Center for Rural Water Supply and Environmental Sanitation)

2.3. Situation about land in use

Currently, the Center is managing a total of 79 land plots with an area of 36,462.5 m². Inside:

- Plots allocated by the State: Area: 14,484.1 m².
- Plots has been approved for planning, land acquisition notice and approved the plan of compensation, support and resettlement but established procedures for land allocation: Area: 14,743.6 m².
- Plots are public lands managed by the Commune People's Committee or in accordance with the master plan of flood-resistant residential areas. Area: 3,554 m²
- Plots are donated by the people. Area: 3,681 m².

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

Advantages

- As one of the units with a long history and many contributions to the development of Hau Giang province, the Center always receives the attention of the managing unit which is the Hau Giang Department of Agriculture and Rural Development and Hau Giang People's Committee, receives timely support from departments to create the most favorable conditions for the Center to carry out tasks.

- With the method of sustainable development of business based on the added value of the local people and the responsibility of the employees in the Center, in recent years, Center has always received the enthusiastic support of all levels of government and the long-term commitment, construction and development of all employees of the Center.

- The capital sources for investment in upgrading, renovating projects, etc. are timely, thereby contributing to ensure the production plan for supplying water to households meeting the expected demand.

- Organizing timely deployment of legal documents related to professional and specialized tasks to meet the unit's development requirements.

- Building human resources, management models in accordance with the actual situation orientation at the unit.

- Following closely the guidance of Department of Agriculture and Rural Development in Hau Giang province to well perform the administrative and document work. Implementing digital signatures, managing documents, building lists of records and archiving records.

- The repair of damaged and degraded water supply stations has been paid attention to, improving the quality of water for daily life of rural people, without interrupting the water supply.

- Products and services of the Company are one of the essential products for consumers, the demand for clean water is increasing when the quality of social life is higher and higher.

Disadvantages

- Because many water supply systems have been in operation for a long time, therefore, infrastructure of machinery, equipment and pipelines are degraded. The timely upgrading and repairing work did not meet the demand, partly due to the limited budget.

- Receivables increased during the year, the difference of debt was higher than the same period due to increased water debt at water supply stations.

- There are still some water and service quality stations that are not really good, and breakdown problems have not been promptly solved.

- The collection of water money still faces limited difficulties due to the manual collection of directly collected by each household, the main reason is that the characteristics of customers are mainly rural households.

- The organizational structure of the operating apparatus at the water supply stations continues to be improved in terms of operational efficiency to meet the needs of production and business activities of the unit.

- Currently, the company's ability to supply clean water is very large, but due to the low awareness of people about the importance of clean water, there is a habit of using untreated well water. Not only that, groundwater extraction in households is occurring naturally and uncontrollably. Because of these reasons, some water supply stations managed by the company have not yet reached their full capacity as well as the annual production and development plan is not high.

4. Position of the company comparing to others in the same sectors

a. Position of the company in sector:

The main operation of center is located in Hau Giang province, in the field of supplying clean water directly to households, in addition to the Center, there is another unit, Hau Giang Water Supply and Sewerage – Projects Urban Joint Stock Company (equitized units from state-owned enterprises). Because the water supply business has to invest in building a system of pipes and water treatment systems, the units will zoning business areas. The center focuses on exploiting in rural areas to supply water for households in some districts throughout the province, the construction of water supply systems to the areas of other units is limited due to the Demand and investment efficiency will not be high. Therefore the participation of other units in the same area where the units are present is not available.

b. Development prospect of the sector:

Clean water is an essential commodity for daily life and production and business activities. As the economy is growing, the demand for clean water is increasing so the water supply industry (especially clean water supply in rural areas) always receive the support and attention of the Government.

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

The center regularly upgrades the clean water production system to meet the increasing hygiene and safety standards of clean water. The quality management is focused by the Center to ensure the national standard of clean water quality. In recent years, water products provided by the center always meet the water requirements of the Ministry of Health.

The focus on the work of renovating and upgrading the old water supply stations; investing and cooperating in joint venture to build new water supply stations, gradually applying advanced technology in water treatment ... to ensure water quality in accordance with regulations. This shows that the development orientation of the center is completely in line with the general development orientation of the industry and state policies.

5. Actual value of the company for equitization

Pursuant to Decision No. 2138/QD-UBND dated December 11st, 2019 issued by Hau Giang People's Committee, approving the value of the Center for Rural Water Supply and Environmental Sanitation to equitize Center for Rural Water Supply and Environmental Sanitation and file for determining unit value and actual value of the unit for equitization is shown in the following table:

SUMMARY OF VALUE DETERMINATION FOR THE UNIT

Unit: VND

ITEM	BOOK VALUE	REVALUATED VALUE	DIFFERENCE
1	2	3	4=3-2
A. Assets in use (I+II+III+IV)	**226.713.143.411**	**294.573.601.302**	**67.860.457.891**
I. Fixed assets and long-term investments	**220.468.868.704**	**288.329.326.595**	**67.860.457.891**
1. Fixed assets	147.089.610.364	214.950.068.255	67.860.457.891
a. Tangible fixed assets	147.089.610.364	214.950.068.255	67.860.457.891
b. Intangible fixed assets	-	-	-
2. Long-term financial investments	-	-	-
3. Construction in progress	73.379.258.340	73.379.258.340	-

