

THE EQUITIZATION STEERING COMMITTEE RECOMMEND INVESTORS TO CAREFULLY READ THIS PROSPECTUS AND THE AUCTION REGULATION IN ITS ENTIRETY BEFORE MAKING A DECISION TO PURCHASE.

PROSPECTUS

INITIAL SHARE OFFERING

VINACOMIN – PILOT COMPANY LIMITED

The auction organization



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CONTENTS

I. GLOSSARY AND ABBREVIATIONS	1
II. LEGAL BASES OF THE OFFERING.....	2
III. INFORMATION ABOUT THE EQUITIZATION COMPANY.....	3
1. General introduction.....	3
2. Business Operation.....	4
3. Main products and services.....	5
4. Management model and organization structure of the company before equitization.....	5
5. The total number of employees joining the joint stock company	6
6. Company's value.....	7
7. The primary assets of the company.....	8
8. List of parent company, subsidiary company, affiliated units and joint venture	12
9. Business activities and results of production and business in 3 years prior to equitization.....	12
10. The position of the company in the industry.....	18
IV. POST-EQUITIZATION DEVELOPMENT ORIENTATION AND ORGANIZATION STRUCTURE.....	19
1. General information of the joint stock company	19
2. Post-equitization investment plan and development strategy of the company ..	19
3. Post-equitization charter capital and its structure	25
4. Post-equitization organization chart of the company.....	26
V. RISK FACTORS.....	31
1. Economic risks	31
1. Legal Risk	33
2. Specific Risk	33
3. Other risks	34
VI. METHOD OF SALES AND PAYMENT FOR SHARES.....	34
1. Basic information of sale offering and offered shares	34
2. Method of sale and payment for the auctioned shares	35
3. Sale and payment method for the shares offered to employees at preferential rate according to seniority.....	35
4. Limitation on the proportion of share held by foreign investors	35
5. Limitations on the transfer of share	36

VII. PLAN FOR THE PROCEEDS FROM EQUITIZATION.....	36
1. Expected costs for equitization	36
2. Plan for the usage of proceeds from equitization.....	37
VIII.THE PARTIES TAKING RESPONSIBILITIES FOR THE CONTEXT OF THE PROSPECTUS	38
1. The equitization steering committee	38
2. The equitization company	38
3. The consulting organization	38
IX. ORGANIZATIONS RELATING TO THE INITIAL PUBLIC OFFERING OF SHARES:.....	39
1. State capital owner	39
2. Issuing organization	39
3. Company's value appraisal organization	39
4. Audit Organization.....	39
5. Intial share auction consultant organization.....	39
X. CONCLUSION.....	39

APPENDIX

Table 1.	Post-equitization labor structure.....	6
Table 2.	Revaluation results as of 0AM, 01/10/2020.....	7
Table 3.	Details of each land plot used by Company as of 0AM, 01/10/2020	8
Table 4.	Post-equitization land use plan.....	10
Table 5.	The status of non-current assets as of 01/10/2020	11
Table 6.	Structure of net revenue and gross profit for the year 2018, 2019, 2020 and 3 months 2020	12
Table 7.	Structure of cost of production for 2018, 2019, 2020 and first 3 months 2021	14
Table 8.	Bussiness results in 2018, 2019, 2020 and 3 months of 2021.....	15
Table 9.	Key financial ratios in 2018, 2019, 2020 and 3-first-month of 2021.....	16
Table 10.	Five-year post-equitization business plan.....	21
Table 11.	Post-equitization structure of charter capital.....	25
Table 12.	Expected cost of equitization	36
Table 13.	Plan to use proceeds from equitization.....	37

FIGURE

Figure 1.	Current organization structure of the Company	5
Figure 2.	Post-equitization Company's structure	26

I. GLOSSARY AND ABBREVIATIONS

- Share auction : The form of selling shares of state owned enterprise at which investors enter competitive bids, hereby as share of **Vinacomin - Pilot Limited Company**.
- Investor : The local and foreign economic organizations and individuals as regulated at Decree no. 126/2017/NĐ-CP dated 16/11/2017 by the Government about the transforming of 100% state-owned enterprise to joint stock company and others relating guidance, supplemental documents.
- Equitization steering committee : Equitization Steering Committee of Vinacomin Pilot Company Limited/ Equitization Steering Committee of Enterprises under Vietnam National Coal - Mineral Industries Holding Corporation Limited in the period of 2018-2020
- TKV : Vietnam National Coal - Mineral Industries Holding Corporation Limited
- SB : State Budget
- SGM : Shareholder's General Meeting
- NR : Net Revenue
- GE : General Administration
- ATP : After-tax profit
- FS : Financial Statement
- FPP : Fire prevention and protection
- BM : Board of Management



II. LEGAL BASES OF THE OFFERING

- Decree No. 126/2017/NĐ-CP dated 16/11/2017 by the Government of Vietnam and Decree No. 140/2020/NĐ-CP dated 30/11/2020 amending and supplementing a number of articles of Decree No. 126/2017 /NĐ-CP about the transformation of 100% state-owned enterprises into joint stock company;
- Decree No. 63/2015/NĐ-CP dated 22/07/2015 by the Government of Vietnam about the policy for employees when transforming a State-owned limited company;
- Circular No. 44/2015/TT-BLĐTBXH dated 22/10/2015 by the Ministry of Labour – Invalids and Social as a guidance on Decree No. 63/2015/NĐ-CP dated 22/07/2015 by the Government of Vietnam on the policy for employees when transforming a State-owned limited company
- Circular No. 40/2018/TT-BTC dated 04/05/2018 by the Ministry of Finance on the instruction of the initial public share offerings and the management and usage of the proceeds from the equitization of state-owned enterprises and the one member limited liability companies with 100% state-owned charter capital;
- Circular No. 07/2018/TT-BLĐTBXH dated 01/08/2018 of the Ministry of Labour – Invalids and Social on the guidance on the solution for the use of and execution of the policy on employees when during equitization, as instructed by the Decree No. 126/2017/NĐ-CP dated 16/11/2017 of the Government about the transformation of 100% state-owned enterprises into joint stock company
- Decision No. 2006/QĐ-TTg dated 12/12/2017 of the Government of Vietnam about the transformation of Vietnam National Coal – Mining Industries Holding Corporation Limited during the period of 2017-2020;
- Decision No. 132/QĐ-TKV dated 26/01/2018 by the Vietnam National Coal – Mining Industries Holding Corporation Limited on the establishment of the Equitization Steering Committee for Enterprises under the Vietnam National Coal – Mining Industries Holding Corporation Limited for period of 2018-2020;
- Decision No. 915/QĐ-TKV dated 20/05/2020 by the Vietnam National Coal – Mining Industries Holding Corporation Limited on promulgation the mechanism on Equitization Steering Committee for Enterprises under the Vietnam National Coal – Mining Industries Holding Corporation Limited for period of 2018-2020;
- Decision No. 335/QĐ-VPC dated 01/10/2020 by the Vinacomin Pilot Company Limited on the establishment of the working group to assist the Equitization Steering Committee for Vinacomin Pilot Company Limited;
- Dispatch No. 11109/BTC-QLCS dated 14/09/2020 of the Ministry of Finance on the “Reorganization and processing of 2 house and real estate of Vinacomin - Pilot Company Limited on the provincial area of Quang Ninh Province”;
- Dispatch No. 1612/UBPLV-NL dated 28/09/2020 of the Commission for the Management of State Capital at Enterprises on the “About the reorganization and processing of property assets of Vinacomin - Pilot Company Limited”;

