

EQUITIZATION MANAGEMENT COMMITTEE OF DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT ONE MEMBER LIMITED COMPANY RECOMMENDS INVESTER TO READ CAREFULLY THE INFORMATION IN THIS DOCUMENT AND AUCTION REGULATIONS BEFORE REGISTERING FOR THE AUCTION.

INFORMATION RELEASE STATEMENT

FIRST SHARE AUCTION OF DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT ONE MEMBER LIMITED COMPANY

EQUITIZED COMPANY



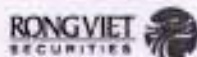
**DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT
ONE MEMBER LIMITED COMPANY**

Address: 339 Ton Duc Thang, Tan An Ward, Buon Ma Thuot City, Dak Lak Province

Phone: (84-262) 3852 619

Website: www.dakwaco.com.vn

CONSULTING COMPANY



VIET DRAGON SECURITIES CORPORATION

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CONCEPTS AND ACRONYMS

Acronyms	Diễn giải
Equitized Company, Company, DAKWACO	Dak Lak Water Supply and Construction Investment One Member Limited Company
Owner of State capital	People's Committee of Dak Lak Province
Consulting company	Viet Dragon Securities Corporation
CBCNV	Officers and employee
TNHH	Limited responsibility
MTV	One member
XDCB	Capital construction
BCTC	Financial reports
VCSH	Owner's equity
DTT	Net revenue
LNST	Profit after tax
CSH	Owner
GTDN	Company value
IPO	Initial public offering
ĐHĐCĐ	General Meeting of Shareholders
HDQT	Board of Management
BKS	Control Board
ROA	Return On Assets
ROE	Return On Equity
QLDN	Company Management
SXKD	Manufacturing business
HDLD	Labour Contracts
UBND	People's Committee
TNDN	Corporation Income
QSĐĐ	Land use right
ĐTXD	Construction investment



1. Name, address of equitized company

1.1. General information

- Company name: **DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT ONE MEMBER LIMITED COMPANY**
- English name: **DAK LAK WATER SUPPLY AND CONSTRUCTION ONE MEMBER LIMITED COMPANY**
- Acronym name: **DAKWACO**
- Register charter capital: **196.827.177.746 Vietnamese dong**
- Actual charter capital: **183.115.066.895 Vietnamese dong (as at 31 December 2017 according to audited financial reports year 2017)**
- Address: **No. 339 Ton Duc Thang, Tan An Ward, Buon Ma Thuot City, Dak Lak Province**
- Phone: **0262.3852 619**
- Website: **www.dakwaco.com.vn**



- Logo:
- Business registration: **Certificate No. 6000175995 issued by Dak Lak Province Minister of Planning and Investment at the first time on 28 April 2006, 3rd time modification registration on 4 July 2014**
- Main types of business: **Water exploiting, processing and supplying – Sector code: 3600**

1.2. Formation and development process

Year 1964	Dak Lak water supply house (belong to National water department before) was built on 1964 with capacity of 4,000 m ³ /day night which is original company of current Dak Lak water supply company.
Year 1975	After the Southern was completely liberated, the Company was formed by new government named as Buon Ma Thuot Town Water factory with fuction of machine water manufacturing and supplying for the center of Buon Ma Thuot Town with manufacture and exploit capacity of 5,000 m ³ /day night.
Year 1985	Undertaking to convert into the centered planning economy, Water factory's name was changed by Provincial People's Committee to Dak Lak Water supply enterprise (Province level enterprise) with function of

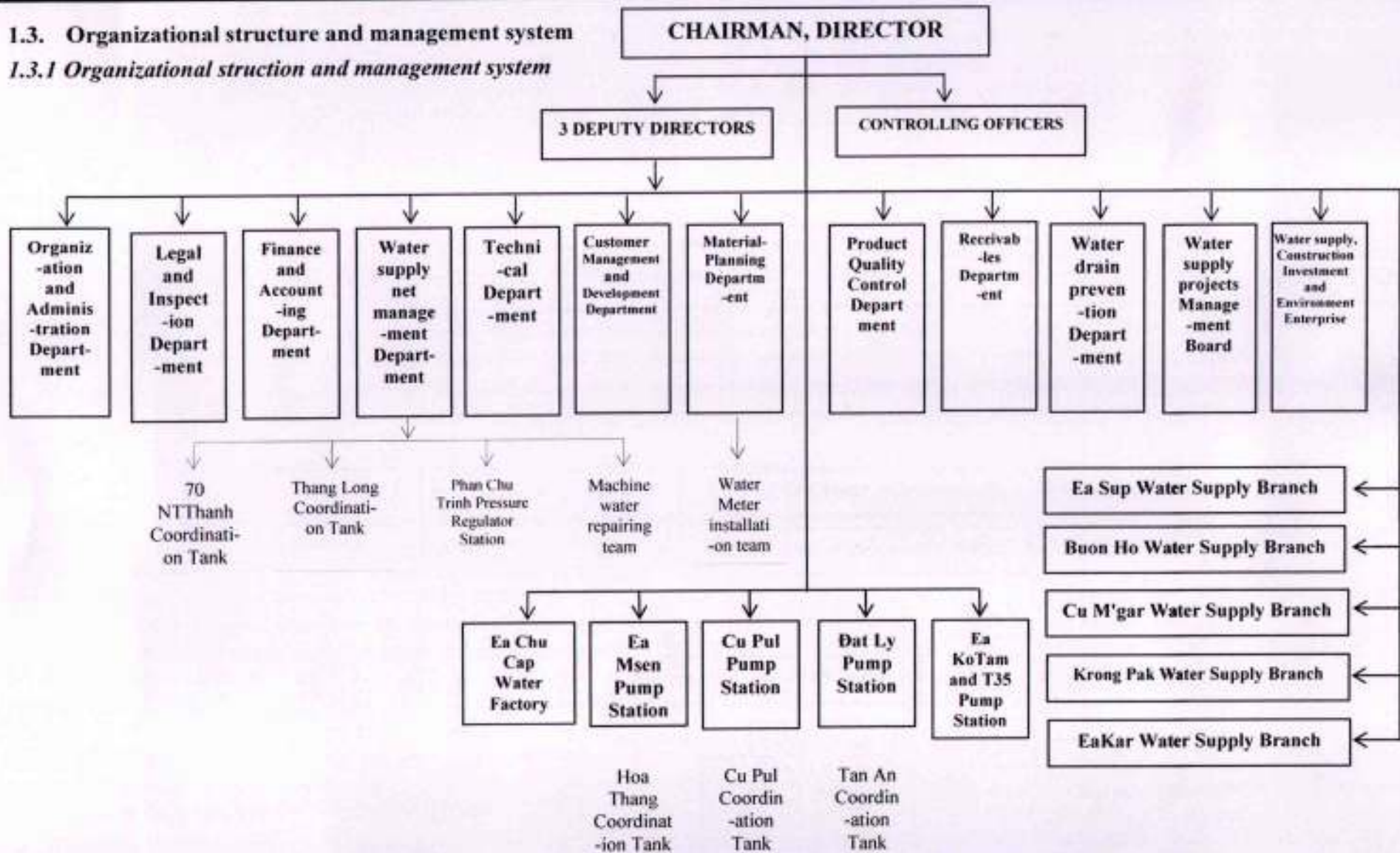


	<p>machine water manufacturing and supplying on locality of Buon Ma Thuot Town with capacity of 7,000 m³/day night.</p>
Year 1993 -1996	<p>With the development of the Enterprise together with undertaking function of water draining, the Enterprise's name is changed to Dak Lak Water Supply and Drain Company according to Decision No.124/QD-UB on 03 March 1993 issued by Dak Lak Provincial People's Committee and respectively granted the Business Registration Certificate No. 101.170 by Economic Arbitration on 15 April 1993, Construction Permission License No. 0002/GP-XD issued by Dak Lak Minister of Construction on 16 April 1994 and Construction Consulting Permission License No. 300.100.012 issued by Dak Lak Minister of Construction on 06 September 1996.</p> <p>With fuction of water manufacturing, water supplying, draining system and construction consulting on water supplying, draining on locality of Dak Lak province, Dak Lak Provincial People's Committee was with Investing Company to increase capacity from 7,000 m³/day night to 15,000 m³/day night.</p>
Year 2006	<p>With the development of the Company together with the meet of globalization trend, Dak Lak Water supply and drain Company is changed into Dak Lak Water Supply and Construction Investment One Member Limited Company according to Decision No.98/QD-UB on 12 January 2006 by Dak Lak Provincial People's Committee.</p>
Year 2018	<p>Currently, the Company is managing of daily water supply for all people in Buon Ma Thuot City with capacity of 49.000m³/ day night, at the same time managing 05 towns of Dak Lak Province: Buon Ho town, Phuoc An town, Cu Mgar town, Ea Sup town, Ea Kar town.</p>



1.3. Organizational structure and management system

1.3.1 Organizational structure and management system





1.3.2 Organizational structure and management system

Dak Lak Water Supply and Construction Investment One Member Limited Company is subordinate unit of Dak Lak People's Committee. The Company has legal status, separate stamp, independently operating according to Corporate Law and related documents issued by authorized national offices.

✦ Company's chairman

Company, performing rights and obligations of company, except for rights and obligations of Director; be responsible in front of Law and company's owner about performing delegated rights and obligations. Rights and obligations of company's chairman are regulated at Company Policies.

✦ Controlling officers

Having responsibility to help owner control organization of performing owner's rights, management of business activities at the Company of Chairman.

✦ Board of Directors

Being responsible to manage daily business activities of the Company according to suitable goals and plan of Company Policies and Decision right of Chairman. Board of Directors has the following rights and obligations:

- Organize to perform decisions of Company's Chairman;
- Decide on any issue relating to daily business activities;
- Organize to perform business plan and investment solution of company;
- Issue of internal management policies of company;
- Appoint, dismiss managers in company, except for people under right of Company's chairman;
- Sign contract on behalf of company, except for case under right of Company's chairman;
- Recommend on company's organizational structure solutions;
- Present reports on yearly finance finalization to Company's chairman;
- Recommend on business' using profit or dealing with loss solutions;
- Perform workforce's recruitment.



✦ **Function Departments**

- **Organization – Administration Department:** Is professional department, has advisory and help function for Company's Board of Directors about: Employee organization; Administrative and General Offices Management.
- **Legal – Inspection Department:**
 - Advising on issues relating to business activities according to current effective regulations.
 - Performing of reviewing and dealing with complaining and prevention of corruption.
 - Performing of internal protections, legally supporting for other Departments, Branches, and Pump Stations in necessary cases.
 - Coordinating with other departments to deal with violating cases of clean water use, recommending on solutions.
- **Finance – Accounting Department**
 - Advising on corporate finance according to Accounting Law and other current effective regulations.
 - Controlling, reviewing, guiding and performing accounting standards - statistic; Finance, Asset Management according to Accounting Law, Policies of Company.
 - Meeting financial demands for all manufacture business activities of Company according to plan; Sustaining and developing Capital of Company.
- **Water Supply Net Management Department**
 - Organizing, advising to help Directors in performing water supply net.
 - Organizing, coordinating with other departments, stations relating to build the regime of Water supply pumping to suitable tanks with water using demand.
 - Overcoming, repairing leaking points on water supply net on time.
- **Technical Department**
 - Advising, recommending solutions about technical management of water supply system and other related constructions.
 - Performing valuation on reserve exploit of source water, surface water, and underground water.
 - Advising on maintaining, developing plan of water supply net on period of month, quarter, year and term.



- Organizing or coordinating with related departments about prevention of water wasting; Safety – Healthy – Working Protections.
- Researching, recommending, receiving, applying and supporting the technical methods, technology, new equipment in manufacturing and operating of Water supply system.
- ***Customer Management And Development***
 - Advising, recommending on customer management and development solutions. Being the first department receiving and reflecting customer's opinions on Company's quality of service.
 - Meter clock managing, recording water meter clock's numbers every month.
 - Advising, recommending on applying technical science, information technology in recording of water meter clock's numbers.
- ***Material – Planning Department***
 - Preparing, managing, monitoring Company's manufacturing business activities.
 - Organizing and performing construction - investment, bidding - subcontracting. Building investment plan and newly building infrastructure facilities.
 - Managing, performing and reviewing technical and constructing work to assure timing, safety, quality, volume and economy scale for Company.
- ***Product Quality Control Department***
 - Advising, recommending on solutions to protect input water quality according to current effective regulations.
 - Advising, recommending on solutions to protect water quality on Water Supply System with standards according to regulations issued by Minister of Medicine.
- ***Receivables Department***
 - Advising, recommending on solutions to water receivable amounts according to set plans.
 - Researching, recommending on applying technical science, information technology in receiving of water receivable amounts, on basis of economy scale of workforce and expenses.
- ***Water Draining Prevention Department***
 - Organizing, coordinating with related departments to build up solution on water draining presentation on monthly, quarterly and yearly basis.



- Advising, recommending on solutions to upgrade water supply net.

- **Water Supply Projects Management Department:** has function of managing on investing projects of building water supply constructions.

↓ **Subordinate units**

- **Construction Investment Water Supply and Environment Enterprise:** Consulting on design of Civil and Industrial constructions; Measuring, surveying, technical monitoring constructions; Appraisal experimenting, examining of Constructions; external and internal Design; Preparing construction projects; Consulting on preparing investing constructions, Preparing pre-feasibility and feasibility reports; Reports on valuation of environment's effects.
- **Water supply branches**
 - Are subordinate units of Company, have dependent accounting policy. Operating as Small Water supply Company.
 - Branches are under management of Company, monthly branches have responsibility to prepare reports on finance situation, revenue, customer number... also the current difficulties in managing and operating of system for the Company to update data and recommend solutions on time.
 - Managing, operating all clean water supply systems and related constructions in locality managing branches: transmission system, distribution system, branching system, customer's meter clock.
 - Receiving and dealing with request on newly installation, upgrading water supply system from customers according to Company's policies.
 - Managing and deadling legitimate request from customers according to Company's level delegation.
 - Coordinating with other departments to perform the expansion of clean water supply net and improve customer service ability in the locality.
 - Designing survey on water supply pump with diameter $D < 34$ mm and with delegation from Company.
- **Pump Stations**
 - Manufacturing with volume and quality of water according to set plan.
 - Actively in protection of sourcing water, properties of Company. Having suitable manufacturing plan, economy scale in workforce and expenses.
- **Water factories**
 - Organizing to exploit and manufacture according to plan delegated by Company.



- Organizing to internal account about expenses of water manufacturing.
- Factories are under organizational management and manufacturing operation by Board of Directors, having responsibility to actively coordinate with other departments to perform delegated tasks.