4. Long-term mortgages, collateral, deposits	-	-	-
5. Long-term prepaid expenses	-	-	-
II. Current assets	**6.244.274.707**	**6.244.274.707**	-
1. Cash:	384.371.820	384.371.820	-
+ Cash in hand	38.097.109	38.097.109	-
+ Cash in bank	346.274.711	346.274.711	-
2. Short-tem financial investments	-	-	-
3. Receivables	4.911.868.257	4.911.868.257	-
4. Inventory supplies, goods	948.034.630	948.034.630	-
5. Other current assets	-	-	-
6. Non-business expenditures	-	-	-
III. Goodwill	-	-	-
IV. Land use right	-	-	-
B. Assets not in use	**4.815.039.973**	**4.815.039.973**	-
(Only record the residual value in the accounting book)	-	-	-
1. Fixed assets and long-term investment	-	-	-
1. Fixed assets	-	-	-
In which: Investment assets = Bonus fund + Welfare fund	-	-	-
2. Long-term financial assets	-	-	-
3. Construction in progress	-	-	-
4. Long-term mortgages, collateral, deposits	-	-	-
II. Current assets	-	-	-
1. Irrecoverable debts	-	-	-
2. Stagnant inventory goods	-	-	-
C. Assets waiting for liquidation	-	-	-
I. Fixed assets and long-term investment	-	-	-
II. Current assets	-	-	-
D. Assets forming from bonus and welfare fund (Do not use for business production)	-	-	-

TOTAL ASSET VALUE OF THE UNIT (A + B + C + D)	**231.528.183.384**	**299.388.641.275**	**67.860.457.891**
In which:	-	-	-
TOTAL ACTUAL VALUE OF THE UNIT (Item A)	**226.713.143.411**	**294.573.601.302**	**67.860.457.891**
E1. Actual payable debts	4.611.854.077	2.454.951.692	(2.156.902.385)
In which: The value of newly assigned land use right must be remitted into the State budget	-	-	-
E2. Bonus fund, welfare fund, career fund	(212.846.227)	(212.846.227)	-
TOTAL VALUE OF GOVERNMENT CAPITAL INVESTMENT AT THE UNIT [A-(E1+E2)]	**222.314.135.561**	**292.331.495.837**	**70.017.360.276**

(Source: Value determination report of Center for Rural Water Supply and Environmental Sanitation)

Based on value determination result for Center for Resources and Environment Engineering approved by Hau Giang People's Committee:

1. Actual value of Center: **294,573,601,302** VND

2. Actual value of Government capital investment at Center: **292,331,495,837** VND

Note: From the time of determining the unit value of December 31st, 2018 to the time of official transformation into a joint stock company, the upgrade, repair and construction works of the Center (including upgrade, repair and construction works approved by the Department of Finance and Hau Giang People's Committee) that have not been recorded in the value of state capital invested in the unit, will be handled in accordance with the Decision No. 22/2015/QD. -TTg on June 22nd, 2015 issued by Prime Minister on changing a public non-business unit into a joint stock company and relevant current legal documents.

- The approved works of current constructions such as

Unit: 1,000 VND

No.	Name of construction	Address of construction	Actual settlement value	Value recorded in the approved unit value	Residual value has not been recorded in the unit value	Legal records
01	Centralized water supply station in Hoa Tien commune - Vi Thanh city	Hoa Tien Commune, Vi Thanh City, Hau Giang Province	9.231.663	-	9.231.663	Decision No. 391/QD-STC on July 15th, 2019 issued by Hau Giang Department of Finance
02	Upgrading, repairing and developing pipelines in Hoa Luu commune	Hoa Luu Commune, Vi Thanh City, Hau Giang Province	2.921.310	-	2.921.310	Decision No. 422/QD-STC on July 30th, 2019 issued by Hau Giang Department of Finance
03	Upgrading, repairing and developing pipelines of Vi Trung commune	Nang Mau Water Plant, Vi Thuy district, Hau Giang province	3.864.841	-	3.864.841	Decision No. 432/QD-STC on August 5th, 2019 issued by Hau Giang Department of Finance
04	Upgrading and repairing Phu An water supply station	Phu An commune, Chau Thanh district, Hau Giang province	2.904.795	-	2.904.795	Decision No. 631/QD-STC on November 5th, 2019 issued by Hau Giang Department of Finance
05	Upgrading and expanding concentrated water supply stations in Vi Thuy, Chau Thanh A and Phung Hiep districts.	Vi Thuy district, Chau Thanh A district and Phung Hiep district, Hau Giang province.	64.147.595	65.033.134	(885.539)	Decision No. 1517/QD-UBND on September 24th, 2019 issued by Hau Giang People's Committee
Total			**83.070.204**	**65.033.134**	**18.037.070**	

- Works completed but not yet approved for settlement of current constructions are as follows:

Unit: 1,000 VND

No.	Name of construction	Address of construction	Actual settlement value	Value recorded in the approved unit value	Residual value has not been recorded in the unit value
01	Upgrading and expanding the development of water supply pipelines in new rural communes: Hoa My, Tan Binh and Phung Hiep district	Hoa My and Tan Binh communes, Phung Hiep district, Hau Giang province	4.485.164	-	4.485.164
02	Upgrading and expanding the development of water supply pipelines in new rural communes: Long Tri, Tan Phu and Long Tri A, Long My town	Long Tri, Tan Phu and Long Tri A communes, Long My town, Hau Giang province	4.372.147	-	4.372.147
03	Upgrading and expanding the development of water supply pipelines in new rural communes: Vi Thanh, Vi Thuy, Vinh Thuan Tay, Vinh Trung and Vinh Tuong, Vi Thuy district	Vi Thanh, Vi Thuy, Vinh Thuan Tay, Vinh Trung and Vinh Tuong communes, Vi Thuy district, Hau Giang province	4.536.354	-	4.536.354
04	Upgrading and expanding the development of water supply pipelines in new rural communes: Thuan Hung, Vinh Vien, Vinh Vien A, Vinh Thuan Dong and Long My district	Hoa My and Tan Binh communes, Phung Hiep district, Hau Giang province	5.126.332	-	5.126.332
Total			**18.519.997**	-	**18.519.997**

VI. BUSINESS DEVELOPMENT ORIENTATION AFTER EQUITIZATION

1. Information about the company after equitization

1.1. Basic information

- Vietnamese name: **CÔNG TY CỔ PHẦN CẤP NƯỚC VÀ VỆ SINH MÔI TRƯỜNG NÔNG THÔN HẬU GIANG.**
- English name: HAU GIANG ENVIRONMENTAL SANITATION AND WATER SUPPLY JOINT STOCK COMPANY.
- Abbreviated company name: **HAU GIANG WATER.**
- Head office: Hamlet 02, Nang Mau Town, Vi Thuy District, Hau Giang Province.
- Phone: 02933.573.355.
- Email: hgcerwass@gmail.com.

1.2. Legal status

After equitization, the Company will operate under status as Joint Stock Company, in which the **Government holds 50.1% of charter capital**, operating according to Corporate Law No. 68/2014/QH13 approved by Congress of Socialist Republic of Vietnam XIII, the 8th meeting period on November 26th, 2014, the Policy to organise the operation of the Joint Stock Company and other related regulations.

1.3. Business sector

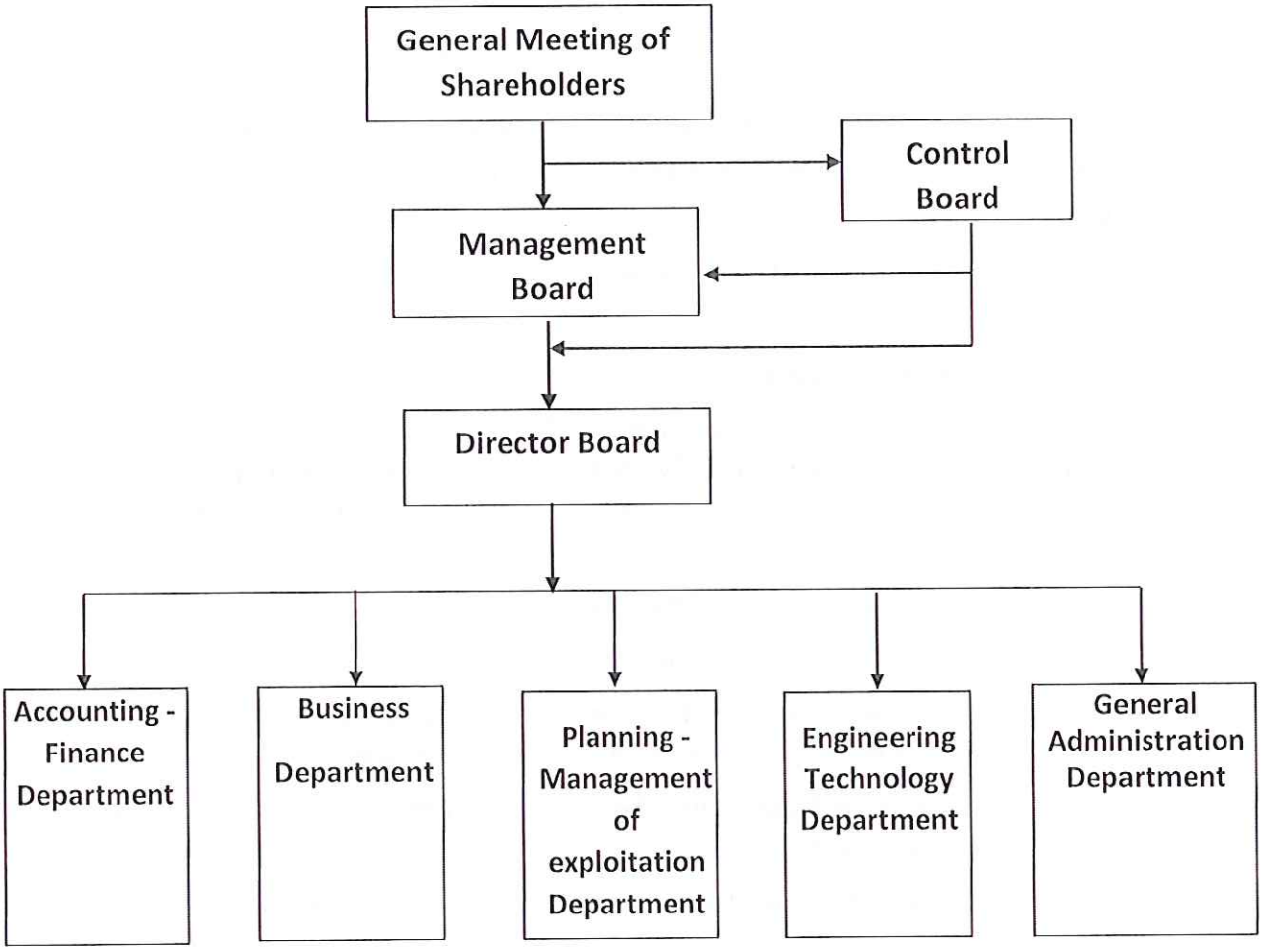
Manufacturing and trading clean water; Managing and exploiting irrigation works; Designing water supply and drainage works, supervising the installation of water supply and drainage works, consulting investment project formulation; Construction, installation and repair of water supply and drainage works; Trading materials, machinery, equipment specialized in water supply and drainage; Testing water quality; Producing bottled mineral water and pure water; Drainage and waste water treatment; Trading other construction materials and equipment; Construction of technical infrastructure; Motor vehicle for rent; Leasing machines, equipment and other tangible equipment; Trading in real estate, land use rights of the owner, the user or leased. drilling for exploration and exploitation of underground water; relations with domestic and foreign organizations and individuals conducting joint ventures and cooperating to invest in water supply and drainage.