- Document No. 6658/UBND-QLĐĐ1 dated 30/09/2020 of the People's Committee of Quang Ninh province on the land use plan of Vinacomin - Pilot Company Limited;
- Decision No. 1649/QĐ/TKV dated 30/09/2020 of Vietnam National Coal – Mining Industries Holding Corporation Limited on the equitization of Vinacomin - Pilot Company Limited;
- Dispatch No. 4845/TKV-TCNS dated 06/10/2020 on the rate of equitization progress of Vinacomin - Pilot Company Limited;
- Decision No. 1903/QĐ-TKV dated 06/11/2020 on the approval of Operation, Business and Investment Plan for 5 year period of 2021-2025 of Vinacomin - Pilot Company Limited
- Decision No. 2014/QĐ-TKV dated 01/12/2020 by the Vietnam National Coal – Mining Industries Holding Company on the authorisation of the revaluation of Vinacomin Pilot Company Limited for equitization;
- Decision No. 2019/QĐ-TKV dated 02/12/2020 by the Vietnam National Coal – Mining Industries Holding Company about the authorisation for the usage of labour by Vinacomin Pilot Company Limited;
- Decision No 195/QĐ-TKV dated 18/02/2021 by the Vietnam National Coal – Mining Industries Holding Company on the authorisation of the equitisation method for Vinacomin Pilot Company Limited.

III. INFORMATION ABOUT THE EQUITIZATION COMPANY

1. General introduction

1.1 Name and Address

- Name : **VINACOMIN – PILOT COMPANY LIMITED**
- Address : Hang Than St, Hong Gai Ward, Ha Long City, Quang Ninh Province
- Tel : (0203) 365 9955
- Fax : (0203) 381 1919
- Email : tkv.tcldhc@gmail.com
- Website : <http://pilotcotkv.com>
- Legal representative : Mr. Tran Dao – Position: Director
- Charter capital as of : **16,578,306,696 VND**
0AM 01/10/2020 *(Sixteen billion five hundred and seventy eighth million and three hundred and six thousand six hundred eighty six)*
- Business Registration Certificate no. 5700587583 by Quang Ninh Planning and Investment Department, first issued on March 5th, 2008 and 7th time amended on August 22nd 2017.

1.2 History of Establishment and Development

Vinacomin Pilot Company Limited – previously known as Vinacomin- Pilot JSC, was established in 04/04/2006, marking an important event in providing pilot services in the area. The company established while TKV on the development with rapid growth, increased coal consumption, raised the number of ships arrive Cam Pha Port.

In 2008, the company was transformed into One Member Limited Liability with 100% state-owned capital, pilot service is a public service and conditional business with Decision No.173/2007/NĐ-CP dated 28/11/2007 of the Government, Decision No. 70/2016/NĐ-CP dated 1/7/2016 of Government providing safety pilot services. According to the Business registration certificate of one member limited liability company No 5700587583 issued by Quang Ninh Planning and Investment Department for the seventh change on August 22, 2017, the Company has charter capital of 16,578,306,696 Dong, of which TKV owns 100% of charter capital.

After many years of construction and development, with the attention of TKV and relating official departments, officers and employees of Vinacomin Pilot Company Limited has bonded, amplified the working spirit, promoted traditional values, bringing more strides in the field of pilot in Vietnam.

2. Business Operation

In accordance with the Business Registration Certificate of Limited Liability Company No. 5700587583 by Quang Ninh Planning and Investment Department, first issued on March 5th, 2008 and 7th time amended on August 22nd, 2017, the business lines of the company include:

No.	Business Line	Code
1	Service activitiy directly support for water transport (Detail: Pilot activity, towage and ship pairing)	5222 (Main)
2	Other support services releated to transport	5229
3	Job education	8532
4	Inland freight water transport	5022
5	Technical Inspection and analysis	7120
6	Cleaning houses and other structures	8129
7	Sea and coastal freight water transport	5012
8	Sea and coastal passenger water transport	5011
9	Inland passenger water transport	5021

3. Main products and services

The main products and services provided by the company include: Provide pilot services for ship on Cam Pha train route in Quang Ninh.

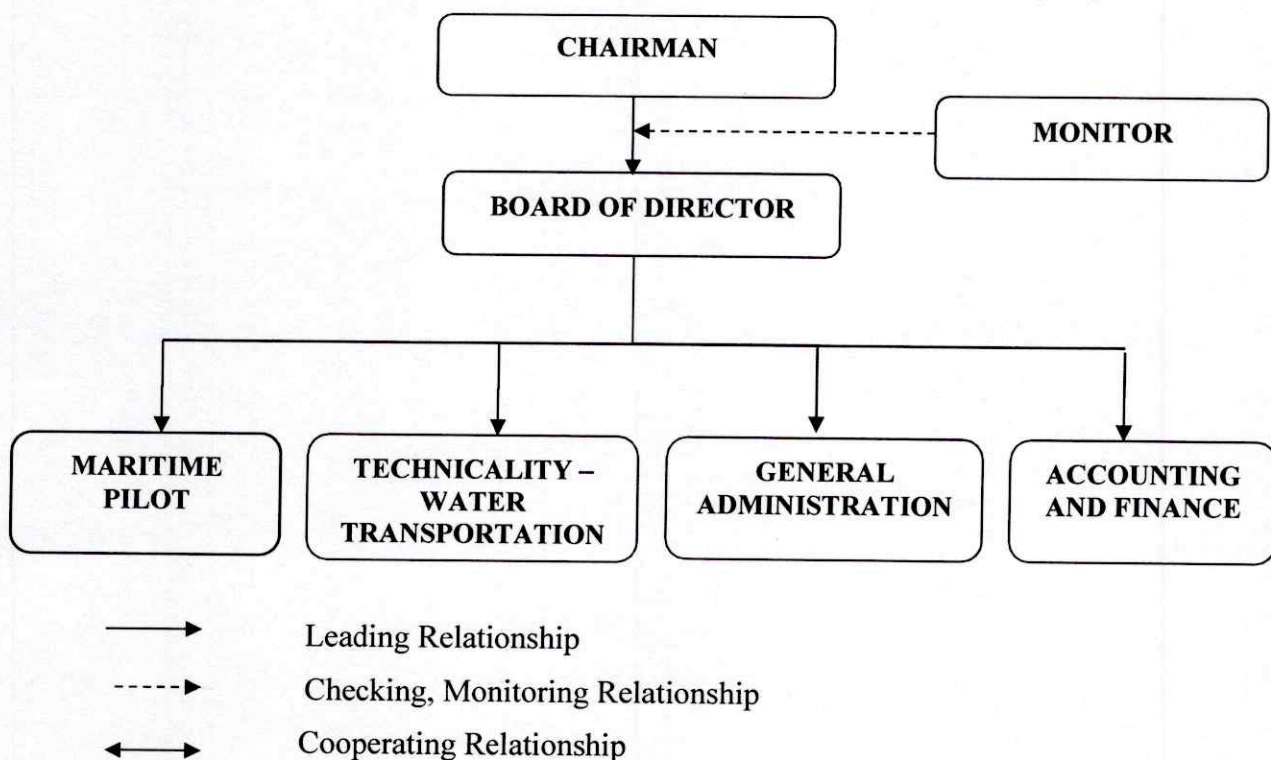
4. Management model and organization structure of the company before equitization

4.1 Management mode of the Company

The operating structure of Vinacomin – Pilot Company Limited includes Board of Director, Monitor and functional departments.