2. Types of business

According to Business Registration Certificate No. 6000175995 issued by Dak Lak Province Minister of Planning and Investment at the first time on April 28th, 2006, modification registered for the 3rd time on July 4th, 2014, with types of business as following:

No.	Name of business sectors	Sector code
1	<p>Exploit, process and supply of water.</p> <p><i>Details:</i></p> <ul style="list-style-type: none"> - <i>Exploit, process and supply of water;</i> - <i>Manufacture and trade daily using water and industrial production.</i> 	3600 (Main)
2	<p>Architecture activities and related technical consultation.</p> <p><i>Details:</i></p> <ul style="list-style-type: none"> - <i>Design of water supply, drain constructions;</i> - <i>Manage, control and quality appraisal of constructions;</i> - <i>Consult on construction projects, civil construction, infrastructure facility constructions including: construction of water supply, drain, process of waste water, landfill of solid waste, solid waste processing factory;</i> - <i>Consult on monitoring of constructions and completing of water supply, drain constructions;</i> - <i>Prepare appraisal report about result of technical design, finalization of civil constructions, water supply/drain constructions, waste water process;</i> - <i>Geological survey for constructions, survey and design on exploiting mineral mines;</i> - <i>Consult on preparing civil, water supply/drain constructing</i> 	7110



	<i>investment projects.</i>	
3	Complete of construction projects.	4330
4	Trade of tools and equipments, other installing equipments related in constructions. <i>Details: Trade all water supply/drain, waste water processing and other wastes tools and equipments. All types of pumping machines, equipments in water supply/drain.</i>	4663
5	Manufacture of non-alcoholic beverage, mineral water. <i>Details: Manufacture of mineral water, crystal bottled water.</i>	1104
6	Level of construction surface. <i>Details: Leveling construction surface.</i>	4312
7	Install of water supply/drain system, heater and air-conditioner.	4322
8	Public construction performing. <i>Details:</i> - <i>Testing drill and underground water exploit;</i> - <i>Construct and install piping system of water supply/drain;</i> <i>Construct of channels of water drain;</i> - <i>Construct of pump stations, lakes, dams, tanks, environmental cleaning construction and solid waste process;</i> - <i>Constructing invest water supply system;</i> - <i>Build and install civil electricity system, water supply/drain system and waste water process, process and destroy nontoxic wastes, medical waste and other nontoxic wastes process and destroy.</i>	4220

3. Main products and services

The Company operates mainly in exploit, process and water supply business, in which mainly manufacture and water supply for daily use water demand and industrial production in locality of Dak Lak province.

Beside head office based at Buon Ma Thuot City, the Company also has 05 branches of water supply located at other localities of Province with manufacturing capacity as below:



No	Name of Company	Capacity (m ³ /day)	Location
1	Head office	57,000	339 Ton Duc Thang, Tan An Ward, Buon Ma Thuot City, Dak Lak Province
2	Buon Ho Town Branch	8,600	Nguyen Viet Xuan, Civil group 3, Dat Hieu Ward, Buon Ho Town, Dak Lak Province
3	Krong Pak District Branch	2,000	546 Giai Phong, Phuoc An Town, Krong Pak District, Dak Lak Province
4	Cu M'gar District Branch	2,500	03 Y Ngong, Quang Phu Town, Cu M'gar District, Dak Lak Province
5	Ea Sup District Branch	2,000	Village 6, Ea Sup Town, Ea Sup District, Dak Lak Province
6	Ea Kar District Branch	300	3B Unit, Ea Kar Town, Ea Kar District, Dak Lak Province
@	Total	72,400	

Source: DAKWACO

4. Total number of employee continuously moving into joint-stock company

4.1. Workforce using situation before equitization

As at determination point of company value on 01 July 2017, total number of employee who have name in usual workforce list of Company is 367 employee with structure as following:

INDICATORS	Number of employee	Percentage
- Total employee	367	100%
- Educational classification:		
+ University and higher	108	29%
+ College and intermediate school	64	18%
+ Technical workforce	188	51%



INDICATORS	Number of employee	Percentage
+ Unskilled workforce	7	2%
- Labour contract's nature classification:		
+ Undefined-term labour	305	83%
+ Labour with term from 12 to 36 months	62	17%
+ Seasonal labour or labour with term under 12 months	0	0%
+ Unsigned contract labour	0	0%

Source: Workforce use plan of DAKWACO

4.2. Total number of employee continuously moving into joint-stock company

Basing on Circular No. 07/2018/TT-BLDTBXH on 01 August 2018 issued by Minister of Labour, Invalids and Social Affairs's guidance of workforce use plan and policy performing to employee in case of equitization stated at Decree No. 126/2017/ND-CP on 16 November 2017, the Company's workforce use plan after equitization as below:

- Total employee with labour contract signed as at determination point of company value: 367 employee.
- Total employee who are not going to work in joint-stock company: 31 employee, in which:
 - + To be retired employee: 5 employee.
 - + To be terminated of labour contract: 4 employee.
 - + Not to be offered continuous work and have to terminate labour contract: 22 employee.
- Total employee who are going to work in joint-stock company: 336 employee.

Then, total employee who are going to work in joint-stock company: 336 employee with following structure:

No.	Educational classification	Number of employee	Percentage
1	University and higher	103	31%



No.	Educational classification	Number of employee	Percentage
2	College and intermediate school	64	19%
3	Technical workforce	169	50%
4	Unskilled workforce	0	0%
@	Total	336	100%

Source: Workforce use plan of DAKWACO

5. Value of company as at 01/07/2017

Basing on Decision No. 1459/QD-UBND on 29 June 2018 issued by Dak Lak Provincial People's Committee about approving of company value of Dak Lak Water Supply and Construction Investment One Member Limited Company for equitization purpose:

- Actual value of company at 0 o'clock on 01 July 2017: **481,821,081,243 VND** (In words: Four hundred eighty one billion, eight hundred twenty one million, zero hundred eighty one thousand, two hundred forty three Vietnamese dong).
- Actual value of Government capital at company at 0 o'clock on 01 July 2017: **449,220,281,476 VND** (In words: Four hundred forty nine billion, two hundred twenty million, two hundred eighty one thousand, four hundred seventy six Vietnamese dong).

Detailed data according to Minute of company value determination of Dak Lak Water Supply and Construction Investment One Member Limited Company at 0 o'clock on 01 July 2017 as below:

Unit: Vietnamese dong.

No	Items	Accounting book records	Redetermined records	Differences
(1)	(2)	(3)	(4)	(5=4-3)
A	CURRENT USING ASSETS (I+II+III+IV)	348,381,259,096	481,821,081,243	133,439,822,147
I	<i>Fixed assets and long-term investments</i>	<i>256,631,159,545</i>	<i>392,079,561,082</i>	<i>135,448,401,537</i>
1	Fixed assets	248,355,986,878	361,362,297,415	113,006,310,537
a	Tangible fixed assets	247,966,019,954	360,932,947,173	112,966,927,219
1.1	<i>Buildings and structures</i>	<i>46,657,194,950</i>	<i>77,857,950,146</i>	<i>31,200,755,196</i>
1.2	<i>Machinery and equipment</i>	<i>6,559,885,969</i>	<i>12,364,877,574</i>	<i>5,804,991,605</i>



No	Items	Accounting book records	Redetermined records	Differences
1.3	Transfer, transport vehicles	194,243,343,875	270,204,524,293	75,961,180,418
1.4	Management tools, equipments	505,595,160	505,595,160	-
b	Intangible fixed assets	389,966,924	429,350,242	39,383,318
2	Long-term financial investment			-
3	Long-term construction in progress	2,493,463,012	24,935,554,012	22,442,091,000
4	Long-term deposits and mortgages			-
5	Long-term prepayments	5,781,709,655	5,781,709,655	-
II	Working capital assets and short-term investments	91,750,099,551	89,013,961,722	(2,736,137,829)
1	Cash	16,463,388,500	16,463,388,500	-
1.1	Cash on hand	61,337,579	61,337,579	-
1.2	Cash in bank	7,402,050,921	7,402,050,921	-
1.3	Cash equivalents	9,000,000,000	9,000,000,000	-
2	Short-term financial investment	-	-	-
3	Receivables	57,538,507,823	57,538,507,823	-
3.1	Trade receivables	20,784,583,842	20,784,583,842	-
3.2	Prepayment to suppliers	2,472,417,910	2,472,417,910	-
3.3	Inter-company receivables	1,602,541,104	1,602,541,104	-
3.4	Other receivables	33,227,208,086	33,227,208,086	-
3.5	Provision for doubtful debts	(548,243,119)	(548,243,119)	-
4	Inventories	17,491,979,969	14,044,438,640	(3,447,541,329)
5	Other working capital assets	256,223,259	967,626,759	711,403,500
6	Career cost			-
III	Company goodwill (if any)		727,558,439	727,558,439
IV	Land use right value		-	-
B	NON-USING ASSETS	597,926,625	597,926,625	-
I	Fixed assets and long-term investments	597,926,625	597,926,625	-
1	Fixed-assets	597,926,625	597,926,625	-
2	Long-term financial investment			
3	Long-term construction in progress			
4	Long-term deposits and mortgages			
II	Working capital and short-	-	-	-



No	Items	Accounting book records	Redetermined records	Differences
	<i>term investments</i>			
1	Bad debts			
2	Slow moving inventories	-	-	-
C	AWAITING DISPOSAL ASSETS	-	3,447,541,329	3,447,541,329
<i>I</i>	<i>Fixed assets and long-term investments</i>			
<i>II</i>	<i>Working capital assets and short-term investments</i>			
1	Damaged, recalled inventories	-	3,447,541,329	3,447,541,329
D	ASSETS FROM WELFARE AND BONUS FUN (not for business operation)	-	-	-
	TOTAL ASSET VALUE OF COMPANY (A+B+C+D)	348,979,185,721	485,866,549,197	136,887,363,476
	In which: TOTAL ACTUAL VALUE OF COMPANY (A)	348,381,259,096	481,821,081,243	133,439,822,147
<i>E1</i>	<i>Actual payable liabilities</i>	<i>33,174,275,348</i>	<i>32,600,799,767</i>	<i>(573,475,581)</i>
	In which: Land use right newly transferred payable to State			
<i>E2</i>	<i>Career fund</i>	-	-	-
	TOTAL ACTUAL VALUE OF GOVERNMENT CAPITAL AT COMPANY [A-(E1+E2)]	315,206,983,748	449,220,281,476	134,013,297,728

Source: Minute of company value determination and Approval Decision of company value No. 1459/QD-UBND on 29 June 2018 issued by Dak Lak Provincial People's Committee

⚡ Assets which are not included in equitization, Non-current using assets, Awaiting disposal assets (calculating on redetermined data of Minute of company value determination)

- Total value of non-using assets which is equivalent to residual value of fixed asset item handed over for Provincial People's Committee is **597,926,625 VND** (Five hundred ninety seven million, nine hundred twenty six thousand, six hundred twenty five Vietnamese dong).
- Total value of awaiting disposal assets which is equivalent to residual value of damaged



and recalled inventories is **3,447,541,329 VND** (*Three billion, four hundred forty seven million, five hundred forty one thousand, three hundred twenty nine Vietnamese dong*).

↓ **Issues to be handled continuously:**

- For water supply projects of Buon Ma Thuot City and 03 districts: Krong Nang (Krong Nang district), Ea Kar (Ea Kar district), Buon Don (Buon Don district), have total investment: 685,385,400,000 VND (in which ADB borrowed capital: 547,373,400,000 VND; reciprocal capital of company: 138,012,000,000 VND, expectedly to be completed in 2019). Joint-stock company has responsibility to inheritate, follow up and handle according to regulations at Point c, Item 3, Article 14 Decree No. 126/2017/ND-CP on 16 November 2017 issued by Government;
- Decision No. 882/QD-UB on 05 April 2002 issued by Dak Lak Provincial People's Committee has not yet presented whether or not to return the sponsored capital and in fact until now has not yet reconciled the liabilities, hence Management Board of Equitization has agreed to remove the payable liabilities from company value (specialized credit amount Vietnam Agreement X-3: 8,059,727,581 VND). When sponsor party requests to return above sponsored capital, Government will be responsible to return this sponsored amount and Dak Lak Water Supply and Construction Investment Joint Stock Company has no responsibility to return this sponsored amount;
- For Ea Chu Cap Project, currently Tien Thinh Construction Limited Company has not yet completed last payable document, according to Document No. 02/CV-CTY on 04 June 2018 issued by Tien Thinh Construction Limited Company, completed part is 2,815,355,000 VND. The reason is that the contractor has not yet completed last payable document; beside, contractor did not assure for connecting ability and extra work completion to operate factory, Contractor of Tien Thinh Construction Limited Company has agreed that the Investor (Water supply and Construction Investment One Member Limited Company) should assign to the Team under Connecting company the extra work material expenses, work completion to operate factory into drought prevention activities and Coffee Festival 2015, extra work material expense and connecting expense which are 370,897,000 VND have been finalized, transferred, not yet paid, total to be payable for Ea Chu Cap Projects with total amount of 3,186,252,000 VND. Management Board of Equitization agreed to record in Construction in progress, at the same time record payable liability for Tien Thinh Construction Limited Company with amount of 2,815,355,000 VND;
- For water supply construction projects which Buon Ma Thuot City People's Committee is investor has finalized approved value is 19,255,839,000 VND, beside amount paid by Buon Ma Thuot City People's Committee Budget for Contractor, the remaining amount to



be responsible by the Company is 4.3 billion Vietnamese dong. Based on Document No.10553/UBND-KT on 29 December 2017 issued by Provincial People's Committee, about managing Water Supply and Construction Investment One Member Limited Company to be responsible to pay 02 billion Vietnamese dong for Buon Ma Thuot City's Budget and the Company has responsibility to inherit payable amount of 2.3 billion Vietnamese dong;

- For not-using assets, awaiting disposal assets, to be transfered to Vietnam Debt and Asset Trading Corporation (DATC) to be handled according to regulations at item 2 article 14 Decree 126/2017/ND-CP on 16 November 2017 of Government;
- Management Board of Equitization advises Dak Lak Province People Committee to modify company value from determination point of company value (0 o'clock on 01 July 2017) to the point Dak Lak Water Supply and Construction Investment One Member Limited Company changes into Joint stock Company (the time when Business Registration Certificate is granted);
- The receivable and payable amount are determined basing on documents provided by the Company and other related parties and audited financial reports of 2012, 2013, 2014, 2015, 2016 prepared by independent audit companies and financial reports of the first 6 months of 2017 (unaudited). The Company has responsibility to continue to reconcile unreconciled receivable and payable accounts according to current effective regulations;
- Finalized data and result of business operation from 01 July 2017 to the point turning officially to join-stock company will be finalized, modified, processed according to current effective financial regulations for Government enterprises.