2. Organizational structure of Joint Stock Company

2.1. Joint Stock Company's organizational structure chart

Organizational structure of JSC is expected to be as following:

Organization chart of the joint stock company:



(Source: Center for Rural Water Supply and Environmental Sanitation)

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

❖ **Shareholders**

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

❖ **Management Board**

Management Board is the management department in the Company, having right on behalf of the Company to decide the related issues to purposes, benefits of the Company, except those issues under right of Shareholder. Management Board always monitor the

business activities, internal control and risk control for the Company. Management Board of the Company is expected to include 3 people assigned by Shareholders.

❖ **Control Board**

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

Control Board reviews annual financial reports, review each detail issued related to financial activities when needed or according to decision of Shareholders or request from big shareholders. The Audit Committee reviews for the accuracy, truth and legalization of document, accounting books, financial reports and operation of internal control system.

Control Board of the Company is expected to have 3 people assigned by Shareholders.

❖ **Board of Directors**

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

❖ **Accounting - Finance Department:**

- Building the company's accounting system;
- Updating and capturing the newly promulgated tax laws and policies in order to comply with the provisions of law, tax reports as prescribed;
- Monitoring and managing the company's input and output costs, operating costs of water supply stations;
- Be responsible for reporting on the financial situation of the company to the leaders when required;
- Grasping the financial situation and giving timely advice to the management in making decisions;
- Settling salary, bonus and other regimes for employees in accordance with the rules and regulations ...;
- Managing sales, debts, fixed assets, supplies at warehouses and water supply stations ...;
- Paying contracts, participating in negotiating economic contracts.

❖ **Business Department**

- Advising leadership on business strategies;
- Developing business plans, strategies by month, quarter and year;
- Monitoring and checking the quality of work and products of other departments to provide customers with high quality service;

- Having the right to research and propose to the business leaders;
- Researching proposals, select joint venture investment partners;
- Performing functions related to stock activities of enterprises;
- Planning to buy equipment, machinery for production and business activities;
- Regularly reporting on the strategic situation, alternatives and how to cooperate with customers;
- Researching on the market, competitors;
- Following up the list of customers, determining the customers of water supply stations to apply the water price in accordance with regulations;
- Developing a PR and marketing strategy for the company;
- Customer care management, collecting team;
- Managing invoice printing;
- Trading materials, machinery, equipment specialized in water supply and drainage;
- Receiving customers' feedback on water quality and service quality and incidents at water supply stations.

❖ **Planning - Management of exploitation Department**

- Developing long-term, medium-term and annual plans on clean water supply; consolidating and making monthly, quarterly and annual reports on water supply and construction of water supply works;
- Implementation of planning, survey, calculation, design and estimation of new construction investment projects of water supply works, development of water supply pipelines, relocation of water supply pipelines, installation of meters, replacement meters at water supply stations;
- Directing production water supply stations to operate and exploit water; performing incident repair, maintenance and maintenance of water supply works;
- Advising leaders in technical matters, in the field of water technology solutions;
- Organizing periodic inspection, evaluation, preliminary and final review of the water supply situation on a monthly, quarterly, six-month and whole-year basis as well as the maintenance, repair and maintenance of water supply works.

❖ **Engineering Technology Department**

- Advising the Board of Directors on technical issues, in the field of water technology solutions;
- Advising to carry out procedures for water exploitation permit, installation of monitoring equipment to monitor data and related reports;
- Developing a plan to prevent water loss;
- Organizing periodic inspection, evaluation, preliminary and final review of the situation of water supply and the repair and maintenance works;

- Project design, project supervision, investment project formulation consultancy; Construction and repair of works.

❖ **General Administration Department**

- Advising the Board of Directors on matters related to personnel, official dispatch, contracts, regulations applicable to the company;

- Managing social insurance records, other relevant regimes;

- Advising to perform water quality inspection in accordance with regulations, implementing environmental protection and related reports.