4.2 Organizational structure of the Company

Figure 1. Current organization structure of the Company



(Source: The Equitization Plan of Vinacomin – Pilot Company Limited)

❖ Company's Departments include:

- General Administration Department;
- Accounting- Finance Department;
- Maritime Pilot Department;
- Technicality and Water Transportation.

❖ Function and Mission of each department:

- **General Administration Department:** Consulting the managers in: organization, labor wages, training, legal, reward and emulation, health, military, protection and inspection, synthesis, governance, reception, communication and community relations, culture - sport.

- **Accounting- Finance Department:** advising the managers in managing the financial and accounting matters of the company.
- **Maritime pilot department:** advising the CEO in maritime law, organization of leading ships.
- **Technicality and Water Transportation:** advising the organization of effective management, operation, exploitation of water means, pilot transportation, ensure maritime legal procedures to the ships operates safety on people, goods, assets, environment, high efficiency; Management and Operation of TKV's stations and inland transportations.

5. The total number of employees joining the joint stock company

In order to improve the productivity of the company, promote the capability of the employees after equitization; with regards to the current staffing situation, the expected need of human resource for post-equitization company, the company plans to implement the labor rearrangement plan as following:

- The company keeps those employees who can meet the requirements of the joint stock company and wish to continue working for the company.
- Settle the compensation for employees who are eligible for leave and for employees who are not eligible for leave yet wish to.

Based on the production and business plan and labor demand, the employee structure after equitization as below:

Table 1. Post-equitization labor structure

No.	Classification	Number (person)	Percent (%)
I	Qualification	82	100,00
1	Post-graduate	1	1,22
2	Graduate	48	58,54
3	College, diploma	24	29,27
4	High school	9	10,98
II	Contract term	82	100,00
1	Indefinite	73	89,02
2	1-3 years	5	6,10
3	Casual or under 1 year	0	0
4	Others (Enterprise managers: Director, Deputy Director, Chief Accountant)	4	4,88
II	Gender	82	100,00
1	Male	64	78,05
2	Female	18	21,95

(Source: The Equitization Plan of Vinacomin – Pilot Company Limited)

6. Company's value

According to Decision No. 2014/QĐ-TKV dated December 1st 2020 by TKV on the approval of the company value to transform Vinacomin – Pilot Company Limited into a joint stock company at 0AM, October 1st 2020 and the consulting records to value the company for equitizing Vinacomin – Pilot Company Limited at 0AM, October 1st 2020, the actual company value at 0AM, October 1st 2020 is specified as below:

- ❖ Total real company value
 - Book value : 39,035,526,824 VND
 - Revaluation : 49,947,859,192 VND
 - Variance : 10,912,332,368 VND
- ❖ Total real value of the state capital at the company
 - Book value : 20,242,487,707 VND
 - Revaluation : 31,466,368,276 VND

(including cultural and historical values)

Table 2. Revaluation results as of 0AM, 01/10/2020

Unit: VND

Items	Book value	Revaluation	Variance
(1)	(2)	(3)	(4)=(3)-(2)
A. Total fixed assets (I+II+III+IV)	39,035,526,824	49,947,859,192	10,912,332,368
I. Non-current assets & Long-term investment	12,493,425,865	20,515,384,660	8,021,958,795
1. Non-current assets	9,949,304,858	17,850,569,117	7,901,264,259
a. Tangible Fixed assets	8,046,023,153	15,163,508,917	7,117,485,764
b. Intangible fixed assets	1,903,281,705	2,687,060,200	783,778,495
2. Other Long-term prepayments	2,544,121,007	2,664,815,543	120,694,536
II. Current assets & short-term investment	26,542,100,959	26,542,103,166	2,207
1. Cash & Cash equivalents	16,089,472,794	16,089,475,001	2,207
2. Receivables	9,045,987,307	9,045,987,307	-
3. Inventory	311,524,809	311,524,809	-
4. Other current assets	1,095,116,049	1,095,116,049	-
III. Goodwill	-	2,890,371,366	2,890,371,366
IV. Goodwill in geography	-	-	-
B. Asset awaiting handover	-	-	-
C. Assets awaiting liquidation	-	-	-
D. Assets from welfare funds	-	-	-
E. Assets from disposabl fund	-	-	-
TOTAL VALUE OF COMPANY'S ASSETS (A + B + C + D + E)	39,035,526,824	49,947,859,192	10,912,332,368

Items	Book value	Revaluation	Variance
In which:			
TOTAL REAL VALUE OF THE COMPANY (Part A)	39,035,526,824	49,947,859,192	10,912,332,368
E1. Real Liabilities	18,793,039,117	18,793,039,117	-
In which: Value of newly-obtained land use rights to be transferred to the SB	-	-	-
E2. Non-business expenditure source	-	-	-
F1. TOTAL REAL VALUE OF STATE CAPITAL AT THE COMPANY [A-(E1+E2)]	20,242,487,707	31,154,820,075	10,912,332,368
F2. Cultural and historical values		311,548,201	
G. TOTAL REAL VALUE OF STATE CAPITAL AT THE COMPANY (INCLUDING CULTURAL AND HISTORICAL VALUES) (G=F1+F2)		31,466,368,276	

(Extrated from company valuation file at 0AM, 01/10/2020 for Vincomin Pilot Company Limited 's equitization)

7. The primary assets of the company

7.1 Land's situation

7.1.1. Situation of land use up to company valuation

- ❖ At the company valuation date, the company was managing 525,3m2 of land, specifically:

Table 3. Details of each land plot used by Company as of 0AM, 01/10/2020

No	Location	Area (m2)	Purpose	Using method	Legal base
1	No. 142, Cua Ong wharf, Cam Pha City, Quang Ninh	221.0	Dock	- Land leasing annual pay with the Government - Validity: 47 years (Expiry date 31/8/2060)	Land leasing contract No. 96/HĐTD dated 26/05/2014 Land use right certificate No BO 847954 issued on 03/07/2014
2	No. 142, Cua Ong wharf, Cam Pha City, Quang Ninh	179.8	Berth	- Land leasing annual pay with the Government. - Validity: 50 years (Expiry date: 31/08/2060)	Land use rights certificate No. BA 294592 issued on 15/03/2011

Prospectus – Vinacomin Pilot Company Limited

No	Location	Area (m2)	Purpose	Using method	Legal base
3	No. 142, Cua Ong wharf, Cam Pha City, Quang Ninh	54.5	Operating Station	- Land leasing annual pay with the Government. - Validity: 50 years (Expiry date 31/08/2060)	Land use rights certificate No. BA 294591 issued on 15/03/2011
4	No. 142, Cua Ong wharf, Cam Pha City, Quang Ninh	70.0	Operating Station	Certified land use rights, subjected to land use fee and long-term use.	Land use rights certificate No BA 294593 issued on 15/03/2011 Decision NO 1331/QĐ-UBND dated 04/05/2011 Decision No 1331/QĐ-UBND dated 04/05/2011 Decision No 1281/QĐ-UBND dated 20/05/2013
Total		525.3			