6. Main properties of company

6.1. Land using and management situation

➤ Reality of land using and management

Total square area of land used and managed by the Company: 189,519.8 m² (including 67 land lots) at Buon Ma Thuot City, Buon Ho town and 9 districts of Dak Lak province as below:

**DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT ONE MEMBER LIMITED COMPANY**

No.	Name of Constructions	Locations	Page of document	Lot	Square area (m ²)	Source	Legal documents
1	Buon Ma Thuot City				60,252.5		
1	Phan Chu Trinh pump station and water tank	Tan Loi Ward, Buon Ma Thuot City	Land lot document		2,100	Provincial People's Committee transferred the land	Decision No. 1091/QD-UB on 17 December 1983
2	Water well and Cupul pump station	Ea Tu Ward, Buon Ma Thuot City	Land lot document		12,025	Provincial People's Committee transferred the land	Decision No. 838/QD-UB on 03 May 1996
3	Dat Ly pump station and water tank	Hoa Thuan Ward, Buon Ma Thuot City	Land lot document		625	Provincial People's Committee transferred the land	Decision No. 2949/QD-UB on 08 November 2000
4	Tan An water tank	Tan An Ward, Buon Ma Thuot City	Land lot document		2,098	Provincial People's Committee transferred the land	Decision No. 1457/QD-UB on 19 June 1999
5	06 Dat Ly drill well pump station	Hoa Thuan Ward, Buon Ma Thuot City	Land lot document		720	Provincial People's Committee transferred the land	Decision No. 2950/QD-UB on 8 November 2000
6	Thang Long water tank	Tu An Ward, Buon Ma Thuot City	Land lot document		1,130.6	Provincial People's Committee transferred the land	Decision No. 1458/QD-UB on 19 June 1999
7	Hoa Thang pressure increase pump station and water tank	Hoa Thang Ward, Buon Ma Thuot City	Land lot document		1,942	Provincial People's Committee transferred the land	Decision No. 41/QD-UB on 04 January 2001
8	04 Hoa Thang drill well pump station	Hoa Thang Ward, Buon Ma Thuot City	Land lot document		480	Provincial People's Committee transferred the land	Decision No. 2951/QD-UB on 11 August 2000
9	CuPul pressure increase pump station and water tank	Eatu Ward, Buon Ma Thuot City	Land lot document		2,652.7	Provincial People's Committee transferred the land	Decision No. 1456/QD-UB on 19 June 1999
10	The Company's head office	Tan An Ward, Buon Ma Thuot City	22	107	6,774	Provincial People's Committee leased the land	Decision No. 1622/QD-UBND on 01 July 2010



DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT ONE MEMBER LIMITED COMPANY

No.	Name of Constructions	Locations	Page of document	Lot	Square area (m ²)	Source	Legal documents
11	02 water tanks at 70 Nguyen Tat Thanh	Tu An Ward, Buon Ma Thuot City	1	15	4,239.9	Provincial People's Committee leased the land	Decision No. 1460/QD-UBND on 12 June 2015
12	03 Dat Ly drill well pump station	Tan An Ward, Buon Ma Thuot City	43, 65, 66	80, 39, 5	90	Provincial People's Committee leased the land	Decision No. 1107/QD-UBND on 02 June 2006
13	Ea Tam Ward pressure increase pump station	Ea Tam Ward, Buon Ma Thuot City	129	437	3,381.5	Provincial People's Committee leased the land	Decision No. 1033/QD-UBND on 28 April 2017
14	Ea Cotam pump station and water lake no. 1	Eatu Ward, Buon Ma Thuot City	8	47	21,993.8	Not yet registered for land procedure	
II	Buon Ho Town				15,072.1		
1	Buon Ho branch office	Dat Hieu Ward, Buon Ho Town	41	113	2,161.4	Not yet registered for land procedure	
2	BH7 drill well	Dat Hieu Ward, Buon Ho Town	35	56	129.9	Not yet registered for land procedure	
3	BH8 drill well	Dat Hieu Ward, Buon Ho Town	41	47	145.8	Not yet registered for land procedure	
4	Surface water process station	Binh Tan Ward, Buon Ho Town	Land lot map		6,349	Not yet registered for land procedure	
5	Underground water process station	Thong Nhat Ward, Buon Ho Town	23	6,9, 316, 317, 320, 321	2,900	Not yet registered for land procedure	
6	Road to DS 18 underground well water collection station	Thong Nhat Ward, Buon Ho Town	22	95, 96	368.6	Not yet registered for land procedure	
7	DS12 underground well water collection station	Thong Nhat Ward, Buon Ho Town	21	63	517.2	Not yet registered for land procedure	

**DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT ONE MEMBER LIMITED COMPANY**

No.	Name of Constructions	Locations	Page of document	Lot	Square area (m ²)	Source	Legal documents
8	DS04 underground well water collection station and road to DS04 underground well water collection station	Thong Nhat Ward, Buon Ho Town	21	41	538.6	Not yet registered for land procedure	
9	DS02 underground well water collection station	Thong Nhat Ward, Buon Ho Town	21	45	45.5	Not yet registered for land procedure	
10	DS19 underground well water collection station and road to DS19 underground well water collection station	Thong Nhat Ward, Buon Ho Town	22	10, 11, 14	381.2	Not yet registered for land procedure	
11	DS09 underground well water collection station and road to DS09 underground well water collection station	Thong Nhat Ward, Buon Ho Town	21	53	63.9	Not yet registered for land procedure	
12	Hop Thanh Lake surface water collection station and road to Hop Thanh Lake surface water collection station	Thong Nhat Ward, Buon Ho Town	26	280	563.5	Not yet registered for land procedure	
13	DS15 underground well water collection station and road to DS15 underground well water collection station	Thong Nhat Ward, Buon Ho Town	21	137, 138	69.5	Not yet registered for land procedure	
14	Nam Hong Lake surface water collection station and road to Nam Hong Lake surface water collection station	P. Binh Tân, Buon Ho Town	35	104	838	Not yet registered for land procedure	



DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT ONE MEMBER LIMITED COMPANY

No.	Name of Constructions	Locations	Page of document	Lot	Square area (m ²)	Source	Legal documents
III	Krong Pak District				53,478.80		
1	KP20 drill well 35 pump station	Hoa Dong Ward, Krong Pak District	5	333	106,5	Provincial People's Committee transferred the land	Decision No. 1366/QD-UB on 17 October 1995
2	06 dill well pump station 35	Hoa Dong Ward, Krong Pak District	19, 16	251, 252, 253, 254, 304, 269	1,277.3	Provincial People's Committee transferred the land	Decision No. 863/QD-UB on 04 May 1996
3	04 dill well pump station 35	Hoa Dong Ward, Krong Pak District			448.5	Provincial People's Committee transferred the land	Decision NO. 2946/QD-UB on 08 November 2000
4	KP23 dill well	Hoa Dong Ward, Krong Pak District	15	107	120.9	Not yet registered for land procedure	
5	TL2-7	Hoa Dong Ward, Krong Pak District	27	163	116.7	Not yet registered for land procedure	
6	Krong Pak Branch office, pump station, water collection tank, water tank, process area	Phuoc An Town, Krong Pak District	11	93	7,250.5	Not yet registered for land procedure	
7	No. 2, No.3 water collection lake included in Ea Cotam pump station	Hoa Dong Ward, Krong Pak District	8	47	42,077.5	Not yet registered for land procedure	
8	No. 4 water collection lake included in Ea Cotam pump station	Hoa Dong Ward, Krong Pak District	9	155	1,817.1	Not yet registered for land procedure	
9	KP-21 dill well	Hoa Dong Ward, Krong Pak District	5	332	117	Not yet registered for land procedure	
10	TL2-14 dill well	Hoa Dong Ward, Krong Pak District	26	224	146.8	Not yet registered for land procedure	
IV	Krong Buk District				1,090.4		



DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT ONE MEMBER LIMITED COMPANY

No.	Name of Constructions	Locations	Page of document	Lot	Square area (m ²)	Source	Legal documents
1	BH0 dill well	Pong Drang Ward, Krong Buk District	32	96	115.8	Not yet registered for land procedure	
2	BH1 dill well	Pong Drang Ward, Krong Buk District	32	38	66.6	Not yet registered for land procedure	
3	BH2 dill well	Pong Drang Ward, Krong Buk District	68	53	122.2	Not yet registered for land procedure	
4	BH3 dill well	Pong Drang Ward, Krong Buk District	62	37	115.9	Not yet registered for land procedure	
5	BH4 dill well	Pong Drang Ward, Krong Buk District	75	193	134.7	Not yet registered for land procedure	
6	BH5 dill well	Pong Drang Ward, Krong Buk District	67	67	121	Not yet registered for land procedure	
7	BH6 dill well	Pong Drang Ward, Krong Buk District	73	39	104.6	Not yet registered for land procedure	
8	BH11 dill well	Pong Drang Ward, Krong Buk District	75	315	111.8	Not yet registered for land procedure	
9	BH12 dill well	Pong Drang Ward, Krong Buk District	82	393	80.4	Not yet registered for land procedure	
10	BHdp dill well	Pong Drang Ward, Krong Buk District	32	3	117.4	Not yet registered for land procedure	
V	Cu M'gar District				4,321.0		
1	CuM'gar 03 drill well and pump station	Ea Pok Town, Cu M'gar District	8, 9, 10	393, 197, 451	319	Provincial People's Committee transferred the land	Decision No. 1302/QD-UBND on 14 June 2007
2	CuM'gar branch office	Quang Phu Town, Cu M'gar District	13	367	1,612	Provincial People's Committee leased land	Decision No. 1673/QD-UBND on 20 July 2007



DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT ONE MEMBER LIMITED COMPANY

No.	Name of Constructions	Locations	Page of document	Lot	Square area (m ²)	Source	Legal documents
3	CuM'gar branch water tank, managing house, HC house	Ea Pok Town, Cu M'gar District	24	123, 124	1,483	Provincial People's Committee leased land	Decision No.1675/QD-UBND on 20 July 2007
4	CuM'gar branch drill well pump station	Quang Phu Town, Cu M'gar District	8	171	215	Provincial People's Committee transferred land	Decision No.50/QD-UBND on 10 January 2011
5	CuM'gar branch drill well pump station	Ea Pok Town, Cu M'gar District	11, 8	258, 260, 259, 394	492	Provincial People's Committee transferred land	Decision No.1674/QD-UBND on 20 July 2007
6	CuM'gar 02 drill well pump station	Ea Pok Town, Cu M'gar District	3	676	200	Not yet registered for land procedure	
VI	Cu Kuin District				6,374.9		
1	Trạm bơm EaM'Sen	Ea Ktur Ward, Cu Kuin District	Land lot map		2,357	Provincial People's Committee transferred land	Decision No.1953/QD-UB on 29 August 2000
2	TL2-3 drill well, Ea M'Sen	Ea Ktur Ward, Cu Kuin District	Land lot map		120	Provincial People's Committee transferred land	Decision No.1952/QD-UB on 29 August 2000
3	TL2-1 drill well, Ea M'Sen	Ea Ktur Ward, Cu Kuin District	Land lot map		120	Provincial People's Committee transferred land	Decision No.1951/QD-UB on 29 August 2000
4	Ea Chu Cap pump station	Ea Ktur Ward, Cu Kuin District	11	4704	3,777.9	Provincial People's Committee leased land	Decision No.2173/QD-UBND on 18 October 2013
VII	Ea Kar District				7,263.6		
1	EaKar water process station	Ea Kmut Ward, H. Ea Kar District	74	52	7,081.2	Provincial People's Committee leased land	Decision No.1186/QD-UBND on 22 May 2017
2	Ea Kar branch office	EaKar Town, H. Ea Kar District	115	46	167.2	Not yet registered for land procedure	



DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT ONE MEMBER LIMITED COMPANY

No.	Name of Constructions	Locations	Page of document	Lot	Square area (m ²)	Source	Legal documents
3	Ea Kar drill well	EaKar Town, Ea Kar District	89		15.2	Not yet registered for land procedure	
VIII	Krong Ana District				25.921,2		
1	Krong Ana district water process factory	Ea Na Ward, Krong Ana District	1034		20.170,2	Provincial People's Committee leased land	Decision No.3446/QD-UBND on 18 November 2016
2	Krong Ana district pre-processes water pump station	Ea Na Ward, Krong Ana District	33		5.751	Provincial People's Committee leased land	Decision 1536/QD-UBND on 23 June 2017
IX	Buon Don District				7,350.4		
1	Buon Don district pre-processes water pump station	Ea Wer War, Buon Don District	106	38	1,113	Provincial People's Committee leased land	Deciion No. 2407/QD-UBND on 17 August 2016
2	Buon Don district water supply factory	Ea Wer Ward, Buon Don District	12	215, 216, 217, 218, 219, 220, 221, 222, 223	6,237.4	Provincial People's Committee leased land	Decision No. 806/QD-UBND on 19 April 2018
X	Ea Sup District				2,044.00		
1	Ea Sup branch office, management house	Ea Sup Town, Ea Sup District			2,044	Not yet register for land procedure	
XI	Krong Nang District				6,350.9		
1	Krong Nang district water process factory	Krong Nang Town, Krong Nang District	80	46	6,350.9	Provincial People's Committee leased land	Decision No. 2061/QD-UBND on 12 July 2016
Total	67 Constructions		Square area:		189,519.8 m²		

Source: Appendix about source, land use situation of DAKWACO attached with Report No. 437/TTr-STNMT on 07 August 2018 issued by Dak Lak Province Minister of Natural Resources and Environment.



↴ Land use solutions

According to current situation of land use and management and using demand of the company when turning into join-stock company, the Company prepared the Report No. 243/CNDTXD-KH on 11 July 2018 sent to Dak Lak Province Minister of Natural Resources and Environment and Dak Lak People's Committee to request for appraisal and approval the land use solutions of Dak Lak Water Supply and Construction Investment One Member Limited Company. Until 17 August 2018, Dak Lak Provincial People's Committee officially issued Decision No. 1965/QD-UBND about approval for land use solutions of Dak Lak Water Supply and Construction Investment One Member Limited Company as below:

- The company keeps 67 land lots with total square areas of 189,519.80 m² at Buon Ma Thuot City, Buon Ho Town and 9 districts to use on purpose of: Working office, pump station, underground water collection station, drill well, water process factory;
- Form: The Government leases land with annual land using expense.