- Adviseing on the organization of departments and personnel according to the company model;

- Planning recruitment and human resource development;

- Administrative tasks such as archiving of important files, documents and papers;

- Drafting documents, administrative documents circulating internally and sending to customers;

- Welcoming guests and partners;

- Management of fixed assets and maintenance of assets of the company (including water supply works);

- Organizing, managing, monitoring and inspecting activities related to order and security, fire prevention, hygiene ...

3. Business plan for 3 year after equitization

3.1. Development strategies

- Orienting to focus on developing clean water supply field for people in Hau Giang market.

- Focusing on investing and upgrading water treatment systems and water pipes to improve the quality of clean water for the people, while ensuring the efficiency of production and business activities.

- Building image and brand of the unit to ensure credibility with customers and partners.

3.2. Targets

- Enhancing corporate governance capacity, linking higher finance, technology and market.

- Building a competent and professional leadership team, and building a good management, business and expert team.

- Restructuring the post-equitization apparatus according to the popular model to bring transparency and high efficiency to production and business activities, contributing to improving the efficient use of state assets and capital.

3.3. Main criteria

Based on the organizational business system, operation scale of Center after equitization and foundation of current assets, Center gives expected economic KPI for the next 3 year as following:

- **Plans for output and water service prices:**

No.	Item	2020		2021		2022	
		Quantity (m^3)	Price (đồng/m^3)	Quantity (m^3)	Price (đồng/m^3)	Quantity (m^3)	Price (đồng/m^3)
1	Domestic water	5.121.933	5.000	6.914.610	7.100	8.643.262	7.100
2	Administrative and non-business water	352.979	7.600	476.522	8.000	595.652	8.200
3	Production water	5.752	8.200	7.765	9.000	9.707	9.200
4	Business and service water	61.918	9.400	83.589	10.000	104.487	10.500

- **Some plan criteria after equitization for period 2020 – 2022**

No.	Item	Unit	2020	2021	2022
1	Total revenue	VND	57.811.680.805	74.437.916.031	87.925.499.238
-	Domestic water	VND	49.093.727.805	61.367.159.756	73.640.591.708
-	Administrative and non-business water	VND	3.812.173.200	4.884.346.913	5.861.216.295
-	Production water	VND	69.886.800	89.299.800	107.159.760
-	Business and service water	VND	835.893.000	1.097.109.563	1.316.531.475
-	Commercial production water	VND	4.000.000.000	7.000.000.000	7.000.000.000
2	Total expenditure	VND	51.990.080.214	57.748.442.092	61.442.640.157
3	Profit before tax	VND	5.821.600.591	16.689.473.940	26.482.859.081
4	CIT (20%)	VND	1.164.320.118	3.337.894.788	5.296.571.816

No.	Item	Unit	2020	2021	2022
5	Profit after tax	VND	4.657.280.473	13.351.579.152	21.186.287.264
6	Total salary fund/month	VND	528.596.253	634.315.504	729.462.830
7	Total employees	Person	114	114	114
8	Average income	Million VND/month	4.636.809	5.564.171	6.398.797
9	Charter Capital	VND	292.331.400.000	292.331.400.000	292.331.400.000
10	Percentage of profit after tax/Charter Capital	%	1,59	4,57	7,25
11	Dividend percentage	%	0,8	2,5	3,0

(Source: Center for Rural Water Supply and Environmental Sanitation)

The estimated water price for the revenue of 3 years after equitization is based on the Center's estimated price, and is lower than the water price of Hau Giang Water Supply and Sewerage – Projects Urban Joint Stock Company, and suitable for the operating unit which is no longer a public non-business unit after equitization, the new water unit price is currently being processed by the Center to submit to the competent authorities for consideration and approval. Therefore, revenue and profit plan for 3 years after equitization may change due to the difference in the approved water price and the unit price in the above plan.

4. Land use solution

- Pursuant to Decision No. 2068/QD-UBND on December 28th, 2018 issued by Hau Giang People's Committee, approving the land use plan of Center for Rural Water Supply and Environmental Sanitation after equitization, accordingly:

- Center for Rural Water Supply and Environmental Sanitation continues to manage and use 37 plots with a total area of 34,952.5 m², of which:

+ Land allocated by the State without land use levy: 7 plots with area: 10,476.5 m².

+ Land planned, recovered, approved for compensation but not allocated or leased: 17 plots with an area of about 15,249.4 m².

+ State-assigned land allocated under planning but not yet under procedures for land allocation or land lease: 09 plots with area of 7,465.6 m².

+ Land donated but not yet done land procedures: 04 plots with an area of about 1,761.0 m².

- Land lease term: 50 years from the date of the land lease decision issued by Hau Giang People's Committee.

- Form: Land leased by the State with annual payment.

5. Performance solutions

5.1. Solution about operation execution of the Joint Stock Company

- Building an operating apparatus along the direction of applying modern management technology, transparency in management, aiming at the operation model of a public company.

- Improving the application of information technology to production and business activities and strictly managing all activities of the unit and its subordinate divisions.

- Gradually becoming the professionalization of water meter reading to ensure accuracy.

- Consolidating the corporate governance in the direction consistent with the production level, production and business objectives must be effective.

- Gradually perfecting the production management, setting up control processes on progress, quality, optimizing management costs.

5.2. Solution about improving business operation capacity

- Good management and operation of water supply stations: regular maintenance of machinery and equipment, management of input materials.

- Well implementing regulations on exploitation and discharge, environmental protection measures under the Law on Water Resources.