(Source: The equitization plan of Vinacomin Pilot Limited Company)

❖ **Other land leasing:**

The company is currently under lease of 1 working office of 1,875.5m² (in an area of 16,574m² of TKV with Vietnam National Coal – Mineral Industries Holding Corporation Limited to use as head office at Ha Long City, Quang Ninh province. Land leasing with annually pay, for 3 years since 01/01/2018. Specifically:

No.	Location	Area (m ²)	Purpose	Method of Use	Legal base
1	Group 19, Area I, Hang Than street, Hong Gai ward, Hạ Long City, Quang Ninh province.	1,875.5	Head office	Rent from TKV to set head office; land lease with annual pay; duration of 3 years since 01/01/2018	Land leasing contract dated 01/01/2018

7.1.2. Post-equitization land use plan

❖ **Land use plan approved by competent authorities**

With regards to Official Document No. 11109/BTC-QLCS dated 14/9/2020 by Ministry of Finance, Official Document No. 1612/UBQLV-NL dated 28/9/2020 by Commission for the Management of State Capital at Enterprises on the reorganization and processing house and land property of Vincomin – Pilot Company Limited and Official document No. 6658/UBND-QLĐĐ1 dated 30/9/2020 by the People's Committee of Quang Ninh Province on the post-equitization land use plan of Vinacomin – Pilot Company Limited, post-equitization land use plan as following:

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Table 4. Post-equitization land use plan

No.	Location	Area (m ²)	Purpose	Method of Use	Legal base
1	No. 142, Cua Ong wharf, Cam Pha City, Quang Ninh	221.0	Dock	Retain for use temporarily 47-year-lease, annual pay (Expired on 31/08/2060)	Land leasing contract No. 96/HDTĐ dated 26/05/2014 Land use right certificate No BO 847954 issued on 03/07/2014
2	No. 142, Cua Ong wharf, Cam Pha City, Quang Ninh	179.8	Berth	Handed over for 50-year from the Government, subjected to levy on land use rights (Expired on 31/08/2060) Post-equitization, the Compan may retain the land use rights by applying for land lease	Land use rights certificate No. BA 294592 issued on 15/03/2011
3	No. 142, Cua Ong wharf, Cam Pha City, Quang Ninh	54.5	Operating Station	Handed over for 50-year from the Government, subjected to levy on land use rights (Expired on 31/08/2060) Post-equitization, the Compan may retain the land use rights by applying for land lease	Land use rights certificate No. BA 294591 issued on 15/03/2011
4	No. 142, Cua Ong wharf, Cam Pha City, Quang Ninh	70.0	Operating Station	Certified Land use rights under land use levy with long term use. Post-equitization, the Compan may retain the land use rights by applying for land lease	Land use rights certificate No BA 294593 issued on 15/03/2011 Decision No 1281/QĐ-UBND dated 20/05/2013
Total		525.3			

(Source: The equitization plan of Vinacomin Pilot Limited Company)

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❖ **Others land lease**

The company is currently under lease of 1 working office of 1,875.5m² (in an area of 16,754m² belonged to Vietnam National Coal – Mineral Industries Holdings Company Limited to build head office of Operational Directing Center in Quang Ninh) to use as head office at Ha Long City, Quang Ninh province. 3 year land lease, with annual payment, taking effect from 01/01/2021 according to the house leasing contract No. 158 / HDTN / 2020, signed on 31/12/2020. Specifically:

No.	Location	Area (m ²)	Purpose	Method of Use	Legal base
1	Group 19, Quarter I, Hang Than Street, Hong Gai Ward, Ha Long City, QN Province.	1,875.5	Head office	Lease from TKV as Head office, under annual pay, for 3 years since 01/01/2021.	House leasing contract No. 158 / HDTN / 2020, signed on 31/12/2020
	Total	1.875,5			

(Source: The equitization plan of Vinacomin Pilot Limited Company)

7.2 The status of primary non-current asset

The accounting value of Company non-current assets at the time of company valuation (0AM, 01/10/2020), as following:

Table 5. The status of non-current assets as of 01/10/2020

Unit VND

TT	Types of assets	Acquisition cost	Depreciation	Net book value
A	Assets in use	33,400,928,783	23,451,623,925	9,949,304,858
1	House, building materials	9,919,760,559	5,321,184,929	4,598,575,630
2	Machinery, Equipment	376,310,000	376,310,000	0
3	Transport & Transmittance facilities	20,665,221,860	17,217,774,337	3,447,447,523
4	Management equipment & tools	2,439,636,364	536,354,659	1,903,281,705
B	Assets not in use	0	0	0
C	Assets awaiting liquidation	0	0	0
D	Assets awaiting handover to authority	0	0	0
	Tổng cộng	33,400,928,783	23,451,623,925	9,949,304,858

(Source: The equitization plan of Vinacomin Pilot Limited Company)

- **House, building materials:** mainly working offices, manned operating stations, quayside areas and inland harbors.
- **Machinery, Equipment:** mainly electric generator for production and business activities.

- **Transport & Transmittance facilities:** 3 cars of different types to provide pilot's transportation to and from work, 1 car for office purposes and 02 pilot ships, 04 supporting canoes for the pilot transportation.
- **Intangible non-current assets:** including management program and land use rights.

8. List of parent company, subsidiary company, affiliated units and joint venture

8.1 The owner

Vietnam National Coal - Mineral Industries Holding Corporation Limited (TKV)

- Address: No 226 Lê Duẩn Street, Trung Phụng Ward, Đống Đa District, Hà Nội
- Ratio of state-owned capital at TKV: 100% charter capital

8.2 Subsidiary company

No subsidiary company.

8.3 Associates and joint venture company:

The Company neither has associates nor participates in joint venture business.

9. Business activities and results of production and business in 3 years prior to equitization

9.1 Business activities

9.1.1 Output volumne, services value:

Table 6. Structure of net revenue and gross profit for the year 2018, 2019, 2020 and the first 3 months of 2021

Unit: VND

No.	Item	2018		2019		2020		3M/2021	
		Value	Ratio (%)	Value	Ratio (%)	Value	Ratio (%)	Value	Ratio (%)
1	Net revenue	49,300	100.00	60,578	100.00	76,269	100.00	12,808	100.00
a	Pilot service	48,524	98.43	60,576	99.99	76,259	99.99	12,808	100.00
b	Transport service	740	1.50	-	0.00	-	0.00	-	0.00
c	Agency service	36	0.07	-	0.00	-	0.00	-	0.00
d	Ship 07	-	0.00	-	0.00	-	0.00	-	0.00
e	Other revenue	-	0.00	2	0.01	10	0.01	-	0.00
2	Gross profit	20,004	100.00	23,732	100.00	35,818	100.00	5,284	100.00
a	Pilot service	19,984	99.90	23,730	99.99	35,808	99.97	5,284	100.00
b	Transport service	16	0.08	-	0.00	-	0.00	-	0.00
c	Agency service	4	0.02	-	0.00	-	0.00	-	0.00
d	Ship 07	0	0.00	-	0.00	-	0.00	-	0.00
e	Other gross profit	0	0.00	2	0.01	10	0.03	-	0.00