Details of land use solutions according to attached Appendix to Decision No.1965/QD-UBND on 17 August 2018 as below:



DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT ONE MEMBER LIMITED COMPANY

No.	Name of constructions	Locations	Page of document	Lot	Square area (m ²)	Source	Legal document	Form after equitization	Land use purpose after equitization
1	Buon Ma Thuot City				60,252.5				
1	Phan Chu Trinh pump station and water tank	Tan Loi Ward, Buon Ma Thuot City	Land lot document		2,100	Provincial People's Committee transferred the land	Decision No. 1091/QD-UB on 17 December 1983	The Government leases land with annual land using expense	Non-agricultural manufacture Land
2	CuPul pump station and water collection well	Ea Tu Ward, Buon Ma Thuot City	Land lot map		12,025	Provincial People's Committee transferred the land	Decision No. 838/QD-UB on 03 May 1996	The Government leases land with annual land using expense	Non-agricultural manufacture Land
3	Dat Ly pump station and water tank	Hoa Thuan Ward, Buon Ma Thuot City	Land lot map		625	Provincial People's Committee transferred the land	Decision No. 2949/QD-UB on 08 November 2000	The Government leases land with annual land using expense	Non-agricultural manufacture Land
4	Tan An water tank	Tan An Ward, Buon Ma Thuot City	Land lot map		2,098	Provincial People's Committee transferred the land	Decision No. 1457/QD-UB on 19 June 1999	The Government leases land with annual land using expense	Non-agricultural manufacture Land
5	Dat Ly 06 drill well and pump station	Hoa Thuận Ward, Buon Ma Thuot City	Land lot map		720	Provincial People's Committee transferred the land	Decision No.2950/QD-UB on 8 November 2000	The Government leases land with annual land using expense	Non-agricultural manufacture Land
6	Thăng Long water tank	Tu An Ward, Buon Ma Thuot City	Land lot map		1,130.6	Provincial People's Committee transferred the land	Decision No.1458/QD-UB on 19 June 1999	The Government leases land with annual land using expense	Non-agricultural manufacture Land

**DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT ONE MEMBER LIMITED COMPANY**

No.	Name of constructions	Locations	Page of document	Lot	Square area (m ²)	Source	Legal document	Form after equitization	Land use purpose after equitization
7	Hoa Thang pressure increase pump station and water tank	Hoa Thang Ward, Buon Ma Thuot City	Land lot map		1,942	Provincial People's Committee transferred the land	Decision No.41/QD-UB on 04 January 2001	The Government leases land with annual land using expense	Non-agricultural manufacture Land
8	Hoa Thang 04 drill well and pump station	Hoa Thang Ward, Buon Ma Thuot City	Land lot map		480	Provincial People's Committee transferred the land	Decision No. 2951/QD-UB on 11 August 2000	The Government leases land with annual land using expense	Non-agricultural manufacture Land
9	CuPul pressure increase pump station and water tank	Eatu War, Buon Ma Thuot City	Land lot map		2,652.7	Provincial People's Committee transferred the land	Decision No.1456/QD-UB on 19 June 1999	The Government leases land with annual land using expense	Non-agricultural manufacture Land
10	The Company's head office	Tan An Ward, Buon Ma Thuot City	22	107	6,774	Provincial People's Committee transferred the land	Decision No. 1622/QD-UBND on 01 July 2010	The Government leases land with annual land using expense	Commercial, Service land
11	02 water tanks No. 70 Nguyen Tat Thanh	Tu An Ward, Buon Ma Thuot City	1	15	4,239.9	Provincial People's Committee transferred the land	Decision No. 1460/QD-UBND on 12 June 2015	The Government leases land with annual land using expense	Non-agricultural manufacture Land
12	Dat Ly 03 drill well and pump station	Tan An Ward, Buon Ma Thuot City	43, 65, 66	80, 39, 5	90	Provincial People's Committee transferred the land	Decision No. 1107/QD-UBND on 02 June 2006	The Government leases land with annual land using expense	Non-agricultural manufacture Land


DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT ONE MEMBER LIMITED COMPANY

No.	Name of constructions	Locations	Page of document	Lot	Square area (m ²)	Source	Legal document	Form after equitization	Land use purpose after equitization
13	Ea Tam Ward pressure increase pump station	Ea Tam Ward, Buon Ma Thuot City	129	437	3,381.5	Provincial People's Committee leased land	Decision No. 1033/QD-UBND on 28 April 2017	The Government leases land with annual land using expense	Non-agricultural manufacture Land
14	Ea Cotam pump station and water collection lake No.1	Eatu Ward, Buon Ma Thuot City	8	47	21,993.8	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
II	Buon Ho Town				15,072.1				
1	Buon Ho Branch office	Dat Hieu Ward, Buon Ho Town	41	113	2,161.4	Not yet registered for land procedure		The Government leases land with annual land using expense	Commercial, service land
2	BH7 drill well	Dat Hieu Ward, Buon Ho Town	35	56	129.9	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
3	BH8 drill well	Dat Hieu Ward, Buon Ho Town	41	47	145.8	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
4	Surface water process station	Binh Tan Ward, Buon Ho Town	Land lot map		6,349	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
5	Underground water process station	Thong Nhat Ward, Buon Ho Town	23	6,9, 316, 317, 320, 321	2,900	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land

**DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT ONE MEMBER LIMITED COMPANY**

No.	Name of constructions	Locations	Page of document	Lot	Square area (m ²)	Source	Legal document	Form after equitization	Land use purpose after equitization
6	Road to DS18 underground well water collection station	Thong Nhat Ward, Buon Ho Town	22	95, 96	368.6	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
7	DS12 underground well water collection station	Thong Nhat Ward, Buon Ho Town	21	63	517.2	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
8	DS04 underground well water collection station and road to DS04 underground well water collection station	Thong Nhat Ward, Buon Ho Town	21	41	538.6	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
9	DS02 underground well water collection station	Thong Nhat Ward, Buon Ho Town	21	45	45.5	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
10	DS19 underground well water collection station and road to DS19 underground well water collection station	Thong Nhat Ward, Buon Ho Town	22	10, 11, 14	381.2	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
11	DS09 underground well water collection station and road to DS09 underground well water collection station	Thong Nhat Ward, Buon Ho Town	21	53	63.9	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land



DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT ONE MEMBER LIMITED COMPANY

No.	Name of constructions	Locations	Page of document	Lot	Square area (m ²)	Source	Legal document	Form after equitization	Land use purpose after equitization
12	Hop Thanh Lake surface water collection station and road to Hop Thanh Lake surface water collection station	Thong Nhat Ward, Buon Ho Town	26	280	563.5	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
13	DS15 underground well water collection station and road to DS15 underground well water collection station	Thong Nhat Ward, Buon Ho Town	21	137, 138	69,5	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
14	Nam Hong Lake surface water collection station and road to Nam Hong Lake surface water collection station	Binh Tan Ward, Buon Ho Town	35	104	838	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
III	Krong Pac District				53,478.80				
1	KP20 drill well pump station 35	Hoa Dong Ward, Krong Pak District	5	333	106.5	Provincial People's Committee transferred land	Decision No. 1366/QD-UB on 17 October 1995	The Government leases land with annual land using expense	Non-agricultural manufacture Land
2	06 Drill well pump station 35	Hoa Dong Ward, Krong Pak District	19, 16	251, 252, 253, 254, 304, 269	1,277.3	Provincial People's Committee transferred land	QĐ số 863/QĐ-UB on 04 May 1996	The Government leases land with annual land using expense	Non-agricultural manufacture Land

**DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT ONE MEMBER LIMITED COMPANY**

No.	Name of constructions	Locations	Page of document	Lot	Square area (m ²)	Source	Legal document	Form after equitization	Land use purpose after equitization
3	04 drill well pump station 35	Hoa Dong Ward, Krong Pak District			448.5	Provincial People's Committee transferred land	Decision No. 2946/QD-UB on 08/11/2000	The Government leases land with annual land using expense	Non-agricultural manufacture Land
4	KP23 drill well	Hoa Dong Ward, Krong Pak District	15	107	120.9	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
5	TL2-7 drill well	Hoa Dong Ward, Krong Pak District	27	163	116.7	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
6	KRong Pak branch office, pump station, collection tank, water tank, process area	Phuoc An Town, Krong Pak District	11	93	7,250.5	Not yet registered for land procedure		The Government leases land with annual land using expense	Commercial, Service land; Non-agricultural manufacture Land
7	Water collection lake No. 2, No. 3 included in Ea Cotam pump station	Hoa Dong Ward, Krong Pak District	8	47	42,077.5	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
8	Water collection lake No. 4 included in Ea Cotam pump station	Hoa Dong Ward, Krong Pak District	9	155	1,817.1	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
9	KP-21 drill well	Hoa Dong Ward, Krong Pak District	5	332	117	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land



DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT ONE MEMBER LIMITED COMPANY

No.	Name of constructions	Locations	Page of document	Lot	Square area (m ²)	Source	Legal document	Form after equitization	Land use purpose after equitization
10	TL2-14 drill well	Hoa Dong Ward, Krong Pak District	26	224	146.8	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
IV	Krong Buk District				1,090.4				
1	BH0 Drill well	Pong Drang Ward, Krong Buk District	32	96	115.8	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
2	BH1 Drill well	Pong Drang Ward, Krong Buk District	32	38	66.6	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
3	BH2 Drill well	Pong Drang Ward, Krong Buk District	68	53	122.2	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
4	BH3 Drill well	Pong Drang Ward, Krong Buk District	62	37	115.9	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
5	BH4 Drill well	Pong Drang Ward, Krong Buk District	75	193	134.7	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
6	BH5 Drill well	Pong Drang Ward, Krong Buk District	67	67	121	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land



DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT ONE MEMBER LIMITED COMPANY

No.	Name of constructions	Locations	Page of document	Lot	Square area (m ²)	Source	Legal document	Form after equitization	Land use purpose after equitization
7	BH6 Drill well	Pong Drang Ward, Krong Buk District	73	39	104.6	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
8	BH11 Drill well	Pong Drang Ward, Krong Buk District	75	315	111.8	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
9	BH12 Drill well	Pong Drang Ward, Krong Buk District	82	393	80.4	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
10	BHdp Drill well	Pong Drang Ward, Krong Buk District	32	3	117.4	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
V	Cu M'gar District				4,321.0				
1	CuM'gar 03 drill well and pump station	Ea Pok Town, Cu M'gar District	8, 9, 10	393, 197, 451	319	Provincial People's Committee transfered land	Decision No. 1302/QD-UBND on 14 June 2007	The Government leases land with annual land using expense	Non-agricultural manufacture Land
2	CuM'gar branch office	Quang Phu Town, Cu M'gar District	13	367	1,612	Provincial People's Committee leased land	Decision No. 1673/QD-UBND on 20 July 2007	The Government leases land with annual land using expense	Commercial, Service land
3	CuM'gar branch water tank, management house, HC house	Ea Pok Town, Cu M'gar District	24	123, 124	1,483	Provincial People's Committee leased land	Decision No. 1675/QD-UBND on 20 July 2007	The Government leases land with annual land using expense	Non-agricultural manufacture Land



DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT ONE MEMBER LIMITED COMPANY

No.	Name of constructions	Locations	Page of document	Lot	Square area (m ²)	Source	Legal document	Form after equitization	Land use purpose after equitization
4	CuM'gar branch drill well pump station	Quang Phu Town, Cu M'gar District	8	171	215	Provincial People's Committee leased land	Decision No. 50/QD-UBND on 10 January 2011	The Government leases land with annual land using expense	Non-agricultural manufacture Land
5	CuM'gar branch drill well pump station	Ea Pok Town, Cu M'gar District	11, 8	258, 260, 259, 394	492	Provincial People's Committee leased land	Decision No. 1674/QD-UBND on 20 July 2007	The Government leases land with annual land using expense	Non-agricultural manufacture Land
6	CuM'gar branch 02 drill well pump station	Ea Pok Town, Cu M'gar District	3	676	200	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
VI	Cu Kuin District				6,374.9				
1	EaM'Sen pump station	Ea Ktur Ward, Cu Kuin District	Land lot map		2,357	Provincial People's Committee transfered land	Decision No. 1953/QD-UB on 29 August 2000	The Government leases land with annual land using expense	Non-agricultural manufacture Land
2	TL2-3 Drill well, Ea M'Sen	Ea Ktur Ward, Cu Kuin District	Land lot map		120	Provincial People's Committee transfered land	Decision No. 1952/QD-UB on 29 August 2000	The Government leases land with annual land using expense	Non-agricultural manufacture Land
3	TL2-1 Drill well, Ea M'Sen	Ea Ktur Ward, Cu Kuin District	Land lot map		120	Provincial People's Committee transfered land	Decision No. 1951/QD-UB on 29 August 2000	The Government leases land with annual land using expense	Non-agricultural manufacture Land
4	Ea Chu Cap pump station	Ea Ktur Ward, Cu Kuin District	11	4704	3,777.9	Provincial People's Committee leased land	Decision No. 2173/QD-UBND on 18 October 2013	The Government leases land with annual land using expense	Non-agricultural manufacture Land
VII	Huyện Ea Kar				7,263.6				



DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT ONE MEMBER LIMITED COMPANY

No.	Name of constructions	Locations	Page of document	Lot	Square area (m ²)	Source	Legal document	Form after equitization	Land use purpose after equitization
1	Trạm xử lý nước EaKar	Xã Ea Kmút, H. Ea Kar	74	52	7,081.2	Provincial People's Committee leased land	Decision No. 1186/QĐ-UBND on 22 May 2017	The Government leases land with annual land using expense	Non-agricultural manufacture Land
2	Văn phòng Chi nhánh Ea Kar	TT. EaKar, H. Ea Kar	115	46	167.2	Not yet registered for land procedure		The Government leases land with annual land using expense	Commercial, Service land
3	Giếng khoan Ea Kar	TT. EaKar, H. Ea Kar	89		15.2	Not yet registered for land procedure		The Government leases land with annual land using expense	Non-agricultural manufacture Land
VIII	Huyện Krông Ana				25,921.2				
1	Nhà máy xử lý nước huyện Krông Ana	Xã Ea Na, H. Krông Ana	1034		20,170.2	Provincial People's Committee leased land	Decision No. 3446/QĐ-UBND on 18/11/2016	The Government leases land with annual land using expense	Non-agricultural manufacture Land
2	Trạm bơm nước thô huyện Krông Ana	Xã Ea Na, H. Krông Ana	33		5,751	Provincial People's Committee leased land	Decision No. 1536/QĐ-UBND on 23/6/2017	The Government leases land with annual land using expense	Non-agricultural manufacture Land
IX	Huyện Buôn Đôn				7,350.4				
1	Trạm bơm nước thô huyện Buôn Đôn	Xã Ea Wer, H. Buôn Đôn	106	38	1,113	Provincial People's Committee leased land	Decision No. 2407/QĐ-UBND on 17/8/2016	The Government leases land with annual land using expense	Non-agricultural manufacture Land
2	Nhà máy cấp nước huyện Buôn Đôn	Xã Ea Wer, H. Buôn Đôn	12	215, 216, 217, 218, 219,	6,237.4	Provincial People's Committee leased land	Decision No. 806/QĐ-UBND on 19/4/2018	The Government leases land with annual land using expense	Non-agricultural manufacture Land



DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT ONE MEMBER LIMITED COMPANY

No.	Name of constructions	Locations	Page of document	Lot	Square area (m ²)	Source	Legal document	Form after equitization	Land use purpose after equitization
				220, 221, 222, 223					
X	Ea Sup District				2,044.00				
1	Ea Sup branch office, management house	Ea Sup Town, Ea Sup District			2,044	Not yet registered for land procedure		The Government leases land with annual land using expense	Commercial, Service land
XI	Krong Nang District				6,350.9				
1	Krong Nang District water process factory	Krong Nang Town, Krong Nang District	80	46	6,350.9	Provincial People's Committee leased land	Decision No. 2061/QD-UBND on 12 July 2016	The Government leases land with annual land using expense	Non-agricultural manufacture Land
Total	67	Constructions	Square area:		189,519.8	m²			

Source: Appendix land use solutions of DAKWACO equitization attached Decision No. 1965/QD-UBND on 17 Aug 2018 issued by Dak Lak P. People's Committee.