- Managing water quality up to standards of the Ministry of Health.

- Consolidating the customer management system to best serve customers, increase water consumption.

- Good management of the network, conducting the recording to limit amount of water loss and revenue loss.

- Giving the most practical management measures to save electricity costs.

- Well managing human resources of enterprises with the purpose of improving labor efficiency.

5.3. Solution about the market

- Building processes to standardize business activities, market development and image promotion activities of enterprises.

- Building a brand identity system such as logos and information systems to customers and partners quickly known as business websites and social networking sites such as facebook, zalo, ...

- Promoting the brand and quality of products and services of the water industry, continue to maintain the quality management system of machines, equipment and pipelines to ensure clean water supply quality to affirm the brand reputation, meeting the diverse needs of each customer type.

- Actively developing solutions to increase water users, increasing consumption such as researching and developing to expand the network of pipelines based on consumption needs and the most optimal economic efficiency, paying special attention

to areas where water is not available.

- New installation service for customers, needs to be convenient, fast as well as the lowest possible cost for customers. Must have strict control and must set a time for the process of records and construction. Do not create difficulties or seek personal benefits for new installation customers to increase customer satisfaction with the service, thereby being ready to pay for products provided by the company. Taking appropriate measures to deal with direct or indirect acts that hinder the development of enterprises.

5.4. Capital solutions

- Accelerating the collection of water money to take initiative in working capital for production.

- Strengthening the efficiency of capital use by measures such as: Investment in each period according to market demand, taking sources of depreciation and profits to invest in development, maximizing the capacity of investment projects.

- Expanding relationships with financial institutions and partners in the water sector and paying attention to the development of the industry, seeking funding sources for projects: renovating and building new water supply stations, investing in network system, preventing water loss ... according to the business development plan of the enterprise.

5.5. Solutions about developing investment

- Continuing to upgrade and expand the development of water supply pipelines in new rural communes.

- Researching to build new water supply stations in Hau Giang province to provide clean water for households in newly deployed areas.

- Upgrading and repairing old water supply stations to meet production and business needs and quality standards as prescribed.

- Focusing on researching solutions to optimize investment capital developing the clean water supply network and bring the best investment efficiency.

5.6. Workforce solutions

- Assessing the capacity of leaders, managers and employees, to continue strengthening and consolidating the management system in a compact manner, in order to ensure that there are good leaders, engineers and experts to have sufficient capacity running the business and production activities of the whole unit with high efficiency.

- On the basis of the evaluation results, company will carry out the work of mobilizing and rotating laborers and managerial staff to suit the qualifications and create conditions promoting all personal abilities

- Every year, implementing of training to improve the qualifications of workers and managers. Training to improve skills, improve management capacity, promote available potentials of employees .....

- In order for employees to feel secure for long-term working, enterprise will build a suitable incentive regime for officials and employees and pay more attention to qualified employees. In addition, enterprise also always create flexible mechanisms to

motivate training staff to strive to become key employees of enterprise.

- Taking employees is an important factor in the development of the business, always upholding the training, retraining and recruiting good and experienced staff in a number of important positions.

VII. SOLUTIONS AND LABOR POLICIES

According to the labor plan approved by Hau Giang People's Committee, specific labor data of the Center are as follows:

No.	Contents	Total	Note
I	**Total employee at the equitization value disclosure**	**114**	
1	Labor without signing labor contract	0	
2	Labor with labor contract	114	
	- Labor with undefined term labor contract	*72*	
	- Labor with labor contract with term from 12 to 36 months	*38*	
	- Temporary labor or labor contract with term under 12 months.	*4*	
3	Labor currently is on leave but still in list of the company workforce	0	
II	**Number of inactive labor at the equitization value disclosure time**	**0**	
1	Number of labor with full condition to be retired according to current regime	0	
2	Number of labor will terminate labor contract, in which:	0	
	- Expired labor contract	*0*	
	- Voluntarily terminate labor contract	*0*	
	- Terminate labor contract with other reasons according to legal regulations	*0*	
	- Number of labor without demand to use	*0*	
3	Number of labor not assigned to work at the equitization value disclosure time	0	
	- Number of redundant labor performing according to Decree No. 63/2015/ND-CP	*0*	
	- Number of labor in force to terminate the contract and getting severance allowance	*0*	

III	**Number of labor to be transferred to Joint Stock Company**	**114**	
1	Labor without signing labor contract	0	
2	Labor with labor contract	114	
3	Number of labor on leave with social insurance, in which:	0	
-	*Sickness*	*0*	
-	*Maternity*	*0*	
-	*Working accident, occupational disease*	*0*	
4	Number of labor on leave without salary	0	
5	Number of labor on temporary leave:	0	
-	*Military obligation*	*0*	
-	*Other civil obligations*	*0*	
-	*Temporary in detention*	*0*	
-	*Due to both parties' agreement (not over 03 months)*	*0*	

Labor structure continuting to turn into Joint Stock Company as following:

No.	Criteria	Quantity (People)	Percentage (%)
I	**Classification according to level**	**114**	**100**
1	Over university	1	0,9
2	University, College	38	33,3
3	Intermediate school	22	19,3
4	Unskilled labor	53	46,5
II	**Classification according to type of contract**	**114**	**100**
1	Not in case of signing labor contract	0	0
2	Undefined term labor contract	72	63,2
3	Contract from 12 to 36 months	38	33,3
4	Contract under 12 months	4	3,5
III	**Classification according to gender**	**114**	**100**