(Source: Audited FS for year 2018, 2019, 2020 and compiled FS for the first 3 months of 2021 of Vinacomin – Pilot Company Limited)

The Company's NR has gained steadily in recent years. Specifically, the company's NR in 2018 reached 49.3 billion VND, increased to 60.6 billion VND in 2019 (an increase of 22.88% compared to 2018). 2020, it continued to increase to 76.3 billion VND (an increase 25.9% compared to 2019) and as of March 31, 2021 NR of the Company is 12.8 billion VND, (a decrease of 18.14% compared to the same period of 2020), completing 22.41% of the plan for 2021. Positive signals in the Company's business operation in recent years come from the flexible and drastic management solutions of the Company's management team, the motivation and guidance of Vietnam Coal - Mineral Industry Group, Vietnam Maritime Administration, Quang Ninh Maritime Port Administration and close effective cooperation of partners. In addition, the Company has always affirmed its capacity to lead large vessels in and out of Cam Pha Seaport area - Quang Ninh, typically in 2019 the company successfully led the Seafarer ship, with a tonnage of 180,000 tons, 292m long. It is the largest tonnage vessel ever at Hon Net anchorage area, Cam Pha Seaport - Quang Ninh. In the NR structure of the Company, piloting activities still account for the major proportion of NR, 88-98%. while the proportion of NR from transportation services and agency services has decreased in recent years due to general struggle of the whole sector and the Company's focus on the main business line.

The positive results from the NR have led to a good growth in the gross profit of the Company in recent years. Specifically, the company's gross profit in 2018 reached VND 20 billion, increased to VND 23.7 billion in 2019 (an increase of 18.64% compared to 2018); in 2020, continued to increase to VND 35.8 billion (up 50.93% compared to 2019) and as of March 31st, 2021, the gross profit of the Company reached 5.3 billion VND (a decrease of 18.05% compared to the same period las year). The positive growth of gross profit indicates that the Company has great control over COGS. However, Q1/2021's business results reflect a more difficult situation due to the Covid-19 pandemic, unfair competition with Area III Marine Pilot Company at Hon Net transshipment area and the changes in government policy (decrease coal import volume and cease limestone export...)

9.1.2 Raw material and the stable source of raw material

With the specific characteristics of a pilot services, material sources which are mainly gasoline and oil, are used to operate waterway vehicles and are abundant in the market, especially in Quang Ninh Province. Therefore, there is little risk of material. The company choose long-term partners, in addition, finding new suppliers is easy, so the supply of material is abundant and uninterrupted.

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General supplies and spare parts of vehicle pick up pilots (highspeed canoe – a special vehicle, with unique technical features) are run by monopoly equipment enterprise, must be imported and not readily available on market, led the company risk of spare parts shortage, to replace in time and support business operation.

9.1.3 Cost of Production

Table 7. Structure of cost of production for 2018, 2019, 2020 and the first 3 months of 2021

Unit: VND

No.	Item	2018		2019		2020		3M/2021	
		Value	Ratio (%)	Value	Ratio (%)	Value	Ratio (%)	Value	Ratio (%)
1	Net revenue	49,300	100.00	60,578	100.00	76,269	100.00	12,808	100.00
2	Cost of goods sold	29,296	59.42	36,846	60.82	40,451	53.04	7,524	58.74
3	Financial expenses	32	0.07	35	0.06	63	0.08	3	0.02
4	Selling expenses	6	0.01	0	0.00	0	0.00	0	0.00
5	Manage expenses	16,076	32.61	18,465	30.48	23,947	31.40	4,663	36.40
6	Other expenses	161	0.33	0	0.00	9	0.01	36	0.28
	Total expense	45,571	92.44	55,346	91.36	64,470	84.53	12,225	95.45

(Source: Audited FS for year 2017, 2018, 2019 and compiled FS for the first 3 months of 2021 of Vinacomin – Pilot Company Limited)

Facing economic difficulties from the Corona pandemic (Covid-19) in general and the fierce competition in the pilot industry in particular, the Company leaders have made prompt and accurate decisions, in time to save money, minimize costs, improve labor productivity, restructure staffs, so, cost of goods sold of the Company remains stable and decreases steadily, reflected in the following indicators: the ratio of cost of goods sold to NR over the years 2018, 2019, 2020 and the first 3 months of 2020 are 59,42%; 60,82%; 53,04% and 58,74% respectively. Accounting for the unique characteristics of the Company operating in the maritime pilotage sector, cost of goods is the major cost, accounting for a large part of the Company's cost structure. Therefore, being able to control of cost of goods sold extend the path towards stable production and business, ensuring living standards for employees.

9.1.4 Inspection of product and service quality

The main business activity is pilot service, the Company always prioritize the inspection of service quality through thorough training and selection of pilot. Other routined measures such as surveys, reassessment and customer feedback of quality service is also conducted to give solutions on improving the quality. In addition, the company also pay attention to invest in machinery and equipment, maintenance of vehicle to ensure the safety of the working pilot and install managing software to support pilots.

9.1.5 Marketing

Although the Company always has a stable source of customers in and out of TKV, they still invest in marketing activities to boost sales of pilot services. Specifically, the company nurtures good relationship with ship owners and agency, emphasizes marketing and customer care, offers preferential policies and special treatment with some agencies that possess many ship that use the Company pilot services, thus generates a large amount of revenue for the Company.

9.1.6 Commercial branding, registration of inventions and patents

Currently, the Company has not registered for commercial branding.

9.2 Financial status and results of production and business within 3 years prior to equitization

Table 8. Bussiness results in 2018, 2019, 2020 and the first 3 months of 2021

No	Items	Unit	FY 2018	FY 2019	FY 2020	3M/2021
1	Total assets	Mil VND	23,971	30,292	40,061	36,121
2	The charter capital	Mil VND	16,578	16,578	18,653	19,121
3	The contributed capital of owners	Mil VND	16,578	16,578	16,578	16,578
4	Short-term loan	Mil VND	7,393	13,714	21,408	17,000
	- Short-term overdue	Mil VND	-	-	-	-
5	Long-term debt	Mil VND	-	-	-	-
	- Long-term overdue	Mil VND	-	-	-	-
6	Receivables	Mil VND	2,905	4,851	5,005	6,584
	- Bad debts	Mil VND	0	0	0	0
7	Total employees	Person	81	82	84	84
8	Wages payables	Mil VND	22,590	28,144	34,577	4,980

No	Items	Unit	FY 2018	FY 2019	FY 2020	3M/2021
9	Average income VND/person/month as per	Mil VND	18	28.6	34.3	19.8
10	Total revenue	Mil VND	49,426	60,726	76,746	12,924
11	Total expense	Mil VND	45,571	55,346	64,470	12,225
12	Net profit/loss before tax	Mil VND	3,854	5,380	12,275	699
13	Net profit/loss after tax	Mil VND	2,932	4,302	10,513	468

(Source: Audited FS for year 2018, 2019, 2020 and compiled FS for the first 3 months of 2021 of Vinacomin – Pilot Company Limited)