6.2. Fixed assets situation as at 31 December 2017:

Unit: VND

No.	Items	Cost	Net residual value
I	Tangible fixed assets	454,885,619,234	245,114,515,900
1	Buildings and structures	101,549,505,675	45,738,832,142
2	Machinery and equipment	42,534,752,160	26,100,139,802
3	Transfer, transport vehicles	301,077,526,114	172,815,335,232
4	Management tools, equipments	9,723,835,285	460,208,724
II	Intangible fixed assets	1,127,959,090	366,537,584
1	Softwares and computers	413,240,000	210,142,684
2	Other intangible fixed assets	714,719,090	156,394,900
@	Total	456,013,578,324	245,481,053,484

Source: Audited financial reports 2017 of DAKWACO

7. List of parent companies and subsidiaries

7.1. Parent companies

Dak Lak Water Supply and Construction Investment One Member Limited Company is government company directly under Dak Lak Provincial People's Committee (holding 100% charter capital of DAKWACO). After equitization, expected percentage of ownership of Dak Lak Provincial People's Committee at joint-stock company is 36% of charter capital. Accordingly, some principal information about Government capital ownership of DAKWACO as below:

Name of company: **DAK LAK PROVINCIAL PEOPLE'S COMMITTEE**

English name: **DAK LAK PROVINCIAL PEOPLE'S COMMITTEE**

Head office: **No. 09 Le Duan, Tu An Ward, Buon Ma Thuot City, Dak Lak**

Phone: **(0262) 8050557 - Fax: (0262) 8050554**

Website: **www.Dak Lak.gov.vn**

7.2. Subsidiaries and joint ventures, affiliated companies

None.

8. Business operation situation and profit & loss and other comprehensive income statements in 3 years before equitization



8.1. Business operation situation

8.1.1. Product volume/service quality through years

Product volume/service quality through years

Unit: m³

Indicators	2015	2016	2017	9M/2018
Machine water manufacture	19,885,000	18,931,825	20,791,064	14,553,194
Receipt from water use record	15,969,000	15,463,216	16,146,635	11,683,307
Drained water	19.7%	18.3%	22.3%	19.7%

Source: DAKWACO

Total income structure

Unit: million VND

Items	2015		2016		2017		9M/2018	
	Value	%TI	Value	%TI	Value	%TI	Value	%TI
Net revenue	101,811	99.24	110,781	97.58	118,473	97.89	116,530	99.23
Financial income	333	0.32	785	0.69	559	0.46	136	0.12
Other income	450	0.44	1,959	1.73	1,992	1.65	769	0.65
Total income (TI)	102,594	100	113,525	100	121,024	100	117,435	100

Source: Audited financial reports 2015, 2016, 2017 and financial reports in first 9 months 2018 of DAKWACO

With specific nature of operating in water manufacture and supply business, the business operation result of DAKWACO is affected mainly by nature conditions. In dried season, there are some years of drought lasting, the water source was running out seriously which affected to the distribution and management of water to customers. However, with handy control of Management Board and support of local offices, clean water using demand increased which conveniently supported for the Company's developing in business operation. During period from 2015 to 2017, total income continuously increased, in which, net revenue always occupied of over 97% of total income.

Financial income occupied of insignificant percentage, under 0.7% total income. Other income in 2016-2017 was unexpected increasing due to the land expense was reduced and doubtful debts of 2017 were handled.

During the first 9 months of 2018, total income of Company is 117.4 billion VND, which is signal for the positive growth with higher value than 2015 and 2016 respectively 14.5% and



3.4%, at the same time is 97% comparing to total result in 2017. In which, over 99% of total income comes from net revenue with value of 116.5 billion VND.

↓ **Income structures according to business operation**

Unit: Million VND

Items	2015		2016		2017		9M/2018	
	Value	%TNR	Value	%TNR	Value	%TNR	Value	%TNR
Revenue from daily water manufacture and supply	85,889	84.36	99,901	90.18	108,135	91.27	111,867	95.85
Revenue from construction and installation	13,644	13.40	9,691	8.75	6,314	5.33	4,590	3.93
Revenue from consulting, design survey, others	2,278	2.24	1,189	1.07	4,024	3.40	260	0.22
Total Net Revenue (TNR)	101,811	100	110,781	100	118,473	100	116,717	100

Source: Audited financial reports 2015, 2016, 2017 and financial reports in the first 9 months 2018 of DAKWACO

About structures of business operation activities of the Company in period of 2015 – 2017 mainly came from daily water manufacture and supply activities, which occupied 88.78% of total net revenue. Beside, revenue from daily water manufacture and supply activities tends to increase through the years, particularly, revenue of 2015 was 86 billion VND, occupied of 84.36% total net revenue, to 2017, this amount increased to 108 billion VND, occupied of 91.27% total net revenue.

Beside of inflow from daily water manufacture and supply activities, DAKWACO recorded revenue from construction and installation activities with contributed percentage in period 2015-2017 was 8.96% total net revenue. However, revenue from these activities tend to decrease from 13.6 billion VND in 2015 to 6.3 billion VND in 2017, whose percentage of total net revenue decreased from 13.40% total 5.33%.

Beside, business operation of DAKWACO also includes consulting, design survey and other activities. With these types of operation, percentage of total net revenue was low, 2.26% and fluctuates from 1.07 to 3.4% in the analysis period

In the first 9 months 2018, almost net revenue of the Company comes from daily water manufacture and supply activities with value of nearly 112 billion VND, increases positively comparing to results in past 3 years (2015-2017), and respective growth percentages are 30%, 12% and 3.5%.



8.1.2. Materials

Mainly used materials in manufacture of water include rough water exploited from river surface, underground water well, electricity and construction materials supporting for maintainance of pipe lines. Beside, materials also include chemicals such as: single alum, caustic soda, chlorine,...

Cost of materials usually occupies certain percentage in cost of sale. Price of materials, chemicals are quite stable, there are some items which tend to increase yet within acceptable variance, the Company could control that. However, main material is rough water source which depends on natural weather conditions so there are some drought months or floody seasons, the volume and quality of rough water changes dramatically, which costs much of electricity and chemical expense to process.

Because the materials to process water of DAKWACO are used popularly in the market, the price of these materials does not variance much, so the situation of using materials does not affect much on business operation activities of the Company.

8.1.3. Manufacturing expenses:

Expense structure according to business operation activities before equitization as below:

Unit: Million VND

Items	2015		2016		2017		9M/2018	
	Value	%TI	Value	%TI	Value	%TI	Value	%TI
Cost of sale	83,771	81.65	89,242	78.61	98,632	81.50	85,497	72.80
Selling expenses	0	0	0	0	0	0	0	0
Administrative expenses	13,419	13.08	18,159	16.00	15,427	12.75	13,645	11.62
Financial expenses	0	0	0	0	0	0	0	0
Other expenses	534	0.52	1,071	0.94	1,869	1.54	421	0.36
Total	97,724	95.25	108,472	95.55	115,928	95.79	99,563	84.78

Source: Audited financial reports 2015, 2016, 2017 and financial reports in first 9 months 2018 of DAKWACO

In general, total expense occupied high percentage and remained stably from 95-96% of total income in period of 2015-2017. Due to specific nature of main operations in water manufacture, the cost of sale always occupied highest percentage compared to other expenses, whose average percentage of 2015, 2016, and 2017 is 80.6% of total income.



The administrative expenses with average value 15.7 billion VND/year in period 2015-2017, in which mainly are tax, fee, legal fee and management salary expense. The remaining items always occupied percentage of lower than 1% in 2015 and 2016, in 2017 this percentage increased to 1.54% because in the year the Company had to additionally pay the environmental protection expense for waste water with value of 1.4 billion VND.

In the first 9 months 2018, total expense of company is 99.6 billion VND, occupied of 84.8% total income, lower than average percentage in past 3 years which is 95.5% because the Company usually accounts and allocates depreciation expenses at the end of financial period.

Beside, business operation activities of the Company do not occur other expenses relating to selling and financial expenses.

8.1.4. Market

The Company currently manages the daily water supply for the whole population in Buon Ma Thuot City with capacity of 49,000 m³/day night, at the same time manages 05 towns of Dak Lak province which are: Buon Ho town, Phuoc An Town, Cu Mgar Town, Ea Sup Town, Ea Kar Town.

8.1.5. Technology level

Comparing to other companies in the same sector, technology level of DAKWACO is relatively developing and suitable with the growth of the Company.

During the past period, the Company has been upgrading procedures, promoting management method with information technology applied for management activities of Company, as well as management of business operation activities and transactions with customers.

In the coming time, DAKWACO is trying to build the Company to be water supply Company with developed management level with modern technology to be cope with other top water supply companies in the country, meets well the development demand of province, suitable with development orientation of water supply in towns until 2020 which approved by Prime Minister.

8.1.6. Research and new product development situation

The main business operation activities of DAKWACO currently is daily water manufacture and supply to serve the daily demand and industrial manufacture in the locality of Dak Lak province.

In the condition of limited investment capital, to supply water source for Buon Ma Thuot City, the Company will focus on necessary constructions of the water supply project to be soon exploited and supplied of water for people.

Hence, beside the main activity stated above, the Company current has not yet had survey plan as well as plan on developing of new products/service.



8.1.7. Quality control of products/service situation

To assure quality of products, the Company has department specializing in quality control, limits the potential risk during manufacture process. Assure of quality and requests of customers.

Particularly, every year the Company always focuses on quality control at the water source, in the nets to assure the water source with quality of water achieves regulated standards of Minister of Medicine and service quality of daily clean water supply assures customer's request. The Company has plan on check of meter clock in customer's site according to regulated period (60 months and above) to decrease drained water percentage in meter clock.

8.1.8. Marketing activities

Because of reasons that the water source is still limited, the Company does not have many marketing activities. However every year the Company supplies addition volume of clean water for people, to meet people's demand of use in the operation locality.

8.1.9. Commercial brand, registration of patent license and copyright.



The Company uses Local registered products brand issued by National Office of Intellectual Property, Minister of Science and Technology. The Logo is also commercial brand of the Company.

8.1.10. Significant contracts to be signed or already signed.

No.	Name of partners	Products/Services provided	Contract value 2017 (VND)	Performing period
1	Police barracks	Clean water supply service	129,697,056	Annually
2	Police detention house		478,121,904	Annually
3	Regional general hospital		1,321,586,184	Annually
4	Provincial police		1,021,400,460	Annually
5	Tay Nguyen University		1,057,074,660	Annually
6	Teachers Training College		441,838,140	Annually
7	Tuberculosis Hospital		144,425,568	Annually
8	Sai Gon Ban Me hotel		216,482,592	Annually
9	Sabeco Company		4,312,732,512	Annually
10	Mega Market Company		216,133,440	Annually
11	Cultural School 3		217,898,484	Annually



No.	Name of partners	Products/Services provided	Contract value 2017 (VND)	Performing period
12	Buon Ma Thuot market investment and trading corporation		313,196,544	Annually
13	Vocational College		302,784,132	Annually
14	Hoang Anh Gia Lai Co-operative society		565,650,048	Annually
15	Muong Thanh hotel		488,174,400	Annually
16	City hospital	Clean water supply service	569,095,728	Annually
17	Hai Ba Trung hotel		255,817,008	Annually
18	Urban Environment Company		421,679,424	Annually
19	Thien Hanh hospital		436,889,616	Annually
20	Cao Nguyen Practical School		115,301,712	Annually
@	Total			13,025,979,612

Source: DAKWACO.

Note: Contracts between Company and customers are automatically renewed every year, in which value of contract depends on actual volume of water distributed for customer and selling price is determined by Dak Lak Provincial People's Committee periodically.

8.2. Financial situation and business operation results in 3 years before equitization

8.2.1. Summary of some indicators about financial situation and business operation results

Unit: Million VND

No.	Indicators	2015	2016	2017	9M/2018
1	Total asset value	352.849	352.797	357.860	366.928
2	Government capital recorded	314.968	314.968	314.968	329.179
3	Short-term loan	-	-	-	-
	<i>In which, overdue loan</i>	-	-	-	-
4	Long-term loan	-	-	-	-
	<i>In which, overdue loan</i>	-	-	-	-



No.	Indicators	2015	2016	2017	9M/2018
5	Doubtful debts	548	548	548	548
6	Total number of employee	341	357	377	378
7	Total salary fund	41,329	43,696	48,859	36,912
8	Average income (million/person/month)	10.10	10.20	10.60	10.85
9	Total income	102,594	113,525	121,024	117,435
10	Total expenses	97,724	108,472	115,928	99,563 (*)
11	Operating profit	4,870	5,054	5,096	17,872 (*)
12	Profit after tax	3,703	3,801	3,709	14,304 (*)
13	Profit after tax/government capital percentage (%)	1.18	1.21	1.18	4.35 (*)

Source: Audited financial reports 2015, 2016, 2017 and financial reports in first 9 months 2018 of DAKWACO

(*) During the period 2015-2017, profit after tax per government capital percentage remained stably from 1.18-1.21%/year. Because the Company usually records and allocates depreciation expenses at the end of financial year so total expenses in the first 9 months 2018 only occupied about 84.8% total income comparing to average percentage in the period of past 3 years is 95.5%. That makes the profit and profit after tax per government capital percentage in the first 9 months 2018 significantly higher than result of whole year comparing to 3 years 2015, 2016, 2017.