1	Male	103	90,4
2	Female	11	9,6

VIII. CHARTER CAPITAL AND OFFERING SHARE STRUCTURE

1. Charter capital

a. Charter capital

According to Decision No. 276/QD-UBND on February 20th, 2020 issued by Hau Giang People's Committee, approving the equitization plan of Center for Rural Water Supply and Environmental Sanitation, the Center's charter capital has been approved as follows:

- Charter capital: **292,331,400,000 VND**.
- Par value: 10,000 VND/share.
- Number of share with initial offering: **29,233,140** shares, in which:

b. The arising will affect charter capital of joint stock company:

From the time of determining the unit value to the present and expected in the near future, the Center has been finalizing and continues to invest in the projects that have been repaired, upgraded or opened. wide, ... using the state budget. Joint stock company established after equitization continues to inherit works that have been invested from the Center. State capital invested after settlement will be recorded as an additional component of state capital in joint stock companies.

According to Document No. 4806/VP.UBND-KT on October 22nd, 2018 issued by Office of Hau Giang People's Committee, deploying the opinion of the Standing Committee of Hau Giang People's Committee, "Do not include the headquarters of Center to determine the unit value. When the land procedures are completed, the value and the state capital of the unit will be increased in accordance with the regulations."

2. Offering share structure

No.	Shareholders	Quantity (shares)	Par value (VND)	Percentage/ Charter capital (%)
1	Government's shares	14.643.901	146.439.010.000	50,1
2	Preference shares sold to employee in the company according to actual working time in Government area	57.000	570.000.000	0,2
3	Preference shares sold to employee with commitment to work for Joint Stock Company	208.000	2.080.000.000	0,7
4	Public offering shares	14.324.239	143.242.390.000	49,0
	Total	**29.233.140**	**292.331.400.000**	**100**

3. Order for the auction and initial price

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

Initial price for public auction: 10,000 VND/share. *(According to Decision No. 276/QD-UBND on February 20th, 2020 issued by Hau Giang People's Committee, approving the equitization plan of Center for Rural Water Supply and Environmental Sanitation*).

4. Method and payment for shares

4.1. Legal basis:

- Decree No. 126/2017/ND-CP on November 16th, 2017 issued by Government about turning the Government company and One member Limited Company with 100% of charter capital hold by the Government into Joint Stock Company;

- Circular 40/2018/TT-BTC on May 04th, 2018 issued by Ministry of Finance guiding for the initial share offering and management, using receipt from the equitization of Government companies and One Member Limited Company with 100% of charter capital hold by Government turning into Joint Stock Company;

- Decision No. 22/2015/QD-TTg on June 22nd, 2015 issued by Minister of Finance about turning public company into Joint Stock Company;

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

- Decision No. 276/QD-UBND on February 20th, 2020 issued by Hau Giang People's Committee, approving the equitization plan of Center for Rural Water Supply and Environmental Sanitation.

4.2. Method of selling for shares

a. Shares auctioned to the public

- Total offering shares in the auction	:	14,324,239 shares, equivalent to 143,242,390,000 VND, occupied 49% of charter capital of JSC.
- Suggested initial price	:	10,000 VND/share.
- Organisation performing share offering	:	Ho Chi Minh City Stock Exchange.
- Type of share	:	Ordinary shares, free to transfer.
- Auction method	:	Public auction at HCMC Stock Exchange.
- Auction time	:	According to "Auction regulations" issued by Ho Chi Minh Stock Exchange.
- Objects participating the auction	:	Individual investors, institutional investors in and outside of the country according to Item 1 and Item 2, Article 4, Decision No. 22/2015/QD-TTg on June 22nd, 2015 issued by Minister of Government.
- Deposit form	:	Perform according to "Auction regulations" issued by Ministry of Stock Exchange

Foreign investors are allowed to purchase a maximum of 14,423,239 shares, representing 49% of the charter capital.

b. Preference shares to employee in the company according to actual working time in Government area

- Number of employee at the value disclosure point	:	114 people
- Number of employee purchasing according to actual working years in Government areas	:	85 people
- Number of employees who are ineligible to buy based on actual working time in the Government areas	:	29 people
- Number of preference shares purchased according to actual working years in Government areas	:	57,000 shares – equivalent to 570,000,000 VND according to par value, occupied 0.2% of charter capital in JSC
- Type of share	:	Ordinary shares

- Transfer limitation	:	03 years since making payment to purchase preference shares
- Selling price	:	6,000 VND/share
- Performance period	:	After completing public auction

c. Preference shares to employee with commitment to work for Joint Stock Company.

- Number of employee turning into working for Joint Stock Company	:	114 people
- Number of employee registering to purchase shares according to commitment to work at Joint Stock Company	:	81 people
- Total shares the employee registered to additionally purchase with committed years	:	208,000 shares – equivalent to 2,080,000,000,000 VND counting based on par value, occupied 0.7% of charter capital of JSC
- Selling price	:	10,000 VND/share
- Transfer limitation	:	Equal to the committed time to work for long term, minimum of 3 years and maximum of 10 years
- Expected time	:	After completing the public auction

d. Unsold shares handling.