Table 9. Key financial ratios in 2018, 2019, 2020 and 3 first months of 2021

Indicator	Formula	FY2018	FY2019	FY2020	3M/2021
1. Liquidity					
Current ratio (times)	Current assets/Current liabilities	1.28	1.21	1.31	1.47
Quick ratio (times)	(Current assets – Inventory)/Current liabilities	1.26	1.20	1.30	1.46
2. Leverage					
Debt to Asset (times)	Debt/Total assets	0.31	0.45	0.53	0.47
Debt to Equity (times)	Debt/Total equities	0.45	0.83	1.15	0.89
3. Efficiency					
Inventory turnover (round)	Cost of goods sold/Average inventory	176.50	199.03	141.69	29.41
Asset turnover (round)	Net revenues/Average total assets	2.10	2.23	1.93	0.34
4. Profitability					
Return on Sales	Profit after tax/Net revenue	5.95%	7.10%	13.78%	3.65%
Return on Equity	Profit after tax/Owner's equity	17.69%	25.95%	54.06%	2.48%
Return on Asset	Profit after tax /Average total assets	12.48%	15.86%	26.58%	1.23%
Operating Margin	Operating profit/Net revenues	8.02%	8.81%	15.96%	5.74%

(Source: Audited FS for the year 2018, 2019, 2020 and 3 first months of 2021 of Vinacomin – Pilot Company Limited)

9.3 Factors affecting the business operation of the company

9.3.1 Advantages

- Vinacomin Pilot Company Limited has always received the care and direct guidance of Vietnam National Coal - Mineral Industries Holding Corporation Limited
- The majority of employees of the Company are passionate, responsible, dedicated to their current position.
- The Company has deep-rooted experience and history in the maritime pilot industry;
- The Company has achieved an efficient organization structure to improve business performance, while maintain creativity and flexibility;
- Main business activities of the Company is provide pilot services, which has a stable line of customers from TKV;
- Acceptance for clinker exports, limestone exports... from the Government has induced a large number of foreign vessels arriving at Hon Net.
- Hon Net transshipment area, Cam Pha Port is deep-watered and airtight area, suitable for detachable ship, large ship to operate.

9.3.2 Difficulty

- The company has to face competition within pilot services industry, especially from companies that own large investment fund with modern water transportation (pilot canoe, pilot ship) and operate in the same area in Quang Ninh province.
- The financial policies, that change on the yearly basis, have brought hardship to the Company in terms of financial planning: (i) Before 2012, the company has self-control in collecting and spending pilotage fees; in 2013 the government procurement mechanism has changed, stating the pilot fees belong to the SB and all cash inflows from such must be submitted to the SB. (ii) The Company's revenue can be formed through the government procurement of pilot services, based on economic and technical norms. From 01/01/2017, Fees and charges law No 97/2015/QH13 of 25/11/2015 took effect, pilot service switch from fee to service price, managed by the government with enforced price bracket. Therefore, the Company returns to the self-control mechanism in collecting and spending, profit distribution and tax payment as per regulated.
- In recent years, the quantity of coal export of TKV has decreased, yet domestic consumption reserves an upward trend. Therefore, the number of ships transporting coal exports has been decreasing, while that of inland ships has been raising. Since domestic-operated ships are small-sized, with high frequency of departure and arrival, hence, low income from pilot services cannot offset costs, thus, the Company's revenue is severely affected. The proportion of domestic ships on the navigating route is high.

- The company is under pressure about the production and business yearly plan assigned by TKV, when the pilot services are highly-dependent on scargo handling capacity of port and waterfront area, but Cam Pha port's handling capability has not increased during this whole time. The number of incoming ships depends on goods transited through ports, cargo handling capacity, anchorage location for unloading/uploading goods, but the most important, the demand of customers, all of which have imperceptibly hindered the Company's progress towards predetermined targets.

- The revenue is heavily influenced by export and import tax policies. Specifically, as import and export tax increases, less ships will anchor at port, which lessens the revenue of the Company and vice versa.

- Although the input costs of production increase annually (raw material, material, labor...) along with the increase in inflation rate, the pilot service price must be fixed since the Government manages the ceiling price.

- The types of pilot ships (pilot ship TKV 01, TKV 03) of the Company have a high service life (over 43 years), therefore, operating expenses and annual repairments are high. In case of building anew, the investment cost is immense, the ability to balance the capital to invest in transportations is bleak, even from the date of Company's establishment. At the same time, high-speed canoe – maritime pilot's commuter, depreciates quickly due to working conditions and operational characteristics.

- In the near future, the price range for pilot services may be adjusted to be lower than the current price, as regulated by the Notice 430/TB-BGTVT dated on 29/09/2020 by the Ministry of Transport on the Conclusion of Minister Nguyen Van The at the meeting about Circular: Amendment and Supplement of some articles of Circular No 54/2018/TT-BGTVT by the Ministry of Transport to enact the charge bracket for pilotage, wharf, dock and mooring buoy utilization, container handling and towage services at Vietnamese seaports. With regards to that, the Ministry of Transport assign the Vietnam Maritime Administration to preside and cooperate with all Vietnam Maritime Safety corporations and relating authorizations and organizations to research, suggest, rearrange, restructure all pilot companies to ensure efficient operations and decrease the fees of pilot services.

10. The position of the company in the industry

10.1 The position of the company in the industry

Currently, Viet Nam have 12 companies working in the field of pilot service with approximately 417 pilots, in which has 165 special pilot. In general, compared with other companies working with the same field in Vietnam (whom has larger funds and more modern water transportations), the Company has average scale. Under regulated policies by the Government, the competitiveness of pilot company in Quang Ninh's sea area is limited, because operating area are limited in PS-Cam Pha and vice versa. While the Area III Pilot Company, under the Northern Vietnam Maritime Safety Corporation, Ministry of Transport has exclusive rights in Hon Gai piloting route, in addition to PS-Hon Net and vice versa.

10.2 Sector's prospect

Having a favorable geographical position adjacent to the sea, meeting many international trade route, within a robust region, having long coastline, having many convenient locations for the construction of deep water ports, Viet Nam has many potentials to exploit and develop sea transport service. Despite the complexity of the Covid-19 pandemic, according to Ministry of Transportation's statistics, 5-first-month of 2020, total volume of container port throughput in Vietnam has increased by 9% y-o-y and in 2030 will reach about 406-467 million tons, up 2 times compared to 2020. Accordingly, the number of domestic and foreign ships enter and leave the seaport will increase drastically in the future, creating development opportunities for the sea transport services, including maritime pilot. This is an opportunity as well as a challenge for business in the pilot field when it is necessary to accumulate additional investment in machinery and equipment, enhance the training of pilots in both quality and quantity to have meet the needs of the market in the future.

10.3 Valuation of the compatability of the company's orientation and the sector's orientation, national policies and the general orientation of the world

The development orientation and objectives of the company are completely appropriate and in line with the viewpoints of The Party and the Government for the development of the maritime industry. In the upcoming periods, Quang Ninh is expecting to invest in the building of a complex port.

With its development advantages, proper leadership and efforts of employees, the company's development orientation for the coming year is appropriate at its entirety.