8.2.2. Other indicators

↓ Principal financial indicators (*)

No.	Indicators	2015	2016	2017
1	Operation capacity indicators			
1	Account Receivable turnover	2.73	2.49	2.07
2	Account Payable turnover	1.63	2.41	2.50
3	Inventory turnover	5.26	5.44	5.33
4	Total assets turnover	0.32	0.31	0.33



No.	Indicators	2015	2016	2017
5	Working capital turnover	2.42	2.15	2.00
II	Liquidity capacity indicators			
1	Current ratio	2.19	2.53	2.41
2	Quick ratio	1.78	2.07	1.95
III	Debt paying ability indicators			
1	Debt/Total asset ratio	-	-	-
2	Debt/Owner equity ratio	-	-	-
3	Financial leverage ratio	-	-	-
4	Interest coverage ratio	-	-	-
IV	Profitability indicators			
1	Profit after tax/Net revenue	3.64%	3.43%	3.13%
2	Return on assets ratio (ROA)	1.17%	1.08%	1.04%
3	Return on equity ratio (ROE)	1.40%	1.21%	1.18%
V	Asset/Equity structure indicators			
1	Liability / Total equity and liabilities	10.67%	10.72%	11.99%
2	Liability / Owner equity	11.94%	12.01%	13.62%
3	Owner equity/ Total equity and liabilities	89.33%	89.28%	88.01%
4	Short-term liability / Liability	100%	100%	100%
5	Long-term liability /Liability	-	-	-
VI	Growth speed			
1	Total asset growth	26.77%	(0.01%)	1.44%
2	Net revenue growth	(0.89%)	8.81%	6.94%

Source: Audited financial reports 2015, 2016, 2017 of DAKWACO.



(*) The financial indicators are calculated on data of the whole year operating of the Company, hence to reflect these indicators meaningfully, the Company does not calculate for indicators in first 9 months 2018.

⬇ **Receivables**

Unit: Million VND

Indicator	2015	2016	2017	9M/2018
Short-term receivables	40,395	48,737	65,750	78,348
Trade receivables	27,271	19,727	21,010	26,409
Prepayment for suppliers	2,941	2,315	2,543	2,737
Inter-company receivables	-	-	-	1,614
Other receivables	10,731	27,243	42,745	48,136
Provision for doubtful debts	(548)	(548)	(548)	(548)
Long-term receivables	-	-	-	-
Total	40,395	48,737	65,750	78,348

Source: Audited financial reports 2015, 2016, 2017 and financial reports in the first 9 months 2018 of DAKWACO

⬇ **Payables**

Unit: Million VND

Indicators	2015	2016	2017	9M/2018
Short-term payables	37,642	37,829	42,892	37,543
Trade payables	13,561	11,226	8,801	11,914
Advance from customers	16	16	212	222
Tax payables to State	2,132	2,368	2,822	4,856
Payables to employee	7,538	10,286	18,846	11,203
Inter-company payable	-	-	-	1,614
Other payables	10,764	10,751	8,948	8,819
Bonus, welfare fund	3,631	3,182	3,263	(1,085)



Indicators	2015	2016	2017	9M/2018
Long-term payables	-	-	-	206
Total	37,642	37,829	42,892	37,749

Source: Audited financial report 2015, 2016, 2017 and financial reports in first 9 months 2018 of DAKWACO

8.3. Factors affecting to business operation activities of the Company in the financial reporting year

↓ Advantages

- With careful guidance from Provincial Party Committee, Provincial People's Committee, Companies, Offices and local government to facilitate for the Company to complete tasks delegated;
- The high united in Party Executive Committee, Board of Director, Officer and employee of the Company who had capacity and reality experiences, basically meet demand of building a sustainably developing Company.
- Daily clean water demand of people increase day by day, which is convenient for the growth speed in business operation activities of the Company.
- Workforce has technical education level which meets professional level, has experience in management work as well as manufacturing management.

↓ Disadvantages

- During the drought month season lasting, the water source is running out seriously, which affects to management, distribution to customers; Water manufacture sations are small and located separately in huge are; working quota and manufacture expense are high, drained water percentage is still fluctuating unstably;
- Due to the specific nature of the Company both manufacturing and consuming products, there are no inventory remaining, in the rainy seasons the water source is abundant yet demand is low, vice versa to drought season.
- Selling price of water is still low which does not assure for the Company to reinvest to expand the factory; Appraisal and approval procedures for selling price lasts very long which leads to business operation efficiency not meet plan, also affects to business operation plan of the Company.
- The upgrading of urban, expanding of roads, drain water system construction at Buon Ma Thuot City, Highway and provincial routes in the Province affect operation and



management of the Company.

9. Company's position comparing with other companies within the same sector

9.1. Company's position in sector

DAKWACO is water supply unit for the whole Dak Lak province, accordingly the Company always tries to assure the water supply continuously, water quality and service quality are always improved.

About operation network, currently the Company has head office locating at Buon Ma Thuot City and 5 branches of water supply locating at districts and towns including in locality of Dak Lak Province to assure the daily water supply activities, particularly as below:

No.	Location	2017		
		Machine water manufactured (m3)	Machine water recorded (m3)	Drained water (%)
1	Buon Ma Thuot City	16,684,085	12,988,461	22.2
2	Krong Pak District	801,675	645,665	19.5
3	Buon Ho Town	1,897,877	1,577,487	16.9
4	Cu Mgar District	417,386	344,849	17.5
5	EaKar District	83,644	66,594	20.5
6	EaSup District	906,397	523,579	42.3
@	Total	20,791,064	16,146,635	22.3

Source: DAKWACO

Currently, the Company is recognized as the water supply unit which has good management level, modern technology, and same rank with water supply companies at the Highland - Central area and step by step intergrating with other big companies.

9.2. Development prospects of sector

Water supply system has important role to the lives and other developing activities of economy – society, so that water supply sector always receives care, guidance and support from Government. Particularly, water supply developing projects at urban area are always prioritized to be invested for construction and always gets checks, ranking on quality of operation, upgrade and expanding investment on pipe lines to meet demand of water use, operates in high capacity of design and limit the drained water level.

On 11 July 2007, the Government issued Decree No. 117/2007/ND-CP about manufacture, supply and consuming of clean water, and then modified, added in Decree No. 124/2011/ND-CP on 28 December 2011 to facilitate for water supply companies to be



independent in finance. This contributes to prove the care of Government for water supply sector.

According to mindset of development orientation in urban and Vietnam industrial zone water supply, target that until 2015, percentage of clean water coverage in urban areas is 100%; with standard water supply is 120lit/person/day night. Vision until 2050, all urban areas, industrial zones are met fully with water supply demand with independence in finance.

With developing economy of Vietnam the growth speed of infrastructure facility quickly opens up opportunities for general development of water supply sector. Beside, daily demand consuming of product –service of people is improved day by day which is advantages for company in this sector to improve scale and quality of business in positive trend.

Until now, the whole country has nearly 100 water supply companies, managing over 500 water supply systems including big, small ones at urban areas in the whole country with total capacity of 7 million m³/day night; urban population percentage is supplied of water via centered water supply system is 80%; drained water's average percentage is 25.5%; daily water usage level is average of 105 lit/person/day night.

9.3. Suitability valuation of Company's development orientation in sector, national policies, general worldwide trend

The suitability of Company's development orientation in sector, national policies, general worldwide trend is presented by the Company's determination to change into joint-stock company. In the trend of intergration and development as current with the economy of market, National company model is no longer effective, flexible and competitive ability is limited. Joint-stock company model is suitable business model which the developed countries in general and Vietnam in separate are applying and developing the positive aspects of it in the economy. With business model as joint-stock company, the Company will attract source in sociality of both capital and workforce from economic, personal units inside and outside of countries. The parties joining in business operation activities of the Company will help to change and develop the country, also create jobs for workers, increase net inflow for local; change the management method, create motivation to develop, improve effectiveness and competition of the Company in the market economy.

10. Investment solutions and Company's development strategies after equitization

10.1. Information about joint-stock company

↓ General information

- Company name: **DAK LAK WATER SUPPLY JOINT STOCK COMPANY**
- English name: **DAK LAK WATER SUPPLY JOINT STOCK COMPANY**



- Transaction name: DAK LAK WATER SUPPLY JOINT STOCK COMPANY
- Acronym: DAKWACO
- Address: No. 339 Ton Duc Thang, Tan An Ward, Buon Ma Thuot City, Dak Lak Province
- Phone: 0262.3852 619
- Website: www.dakwaco.com.vn

↓ **Types of business**

The Company continues to remain current types of business after equitization, details:

No.	Name of business sector	Sector code
1	<p>Exploit, process and supply of water.</p> <p><i>Details:</i></p> <ul style="list-style-type: none"> - <i>Exploit, process and supply of water;</i> - <i>Manufacture and trade daily using water and industrial production.</i> 	3600 (Main)
2	<p>Architecture activities and related technical consultation.</p> <p><i>Details:</i></p> <ul style="list-style-type: none"> - <i>Design of water supply, drain constructions;</i> - <i>Manage, control and quality appraisal of constructions;</i> - <i>Consult on construction projects, civil construction, infrastructure facility constructions including: construction of water supply, drain, process of waste water, landfill of solid waste, solid waste processing factory;</i> - <i>Consult on monitoring of constructions and completing of water supply, drain constructions;</i> - <i>Prepare appraisal report about result of technical design, finalization of civil constructions, water supply/drain constructions, waste water process;</i> - <i>Geological survey for constructions, survey and design on exploiting mineral mines;</i> - <i>Consult on preparing civil, water supply/drain constructing</i> 	7110



	<i>investment projects.</i>	
3	Complete of construction projects.	4330
4	Trade of tools and equipments, other installing equipments related in constructions. <i>Details: Trade all water supply/drain, waste water processing and other wastes tools and equipments. All types of pumping machines, equipments in water supply/drain.</i>	4663
5	Manufacture of non-alcoholic beverage, mineral water. <i>Details: Manufacture of mineral water, crystal bottled water.</i>	1104
6	Level of construction surface. <i>Details: Leveling construction surface.</i>	4312
7	Install of water supply/drain system, heater and air-conditioner.	4322
8	Public construction performing. <i>Details:</i> - <i>Testing drill and underground water exploit;</i> - <i>Construct and install piping system of water supply/drain; Construct of channels of water drain;</i> - <i>Construct of pump stations, lakes, dams, tanks, environmental cleaning construction and solid waste process;</i> - <i>Constructing invest water supply system;</i> - <i>Build and install civil electricity system, water supply/drain system and waste water process, process and destroy nontoxic wastes, medical waste and other nontoxic wastes process and destroy.</i>	4220

⚡ **Organizational structure and management system of join-stock company**

After equitization, Dak Lak Water Supply and Construction Investment One Member Limited Company will operate under form of join-stock Company according to regulations of Company Law and other legal documents. Organizational structure of Company is expected to be as below:



- **General Shareholders:** Is department which has highest power in the Company, including all shareholders having right to vote or authorized persons by shareholders.

- **Management Council**

Management Council is managed office of Dak Lak Water Supply Joint-Stock Company, having right to decide and perform on behalf of the Company for rights and obligations of the Joint-stock company which are not under power of Shareholders.

The Management Council has minimum 03 members and not over 11 members, number of members in Management Council in details is decided by General Shareholder, suitable with operation request in each period. Structure of members in Management Council need to assure the balance between members holding executive positions and non-executive positions and independent members, in which minimum 1/5 (one on five) total members is independent members of Management Council. Minimum number of Management Council member is determined according to rounding down method.

Term of Management Council is 05 years. Term of Management Council members, independent members according to term of Management Council and could be revoked with unlimited times. Management Council member could be dismissed or additionally appointed or replaced for dismissed members during the term, in that time term of new members is the remaining term of Management Council.

- **Controlling Board**

Controlling Board is department appointed by General Shareholders, on behalf of controlling shareholders, evaluate independently and honestly all business operation activities, management, financial position of Dak Lak Water Supply Joint Stock Company and be responsible in front of General Shareholders during the term of performing tasks delegated.

Controlling Board has 03 to 05 members appointed by General Shareholders, in which over a half of total members has residence in Viet Nam. Ideally, the condition to become member of Controlling Board is regulated according to current effective Corporate Law.

Term of Controlling Board is not over 05 years; all members in Controlling Board could be revoked with unlimited times.

- **Board of Directors**

Board of Directors is appointed by Management Council, term and number of members in Board of Directors is determined by Management Council. Board of Directors has to manage business operation activities on daily basis. Rights and



obligations of Board of Directors have to be followed with regulations and Company policy.

Board of Directors of Company is expected to have 04 members, particularly: General Director, Deputy General Director, Deputy General Director being responsible for Technical, Deputy General Director being responsible for Business, Deputy General Director being responsible for Construction Investment Management and Investment Projects Consulting.

▪ **Fuctional Departments**

Fuctional Departments of Dak Lak Water Supply Joint Stock Company are remained and performing similar fuctions as before equitization, including the following departments:

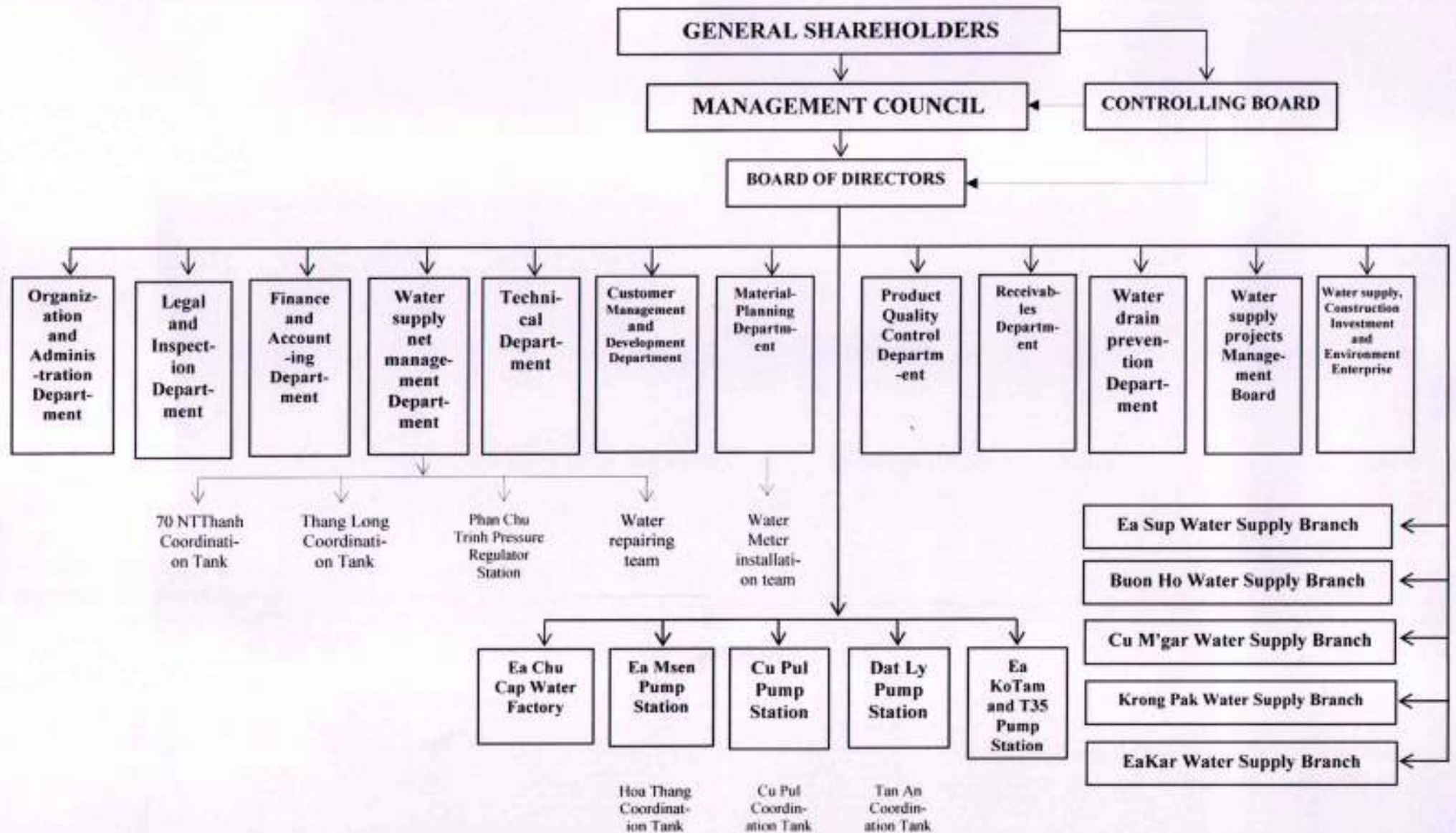
- Organization and Administration Department;
- Legal and Inspection Department;
- Finance and Accounting Department;
- Water supply net management Department;
- Technical Department;
- Customer Management and Development Department;
- Material- Planning Department;
- Product Quality Control Department;
- Receivables Department;
- Water drain prevention Department
- Water supply projects Manage-ment Board.