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

"Article 37. Handling of unsold shares

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

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

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

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

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

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

c) In case the quantity of shares not sold out as prescribed at Points a and b of this Clause, equitized enterprises shall comply with the provisions of Clause 1 of this Article."

4.3. Method of purchasing for shares

- **Shares publicly auctioned:** The method and deadline of purchasing for share comply with the "Auction Regulation" issued by the Ho Chi Minh Stock Exchange.

- **Preference shares to employee in the company according to actual working time in Government area and Preference shares to employee with commitment to work for Joint Stock Company:** In accordance with the provisions of Decree No. 126/2017/ND-CP of the Government on November 16th, 2017 and Circular No. 40/2018/TT-BTC dated May 4th, 2018 of the Ministry of Finance, the Equitization Management Committee of Center will specify the method and deadline of purchasing for share.

5. Expected risk for the auction

5.1. Economic risks

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

The positive signs of macroeconomic will help to decrease economic risks and the operation of the company will be more positive in the following time.

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

5.2. Legal risks

Business activities are governed by various legal documents such as the Enterprise Law, the Law on Environmental Protection, etc. Vietnam's legal system and by-laws are still in the process of being finalized, changes in policies may occur and when they occur, it will more or less affect the business situation of the Center.

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

5.3. Specific risks

Raw water source is the raw material for producing clean water, exploited from river and underground water. The center's water exploitation activities may be at risk due to the changing natural conditions of the water source. Changes in the quality and flow of the exploited water source directly affect the water treatment process.

The development of technical infrastructure and urbanization have a significant impact on the risk of water loss, the process of building new roads is likely to break the pipeline system causing water loss.

5.4. Auction risks

With the speed of accelerating the equitization process of state-owned enterprises with 100% charter capital and public non-business units in the period to 2020, besides, the policy of divesting state capital in enterprises has also been implemented aggressively, this leads to a large volume of shares offered to sell in the market, investors will have more choices and pay more attention to investment. Initial public offering of the Center for Rural Water Supply and Environmental Sanitation to the public will be affected due to diluted investor interest.

5.5. Other risks

Other risks that are beyond the expectation and beyond the ability of human prevention such as natural disasters, fires, ... are unforeseen risks. If it happens, it will cause damage to the company's assets, people and general operations.

IX. RECEIPT FROM EQUITIZATION MANAGEMENT AND USE

1. Receipt from equitization management

Based on the actual Government capital at Center for Rural Water Supply and Environmental Sanitation, the percentage of Government capital contribution at the Center, expected plan to use receipt from equitization and transfer to the Supporting Management and Development Fund of the company, details as below (*Temporarily calculated according to assumption that all shares are sold to seniority employees are VND 6,000/share and number of shares auctioned publicly and sold to employees in the form of long-term commitment to work is equal to the starting price of VND 10,000/share)*:

No.	Content	Amount (VND)
I	**Receipt from equitization (a)**	**145.664.390.000**
1	*Receipt from public offering*	143.242.390.000
2	*Receipt from preference offering to employee according to working years for Government areas*	342.000.000
3	*Receipt from preference share offering for employee according to long term working commitment*	2.080.000.000
II	**Expenses for equitization (b)**	**837.760.000**
1	Handling expenses for redundant labor	0
2	Direct expenses at the company	70.000.000
3	Consulting expenses for the external organization to perform determination of company value and equitization	310.000.000
4	Management and assistant team remuneration	407.760.000
5	Organization expenses for intial share offering and other related expenses	50.000.000
III	**Total amount of money expected to be transferred to Supporting Management and Development Fund of the Company (c) = (a) – (b)**	**144.826.630.000**

2. Equitization cost estimate.

Details of the Center's Equitization cost estimate according to Decision No. 1910/QD-UBND on December 5th, 2018 are as follows:

No.	Items	Expected amount (VND)
1	Direct expenses at the company	70.000.000
2	Consulting expenses for the external organization to perform determination of company value and equitization	310.000.000
3	Management and assistant team remuneration	407.760.000
4	Organization expenses for initial share offering and other related expenses	50.000.000
Total		**837.760.000**

Note:

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

X. COMMITMENT

The evaluation and selection of information and language in this Information Disclosure are performed reseasonably and carefully based on data and equitization solutions approved by Center for Resources and Environment Engineering. We provide information with purpose to help investor have proper and objective awareness before participating in the auction to purchase shares of Center for Resources and Environment Engineering. We wish the investor to refer carefully this Information Disclosure before making decision to participate in the auction of shares in Center for Resources and Environment Engineering.

Wish all investors a successful auction.

Thank you with best regards./.

Hau Giang, on February 21st, 2020

REPRESENTATIVE OF EQUITIZATION MANAGEMENT BOARD

HEAD OF BOARD

(Signed and sealed)

Nguyen Thanh Ha

Hau Giang, on February 21st, 2020

REPRESENTATIVE OF OFFERING ORGANIZATION

CENTER FOR RURAL WATER SUPPLY AND ENVIRONMENTAL SANITATION

DIRECTOR

(Signed and sealed)

Nguyen Van Long

Ho Chi Minh City, on February 21st, 2020

REPRESENTATIVE OF CONSULTING ORGANIZATION

BETA SECURITIES INCORPORATION

(Signed and sealed)

Tran Thi Bong

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

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

TM. CÔNG TY

ON BEHALF OF THE COMPANY



MS. LỮ TRUNG DUNG