IV. POST-EQUITIZATION DEVELOPMENT ORIENTATION AND ORGANIZATION STRUCTURE

1. General information of the joint stock company

- English name : VINACOMIN - PILOT JOINT STOCK COMPANY
- Shorted name : VINACOMIN - PILOT
- Address : Phố Hàng Than, P.Hồng Gai, TP.Hạ Long, tỉnh Quảng Ninh
- Tel : (0203) 365 9955
- Fax : (0203) 381 1919
- Email : tkv.tcldhc@gmail.com
- Website : <http://pilotcotkv.com>
- Charter Capital : 20.220.000.000 đồng

2. Post-equitization investment plan and development strategy of the company

2.1 Target and orientation for post- equitization

Following the aim of the Government on transformation of state enterprises and 100% state-owned one member limited liability into joint stock company, the target for the equitization of Vinacomin Pilot Limited Company includes:

- Transform the ownership form of 100% state-owned capital into multi-ownership, steadily invest in new technology and innovate the management method, widen the business scale, foster the financial and business capacity in order to boost the operation productivity at the moment and in the future.

- Mobilize the idle capital of employees, individuals, local and foreign investors for development investment and increasing the operation scope in other business lines for higher revenue and profit with sustainable development in the future.

- Promote the ownership role of the shareholders, attach them with the responsibilities, work, and interests, motivate the effective management operation and therefore employees's income, shareholders and contribute to the economic development national wide.

2.2 Post-equitization business line

No	Line name	Code
1	Service activities incidental to water transportation Specific: Pilot services, towage, navigation, ship arrival guidance	5222 (Main)
2	Other support services related to transport Specific: Freight forwarding agency services, Logistics services	5229
3	Caro transportation seashore and off shore	5012
4	Cargo transportation through inland water	5022
5	Cargo handling	5224
6	Career training	8532

In which, the main business of the companies: Service activities incidental to water transportation (Specific: Maritime pilot services, towage, navigation, ship arrival guidance).

2.3 Five-year post-equitization business plan

Pursuant to the Decision No. 1903/QĐ-TKV dated November 6, 2020 of TKV approving the business plan, investment plan for 5 years (2021-2025) of Vinacomin - Pilot Company Limited, the Company develops a business plan for 5 years after equitization as shown in Table 10.

In addition, the five-year post-equitization business plan of the Company does not take into account the cost of using the trademark "TKV". "TKV" and "VINACOMIN" are trademarks legally owned by Vietnam Coal - Mineral Industries Group (TKV), the use of these marks is in accordance with TKV's internal regulations. Accordingly, after equitization, if the Company continues to use the trademark TKV, the Company must pay the annual cost of using the mark in accordance with TKV's regulations.

Table 10. Five-year post-equitization business plan

TT	Category	Unit	Expected Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025
1	Charter capital	Mil VND	16,578	220	20,220	20,220	20,220	20,220
2	Total number of employees	Person	84	92	94	94	94	95
3	Total salary budget	Mil	30,854	26,400	28,450	28,750	29,350	30,500
4	Monthly average income per employee	Mil	30.61	23.91	25.22	25.49	26.02	26.75
5	Total revenue + Other incomes	Mil	75,000	61,100	69,000	70,500	71,500	72,400
6	Total cost	Mil	58,832	58,46020	65,950	66,950	67,800	68,600
7	Profit before tax	Mil	16,168	2,640	3,050	3,550	3,700	3,800
8	Profit after tax	Mil	12,934	2,112	2,440	2,840	2,960	3,040
9	Provisions	Mil		845	976	1,136	1,184	1,216
10	Dividend paid	Mil		1,213	1,213	1,213	1,213	1,213
11	Expected dividend yield	%		6%	6%	6%	6%	6%

(Source: The equitization plan of Vinacomin Pilot Limited Company)

2.4 Devised business solutions to achieve the plan:

In order to achieve the economic targets, the company proposes the following solutions:

2.4.1 Capital solution

Based on the business plan in its operation lines, the capital solutions are as below:

❖ Capital mobilization:

- Concentrate on the acceleration of the payment progress of the contracts;
- Concentrate on the receivable and debt collection;
- Borrow from banks;
- Borrow from individuals and organizations at reasonable interest rates.

❖ Capital management:

- Arrange the capital structure reasonably to maximize the use of current capital;
- Invest the capital in the focused fields, use the professional methods to accelerate the capital spin;
- Increase the collection of misappropriated capital to decrease the loans. Assure to collect the debts, especially the prolonged ones at the soonest.
- Use the equity capital and depreciation of the enterprise to reinvest. Limit the use of long-term loans to invest.

2.4.2 Solutions on materials

- Control the price and quality of input materials and products for the business of the company;
- Set the realistic quota for input materials and products; select the supply of input materials and product with good quality and reasonable price;
- Make reasonable plans of stockpile of input materials and products for the business operation without capital stagnation.

2.4.3 Solutions on improving the capacity of equipment, technology and land and housing facilities

- Focus on repair, restoration of the existing equipment, review the unused equipment to liquidate for capital recovery and investment;
- Make plans to purchase machinery and equipment to meet the needs of management and business activities of the company;
- Make a norm for time-wasting of each ship route, combine with pick up pilot base on the technical norms of the Ministry of Transport and actual situation of company.
- Make plans for reasonable and effective use of land and housing facilities managed by the company.

2.4.4 Solutions on organization, management and direction

- After equitization, the Company will proactively reorganize the operation model to suit the model of a joint stock company, the business operations of the Company must comply with the provisions of the Law on Enterprises and other current regulations of the State for joint stock companies. Building the Company's production organization model to ensure compactness and efficiency;
- Assign job tasks according to the performance level, higher specialization to utilize the employees and department's creativity and proactiveness.
- Every year, create training plan, elevate the management level, qualifications, working skills of the current staff, heading towards long-term employment, inheritant generation and create plan to recruit high-skilled employees. Launching regular movements to compete in performance, quarterly, monthly;
- Closer monitoring of transportations, install route, fuel-consuming monitor devices, management program to monitor onsummation, loss of fuel to minimize fuels costs and services cost.

2.4.5 Labour and compensation solutions

❖ On human resource policy

- Ensure sufficient quantity and quality of the labor resource to satisfy the operation scale of the organization in different phase of business;
- Establish reasonable remuneration policy, equivalent to other pilot units in the area, to attract managers and high-skilled labours, especially pilot labours;
- Create employment margin, heading towards efficient business model, each employee can manage heavier workload and more task types;
- Have solutions to encourage working labours, improve pilot-professional skills through training programs and projects;
- New and advanced training for career transfer for employee in abundant departments and rearrange labour proportions;
- Implement measures to encourage the employee to elevate working skills through training program, education project for human resource in pilot sector;
- Focus on the training for the new and advanced manager, especially the pilot department. Raise pilot ranks according to minimum margin and business requirement. Meanwhile, appoint pilot to study in centers in the country and abroad, participate in traning program by the partners to advance working skill, qualification, pilotage skill, language skill and simultaneous ships mobilization skills;
- Suggest, appoint qualified employees, with skills that aligned with the human resource plan and position requirements. Disposition of unqualified labour, unable to complete assigned tasks.

❖ ***On compensation policy***

- Build reasonable compensation policy on the base of labor margin;
- Implement fix wage fund for each department, with regards to efficiency and revenue. Raise salary for the main working departments, to encourage the working employee, improve working attitude, but the salary range should be stabilizing human resources by being the same range with competing companies in the area;
- Implement the timely rewarding regimes for team and individuals who have made innovative initiatives to bring about economic benefits for the company;
- Pay salary in accordance with the specific capacity of each person, pay specific salary for each department according to assigned tasks; apply performance evaluation (KPI)
- Fully implement the regimes for laborers: pay social insurance, health insurance and unemployment insurance.