▪ **Subordinate companies**

Subordinate companies of Dak Lak Water Supply JSC are remained the same and performing similar function as before equitization, details including:

- Construction Investment Water Supply and Environment Enterprise;
- Water supply branches: Ea Sup, Buon Ho, Cu M'gar, Krong Pak, EaKar;
- Pump Stations: Ea Msen, Cu Pul, Dat Ly, Ea KoTam and T35;
- Ea Chu Cap water factory.

↓ **Organizational structure of DAKWACO:**





10.2. Investment planning and Company's development strategies after equitization

✚ Investment planning

During period 2015-2017, due to the limited investment capital so the Company only focused on necessary constructions to operate business activities effectively and serve daily demand of people. Particularly, during this period, the Company focused on investing and developing and upgrading water supply net with total annual investment value as below:

- 2015: total investment value 10.4 billion VND.
- 2016: total investment value 11.4 billion VND.
- 2017: total investment value 12.5 billion VND.

In long-term, to supply water source for Buon Ma Thuot City, the Company is actively pushing the speed of Water supply project 35,000 m³/day night. Until now, building and installing construction projects have started, trying to complete main projects in the 4th quarter of 2018 to start exploiting and water supplying on time for people in Buon Ma Thuot City.

✚ Company's development strategies after equitization

Dak Lak Water Supply and Construction Investment One Member Limited Company lists out basic goals for Company's development strategies after officially turning into joint-stock company as following:

- Performing according to management of Provincial People's Committee and Government professional office in water supplying, maintaining sustainably in activities of Company after equitization;
- Assuring water supply to meet current standards and assuring for daily water use demand of people in locality where the Company was delegated to manage the water supply net;
- Building the workforce which is united to perform excellently set goals being delegated;
- Expanding business sector activities, approaching open market to increase revenue, profit for the Company;
- Creating basic change about organizational structure and business management, turn the 100% government capital company into joint-stock company owned by multi-owners;
- Improving business operation effectiveness, assuring the interests among Government, the Company, employee and other stakeholders; improving the role as centered economy, applying science, technology, culture to people in the areas, contributing to develop economy, society, environmental protection, security at locality where the



company operates.

10.3. Principal economic indicator system of business manufacture planning in the continuous 3 years after equitization

Based on business operation results in past years as well as economy situation in the country and the world, the Company's development strategies after equitization stated above, the Company builds up business operation plan for period 2019-2021 with the following indicators:

Unit: Billion VND

No.	Indicators	Manufacture solution		
		2019	2020	2021
1	Building and construction investment plan	23	25	28
2	Charter capital	315.2	315.2	315.2
3	Total employee	448	455	465
4	Total salary fund	76	79.8	81.4
5	Average income (million/person/month)	14.20	14.60	14.60
6	Net revenue	150	159	169
7	Total expense	142	149	157
10	Profit before tax	8	10	12
11	Corporate tax (20%)	1.6	2.0	2.4
12	Profit after tax	6.4	8.0	9.6
13	Dividend (%/Charter capital)	1.30	1.62	1.95

Source: Business operation plan 3 years after equitization signed on 10 December 2018 of DAKWACO.

To achieve above stated goals, the Company suggests the following solutions:

The Departments, Branches and Manufacture Department directly under the Company need to focus on performing the determined indicators, trying to complete polistical tasks and manufacture business operation plan. In which:

a. Organizational operation

- Always care about working safety, health, manufacture place, allocate employee according to manufacture request.
- Organizational manage, delegate, allocate and transfer employee in different departments according to manufacture request, assure the business operation to be



effective. Focus on training and re-training employee to improve professional level. Periodly appraise to raise salary for employee on time, at the same time holding occasion to improve level for workers to be able to perform work professionally.

- Recruitment activities have to base on manufacture demand at the Company and management, operation demand of Water supply project 25,000 m³/day night and 03 districts, need to focus on professional, quality of workforce to serve work effectively.
- Competition contests have to be summarized to in time encourage employee to actively participate in manufacture activities and other public activities.
- Monitor, check and complete land use document for the whole Company, assure to align with regulations; check, review, modify and add on working policy, regulation to be suitable with current manufacture condition at the Company.

b. Planning operation

- Build up annual manufacture plan for the Company to be suitable with current development condition of the Company. Every year build up salary unit according to government's regulation, build up selling price on time according to determined plan, every year have to plan and review the current actual operation to be suitable with current performance at the Company. Follow up the Construction Investment projects according to regulations.
- Supply materials and equipments, need to focus on the source of supply to assure quality, quantity and price. Supply of materials, tools and equipments need to base on actual demand and manufacture plan, do not supply materials, tools and equipments with low quality.

c. Accounting – Finance operation

- Care and focus on accounting data, manage and maintain equity and assets of the Company according to Government regulation. Financial finalization should be performed quarterly, annually, on time. Perform fully obligations to pay for the State and other regime for employee, trying to avoid mistake in financial cash inflow, outflow, check and reconcile receivables and payables, collect receivables on time, reconcile and make payment on construction projects which are completed. Accrue development investment fund, welfare fund, bonus fund... according to Government's regulation.
- Balance between capital sources; allocate reciprocal capital for project 35,000 m³/day night, development investment capital, improvement and other investments of the Company according to determined plan.

d. Technical operation



- Build up the plan and usually care for equipment and machinery maintainance, find out failure to be fixed on time, avoid discontinuity during manufacturing, monitor to manage water manufacture at pump stations strictly according to regulated procedures in operation. Step by step apply and replace for modern equipments in water manufacture chain in the Company with effectiveness and efficiency.
- During survey, design and project finalization preparation, focus on site survey to avoid mistakes, assure for quality, process, and architecture of the construction and align with general management procedures of the Company. Step by step install meter clock to monitor, control the net with technologic equipments to bring effective results in manufacture management.

e. Net management – water drain Operation

- Water supply net management operation has to be safe, assure to supply water continuously 24/24 hour in the day (except for drought season), check, maintain equipments in the water supply net, clean pipe lines and meter clock for customers on time. Delegate employee to usually monitor construction sites expanding roads, drain water constructions working in the locality of the city, to fix water on time to avoid drain water effectively.
- Monitor; recover valve groups in the water supply net to serve operation, maintainance, and distribution of water when needed.
- Plan to periodically check fire emergency pipes to assure water supply when there is any fire occurred in the city.
- Continue to check for any drain water, especially drain water wasting in the night, recommend for any specific solutions trying to control the level of drain water according to plan.

f. Customer service operation

- Customer service operation is necessary in the business operation activities. Usually care for customer in signing and modifying water consuming contract and share the risk with customers. Record correctly, on time and periodically, do not over record.... Receivable management strictly to be performed, focus on doubtful debts or lost. Correctly record data in meter clock, receive proper amount, on time which is effective solution for customer management.
- Continuously improve in administrative procedures in transaction with customer to build up good image of friendly Company and trusted by customer.

g. Legal – Investigation Operation

- Advise about legal document, regulation, internal Company policies. Investigate for any illegal water use in customer site, moving meter clock position and other tasks



delegated according to function, responsibility and have to seek strict solution for any violation.

- Participate in dealing with litigiousness related to customer's water consuming according to legal regulations.

h. Product quality control operation

Improve on checking quality of source water, on the net to assure the quality of water to meet the regulated standards issued by Minister of Medicine and quality of service in clean water supply according to customer's request. Set plan to check periodically meter clock for client (60 months and above) to control the level of drain water.

i. Branches – Manufacture Stations Management Operation

- Management operation in the subordinate branches has to be improved in drain water solutions, lost in the branches, water usage record and receivable operation have to be proper, on time and receive payment in regulated time to avoid capital appropriation which affects the Company's finance situation.
- Set out periodically control plan the fire pipes at the branches to assure for water supply in case of fire emergency in the locality.
- For manufacture stations, perform strictly technical procedures about machinery and equipments operation, usually check, maintain machinery equipment for water manufacture operation.
- The shift works have to be performed according to regulation of shift working, security for assets, equipments in the stations and drill wells within control. Perform policies of safety work during shifts, strict time work according to regulated policies of the Company.

j. Water supply projects operation

- Quickly deploy planned work approved by Provincial People's Committee and ADB to soon operate procedures in order to meet the speed of projects of clean water supply for Buon Ma Thuot City and people in 03 districts.
- Usually update Circular, Decree for guidance on professional work performance and perform accordingly to construction procedures regulated by Government.
- Coordinate with local governments, quickly handle completely the compensation of surface clearance for people to transfer surface for construction companies to deploy construction projects in time.
- Check of procedures; work with provincial Investment and development fund to



borrow capital from fund to disburse cash for construction projects.

k. Water installation and construction – Construction Investment and Environment Enterprise

- Water construction and installation team: Perform operation of constructions in term of good quality, speed of construction, in time finalization to recall capital. Actively search for work to improve installation and construction volume.
- Construction Investment and Environment Enterprise: Rearrange operation model to be matched with Company's general operation situation, actively in receivable collection performance.

11. Charter capital and charter capital structure

11.1. Charter capital and charter capital structure

↳ Charter capital

To assure of the capital for business operation activities after equitization and actual demand based on business operation plan of Joint-stock company, Dak Lak Water supply JSC's charter capital is determined as below:

- Join stock company's charter capital: 315,200,000,000 VND
(Three hundred fifteen billion, two hundred million Vietnamese dong)
- Share's par value: 10,000 VND/share
- Number of shares: 31,520,000 shares
- Type of share: Ordinary shares

↳ Charter capital structure

Based on Decition No. 1386/QD-UBND on 15 July 2016 issued by Dak Lak provincial People's Committee about equitization Dak Lak Water Supply and Construction Investment One Member Limited Company, Decision No. 314/QD-UBND on 13 February 2017 issued by Dak Lak provincial People's Committee about modification of Item 1, Article 1, Decision No. 1386/QD-UBND on 15 July 2016, Decision No.157/QD-UBND on 18 January 2018 issued by Dak Lak provincial People's Committee, the Government does not hold controllable shares with equitization form selling off part of current Government capital in the Company. Based on that, charter capital structure is determined as below:

No.	Objects	Number of shares (shares)	Par value of share (VND)	Percentage
1	Government is holding	11,347,200	113,472,000,000	36.00%



No.	Objects	Number of shares (shares)	Par value of share (VND)	Percentage
2	Sell to Strategic investors	0	0	0%
3	Sell to employee	1,774,600	17,746,000,000	5.63%
a	Preferred sell based on actual time of work at Government area	508,000	5,080,000,000	1.61%
b	Preferred sell based on time of commitment work in joint stock company	1,266,600	12,666,000,000	4.02%
4	Sell to trade union	50,000	500,000,000	0.16%
5	Public auction	18,348,200	183,482,000,000	58.21%
@	Total	31,520,000	315,200,000,000	100%

Source: *Equitization solutions of DAKWACO*

All shares of Dak Lak Water Supply and Construction Investment One Member Limited company at the establishment time of the joint stock company is ordinary shares. Selling, purchasing, transferring, inheritance operation activities are performed according to joint stock Company's policies and other related legal documents.

✚ Deadling with unsold shares

The number of unsold shares (if any) will be handled according to regulation at Article 37 Decree No. 126/2017/ND-CP on 16 November 2017 as following:

- “1. *In case there is no investor registering to purchase shares, Management Board will decide to sell for employee and trade union in the Company according to approved equitization solutions, at the same time perform procedures to turn the Company into joint stock Company, number of unsold shares will be remodified in charter capital, charter capital structure and also will perform divestment after operating under form of joint stock company.*
2. *In case there is one 01 investor registering to purchase shares, Management Board will perform agreement to sell share for registered investor with selling price not lower than starting selling price with valid volume of registered purchase. If the*



- investor does not purchase, equitization of the Company will be performed according to regulations at Item 1, Article 37 Decree No. 126/2017/ND-CP.*
3. *In case after public auction, all the investors winning the public auction reject to purchase, the equitization of the Company will be performed according to regulations at Item 1, Article 37 Decree No. 126/2017/ND-CP.*
 4. *In case of selling a part of public auction of shares, the remaining volume of shares not yet sold (including volume of share of investors winning the public auction yet reject to purchase) will be performed according to the following procedures:*
 - a) *Management Board will continue to inform to investors participating in the public auction (not including winning investors in the public auction) to sell for these investors with registered volume and ordered selling price according to higher to lower selling price of the public auction until the last share needed to be sold.*
 - b) *If the shares are remained after agreement, Management Board continue to inform to winning investors in the public auction (not including winning investors yet reject to purchase) to sell for these investors with ordered selling price of each investor according to higher to lower selling price until the last share needed to be sold.*
 - c) *In case the shares are remained according to regulations at a and b Item 4, Article 37 Decree 126/2017/ND-CP, the equitization of Company will be performed according to regulations in Item 1, Article 37 Decree 126/2017/ND-CP.”*

11.2. Charter capital's increase, decrease solutions after turning into joint-stock company

During period 2019 – 2021, the Company expects for charter capital is 315,200,000,000 VND and there is no plan on decrease/increase charter capital during this period.

12. Expected risks

12.1. 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 and for joint stock company in separate.

The fluctuation of monetary polities in the world during the period after financial crisis 2008 from America, as well as financial – political crisis in Greek, or the expansion of fluctuation amplitude of foreign exchange rate in China recently have affect significantly to development of almost countries in the world and Viet Nam is not exception. Beside, the economic recovery is not stable between areas and there is no clear signal to the stability in



market price of goods such as rubber, oil, gas... which makes the manufacture environment increase in potential risks.

Viet Nam is market economy so there is significant effect from the world's fluctuated economy. This affects clearly via the change in growth of GDP, CPI in past years and after the world's financial crisis 2008. However, economy of Viet Nam has been positively moving. Period 2014-2017, GPD had significant increase, in 2014 is 5.98%, 2015 is 6.68%, 2016 is 6.21% and 2017 is 6.81%. Inflation rate is controlled well in the rate of 4.74% in 2016 and fewer than 4% in 2017. Expected GDP for period 2018-2020 will be positive. The economy is expected to grow well because of positive factors such as strong revolution, restructuring completely in the economy, intergration with the world economy.

The recovery of the country economy during 2015-2017 and positive expectation about good growth due to positive factors such as strong revolution, restructuring completely in the economy, intergration with the world economy. Hence, disvestments, IPO,... also occur dramatically which creates diversity in selections of investment for investors, however this also creates pressure and disadvantage for many other companies which have bad business operation activities leading to unsuccessful IPO.

12.2. Legal risks

The sustainability and reunited of legal system will affect to business operation activities of the Company as well as others. That is legal risks in the aspect of system, affecting to almost companies under modification of legal. This change will bring advantages yet creates disadvantages for business operation.

The Company's business operation activities are under modification of different legal documents (Corporate Law, Land Law, Commercial Law,...). These laws will continuously be modified, supplied to be matched with actual situation. Any change will affect the Company's business operation.

The management and monitor capacity in business operation will be one of important factors contributing to reduce legal risks. With the process of growth, the Company will continuously to build control regime, update and modify to be flexible well with changes in legal.

12.3. Specific risks

Risk from changes in weather condition and source water supplied for pump stations such as pollution, drought,... The changes in quality and rough water level (including surface water and underground water) will affect significantly to water process and could be stopped for certain period of time. Quick growth in industrial, agriculture manufacture activities could also lead to polluted water risks. Agriculture manufacture activities using chemical solutions such as fertilizers, pesticides could create polluted underground water



risk. Especially, sand exploiting activities in the river and lakes could create high water polluted risk. In recent years, changes in weather conditions have negatively led to long lasting drought season, running out of water source, water pollution.

Draining water risk: the percentage of drain water in water supply system is high. The Company need to put effort in deploying solutions to control and reduce this percentage.

12.4. Auction offering risks

The relationship between demand and supply in market affects significantly to price of share which also depends on economic factors and investor's mental factors so there could be possibility in incompleting distribution of share in public auction.

12.5. Other risks

Ngoài ra còn có các rủi ro khác như thiên tai, bệnh dịch, chiến tranh, hỏa hoạn... là những rủi ro bất khả kháng, nếu xảy ra sẽ gây thiệt hại cho tài sản, con người và tình hình hoạt động kinh doanh của Công ty. Beside there are other risks such as national disasters, disease, war, fire... which are uncontrollable risks, the occurrence of those could affect in property and human damage and also Company's business operation activities.

13. Share's sale and purchasing payment methods

13.1. Sale methods

According to regulations at Decree no. 126/2017/ND-CP on 16 November 2017 issued by Government, sale methods of first share for objects including: employee, trade union and investors participating in auction according to approved equitization solutions as following:

13.1.1. For employee

➤ Regulations about share's sell method for employee

Based on regulations at Article 43 Decree no. 126/2017/ND-CP on 16 November 2017 about policy of selling shares for employee:

"1. Shares being sold with preferred selling price to employee:

a) Objectives purchasing the shares with preferred selling price include:

- Employee working with labour contract and management of the joint-stock Company at the determination point of joint stock company value...

b) The objectives regulated at point a, item 1, Article 42 Decree no. 126/2017/ND-CP on 16 November 2017 could purchase with maximum of 100 shares for every actual year working at government area with selling price is 60% of 01 share par value (10,000 VND/share)...

d) Numbers of selling shares with preferred selling price according to regulated at item



1 Article 42 Decree no. 126/2017/ND-CP on 16 November 2017, employee have to hold and do not transfer within 03 years since the payment point of purchasing preferred shares.

2. Employee working with labour contract and management of the joint stock Company at the determination point of joint stock company value, including in objects which the company needs to hire and have commitment to work in long-term for the Company with minimum term of 03 years (since the time when the company is granted of first business registration certificate) will be additionally purchase shares according to following regulations:
 - a) Additionally purchase with the level of 200 shares/01 committed year to continuously work for the company but not over 2,000 shares for one employee.

For employee who are professional experts with high professional level could apply to additionally purchase with level of 500 shares/01 committed year to continuously work for the company but not over 5,000 shares for one employee. Joint stock company will base on specific nature of sector, types of business to build and decide indicators to determine good professional experts with high professional level and have to be agreed through Labour Meeting of the Company before equitization.

- b) Selling price for employee who additional purchase is determined at point a Item 2 Article 42 Decree no. 126/2017/ND-CP on 16 November 2017, and is the starting selling price approved by representative office for owners in equitization solutions.
- c) Each employee only enjoys additional purchasing right according to determined level which is regulated at point a, item 2, Article 42 Decree no. 126/2017/ND-CP on 16 November 2017.
- d) The number of share additionally purchased by employee and regulated at point a, item 2, Article 42 Decree no. 126/2017/ND-CP on 16 November 2017 could be transferred into ordinary shares after the end of commitment period.

In case the joint stock company performs change in structure, technology, relocation or narrowing down manufacture, business locations according to authorized government office which leads to the termination of labour contract according to regulation of Labour Law before commitment period, the additional purchased shared will be transfered into ordinary shares. In chase the employee want to resell for the Company with these volume of share, the joint stock company has responsibility to repurchase with the market price.

In case the employee terminate labour contract before the end of commitment period, the employee have to resell to the company with the volume of additional purchased shares with market price but not over purchased selling price at the point



of equitization.

➤ ***Selling shares for employee with seniority working in the Government area***

- Total number of employee whose names are on list of continuous employee at the determination point of company value (on 01 July 2017) : 367 employee
- Total number of employee who have right to purchase preferred shares with seniority working. : 353 employees (there are 14 employees who are not yet working enough for seniority working term).
- Total preferred shares to be purchased with number of years working in government area : 508,000 shares
- Total par value of shares to be purchased : 5,080,000,000 VND, occupied 1,61% charter capital.
- Type of shares : Ordinary shares
- Transferring conditions : Must not transfer within 03 years since the payment of purchasing preferred shares.
- Selling price of each share : 60% value of 01 share's par value (10,000 VND/share).
- Valid period : After public auction performance

➤ ***Selling shares for employee who commite to work in long-term for joint-stock company***

- Total number of employee whose names are on list of registration to additionally purchase with committment years working at the JSC : 335 employee
- *In which number of employee who are good professional expert, high professional level* : 229 employee
- Total number of shares registered to be additionally purchased : 1,266,600 shares.
- Total par value of registered shares to be : 12,666,000,000 VND, occupied 4.02% of



- | | |
|-------------------------------|---|
| additionally purchased. | charter capital. |
| - Type of shares | : Ordinary shares |
| - Transferring condition | : To be transferred into ordinary shares after the end of commitment period |
| - Selling price of each share | : Equal to starting selling price of auction |
| - Valid time | : After public auction performance |

13.1.2. For union trade

According to regulations at point b Item 2 Article 33 Decree No. 126/2017/ND-CP on 16 November 2017 issued by Government, preferred shares sold to trade union at the JSC are regulated as following:

- *Trade union at the JSC could use trade union fund at JSC (according to regulation at Article 26 Trade Union Law 2012; not raise, loan the capital) to purchase shares but not over 3% of charter capital. The number of these shares is hold by trade union but must not be transferred within 03 since the turning point of the company into JSC.*
- *Selling price of share for trade union at the JSC equals to par value (10,000 VND/share).*

Based on Document No. 07/CD-CN&DTXD on 20 August 2018 issued by Trade Union at Dak Lak Water Supply and Construction Investment One Member Limited Company about registration to purchase shares, the selling method of shares for trade union is as below:

- | | |
|--|---|
| - Total shares registered to be purchased by trade union | : 50,000 shares |
| - Total par value of registered shares to be purchased | : 500,000,000 VND, occupied 0.16% of charter capital. |
| - Types of share | : Ordinary shares |
| - Transferring conditions | : Must not be transferred within 03 years since the turning point of company into JSC |
| - Selling price of each share | : Equal to par value (10,000 VND/share). |
| - Valid time | : After public auction performance |

13.1.3. For strategic investors



According to regulation at point b Item 3 Article 6 Decree No. 126/2017/ND- CP on 16 November 2017, the first share selling organization for strategic investors only applies for companies included in Government list of holding over 50% total shares after equitization according to decision of Prime Minister. At the same time, according to Decision No. 157/QĐ-UBND on 18 January 2018, the Government does not hold controlling shares at Dak Lak Water Supply and Construction Investment One Member Limited Company. Hence, the Company is not included in the list of companies needed to sell first shares for strategic investors.

13.1.4. For investors participating in public auction

Based on ownership percentage of Dak Lak provincial People's Committee at DAKWACO after equitization and selling shares methods to employee and trade union, number of public auction shares for other investors is determined as 18,348,200 shares. Accordingly, public auction selling methods will be as following:

- Shares selling method: Public auction at Ho Chi Minh Stock Exchange
- Objects participating in public auction: Individual investor, institutional investors inside and outside of country according to legal regulations.
- Total number of shares in public auction : 18,348,200 shares
- Total par value : 183,482,000,000 VND occupied 58.21% charter capital
- Type of share : Ordinary share
- Transferring condition : Free to transfer
- Starting selling price : 14,300 VND/share
- Valid time : Within 04 months since approved Decision of Equitization Solutions issued by Dak Lak provincial People's Committee.

Procedures and specific regulation about participation of public auction will be regulated at "IPO policies of Dak Lak Water Supply and Construction Investment One Member Limited Company" issued by Ho Chi Minh Stock Exchange.

13.2. Payment methods and payment terms

- For shares in public auctions: payment methods and payment terms will be regulated with details in "IPO policies of Dak Lak Water Supply and Construction Investment One Member Limited Company" issued by Ho Chi Minh Stock Exchange;
- For shares to employee and trade union: Perform according to regulations at point b, Item 1 Article 39 of Decree No. 126/2017/ND-CP on 16 November 2017. Details in payment



methods and payment terms are decided by Management Board of equitization after completing public auction via Ho Chi Minh Stock Exchange.

14. Use plan on money from equitization

To facilitate for calculation operation, Dak Lak Water Supply and Construction Investment One Member Limited Company assumes for successful sell to public investors with starting selling price of 14,300 VND/share. With nature and scale of this issuance mentioned above, payment to be received from equitization is expect as below:

No.	Items	Value (VND)
A	JSC charter capital	315,200,000,000
B	Book value of Government capital at the Company as at 01 July 2017 (after financial process)	315,206,983,748
C	Payment received from equitization (expected):	284,039,640,000
-	<i>Preferred shares sold to employee with seniority work period at government area (Selling price: 6,000 VND/share)</i>	<i>3,048,000,000</i>
-	<i>Shares sold to employee with commitment to work in long-term for JSC (Selling price: 14,300 VND/share)</i>	<i>18,112,380,000</i>
-	<i>Shares sold to trade union (Selling price: 10,000 VND/share)</i>	<i>500,000,000</i>
-	<i>Shares sold in public auction (Selling price: 14,300 VND/share)</i>	<i>262,379,260,000</i>
D	Par value of shares sold to employee, trade union and public auction	201,728,000,000
E	Difference between book value of Government capital and charter capital of JSC (E)=(B)-(A)	6,983,748
F	Expense of equitization	1,114,000,000
G	Expense to handle additional labour policies	1,549,260,520
@	Total amount payable to Supporting Arrangement and Business Development Fund = [(C)+(E)] - [(F)+(G)]	281,383,363,228

Source: Equitization solutions of DAKWACO

The Company will hand in Supporting Arrangement and Business Development Fund according to regulations at Item 2 Article 39 Decree No. 126/2017/ND-CP and Item 2 Article



13 Circular No. 40/2018/TT-BTC with total expected receivable amount is **281,383,363,228 VND**.

15. Responsible people for information contents about equitized company

15.1. Dak Lak Water Supply and Construction Investment One Member Limited Company Managing committee of equitization

Mr. Dinh Xuan Dieu Position: Deputy Director in Dak Lak Province Minister of Finance – Head of Management Board of Equitization

This information disclosure is prepared by Equitized Company and Consulting Company and approved by Management Board.

15.2. Equitized Company: Dak Lak Water Supply and Construction Investment One Member Limited Company

Mr. Tran Van Thien Position: Chairman and Director of Dak Lak Water Supply and Construction Investment One Member Limited Company

We assure that information and data in this Information Disclosure are totally honest, suitable with reality and completely according to legal regulation about equitization so that the investors could value of properties, financial position, business operation results and prospect of Dak Lak Water Supply and Construction Investment One Member Limited Company before registering for public auction to purchase shares.

15.3. Consulting Company: Viet Dragon Securities Corporation

Mr. Nguyen Hieu Position: General Director of Viet Dragon Securities Corporation

This Information Disclosure is jointly prepared by Viet Dragon Securities Corporation based on consulting contract with Dak Lak Water Supply and Construction Investment One Member Limited Company, aligning with legal regulations. We assure that the analysis, valuation and selections of words in this Information Disclosure are performed reasonably and cautiously based on information and data provided by Dak Lak Water Supply and Construction Investment One Member Limited Company, yet not assure for the price of stocks.



Dak Lak, on date..... month..... year 2019

**REPRESENTATIVE OF MANAGEMENT BOARD OF EQUITIZATION
DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT ONE MEMBER LIMITED COMPANY
HEAD OF MANAGEMENT BOARD**

DINH XUAN DIEU

**REPRESENTATION OF EQUITIZED COMPANY
DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT ONE MEMBER LIMITED COMPANY
CHARMAND AND DIRECTOR**

TRAN VAN THIEN

**REPRESENTATIVE OF CONSULTING COMPANY
VIET DRAGON SECURITIES CORPORATION
GENERAL DIRECTOR**

NGUYEN HIEU

Công ty TNHH Phạm Lữ Gia xin xác nhận bản dịch *tiếng Anh* hoàn toàn đúng so với bản gốc *tiếng Việt* đã giao.

Pham Lu Gia Company Limited confirm English Translation quite right with original Vietnamese have assigned.



TM. CÔNG TY

ON BEHALF OF THE COMPANY

MS. LỮ TRUNG DUNG