2.4.6 Market expansion solutions

Market search is considered as one of the key tasks in the operational and business department. The company proposes the specific solutions such as:

- Proceeds on proposing relevant authorities for exclusive rights on the pilo route of Cam Pha ship for the company with Decree No 70/2016/NĐ-CP of the Government.
- Based on the forecast production arrive at Cam Pha port, the company need to promote relationship with ship owners, agents to expand pilot services. Developing, issuing and supplement policies to encourage and support the development of new markets and customers. Enhance customer care marketing, include traditional and potential customers, preferential policies and special care with agencies use a little service, bring a lot of revenue for the company.
- Strengthening and preserve the current market, current customers and finding new customers through marketing.

2.4.7 Solutions on political affairs, ideology and mass organization

- Formulate and implement the regulations on coordination between Party Committee, the Management Board and the Managing Director;
- The Party Committee regularly coordinates with the Management Board and the Managing Director to set out the specific guidelines, measures and solutions for the implementation of socio-economic targets in accordance with the Resolution of Shareholders's General Meeting;
- Educate politics and ideology for Party members and workers in accordance with Party policies and the Law of the state;
- Build strong Party and political organization;
- Promote the collective rights of manual labors;
- Reward and punish fairly to create motivation for development;

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- Enhance the involvement and monitor from political organizations such as Party committee, trade union, youth and women unions to supervise the activities of leaders and participate in the management and education of employees.

2.4.8 Solutions on savings, anti-corruption and thrift

- Anti-corruption, thrift and savings is one of the key solutions in successfully implementing the socio-economic targets set by the company;
- Practice thrift in the process of production and consumption;
- Have rewarding regimes for collectives and individuals who have accomplishments in activities of savings, anti-corruption and thrift;
- Regularly review, amend and supplement the contract norms assigned for internal units. After equitization, the company will actively rearrange its operation to suit the model of a joint stock company and the business of the company complies with the regulations of the Enterprise Law and the existing regulations of the State for a joint stock company

3. Post-equitization charter capital and its structure

3.1 Charter Capital

To assure a sufficient capital for the post-equitization business operation as planned, the expected charter capital is as below:

- Charter capital : 20,220,000,000 VND
- Number of shares : 2,022,000 share
- Type of shares : common shares
- Par value : 10,000 VND
- Starting price : 15,550 VND/share

3.2 The structure of charter capital

The Company has planned the structure of charter capital after equitization as following:

Table 11. Post-equitization structure of charter capital

No	Subject	No. of shares	Value (VND)	Percent (%)
1	TKV-owned share	1,516,500	15,165,000,000	75.00
2	Share under ESOP (seniority)	101,100	1,011,000,000	5.00
3	Public offering share	404,400	4,044,000,000	20.00
	Total	2,022,000	20,220,000,000	100.00

(Source: The equitization plan of Vinacomin Pilot Limited Company)

4. Post-equitization organization chart of the company

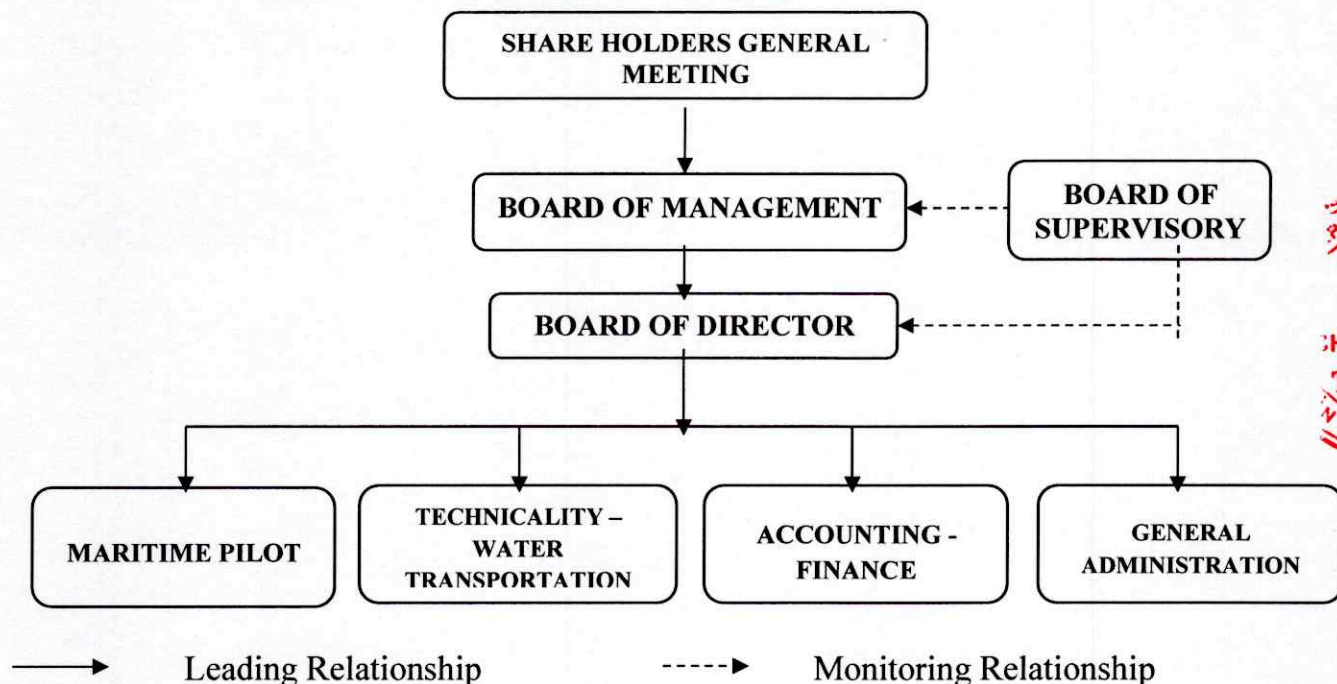
The organizational structure of Vinacomin – Pilot Joint Stock Company is expected to includes:

- ❖ **Board of Management.**
- ❖ **Board of Supervisory.**
- ❖ **Board of Director (including Director, Deputy Director and Chief Accountant).**
- ❖ **Functional Departments:**
 - Accounting – Finance Department;
 - Adminstration – General Services Department;
 - Technicality – Water Transportation Department;
 - Maritime Pilot Department.
- ❖ **Direct manufacturing, business units (teams, groups, ...).**

Specific organizational structure and quantity of labour is decided by the equitization company, with regards to the Government's Law and the company's regulation.

4.1 Post-equitization Company's structure

Figure 2. Post-equitization Company's structure



(Source: The equitization plan of Vinacomin Pilot Limited Company)

❖ Shareholder's General Meeting

Shareholder's General Meeting (SGM) includes all shareholders with voting right and is the highest authority of the company, decides the issues as regulated by the Law and the company regulations. In particular, the shareholders will approve the annual FS and financial budget for the following year. The General Assembly of shareholders will elect the BM and the Board of Supervisor of the company.

❖ **Board of Management**

As the management representative of the company, BM has all rights on behalf of the company to decide all issues related to the purposes and interests of the company, except for the issues under the authority of the SGM. The SGM is responsible for supervising CEO and other managers. Rights and obligations of the SGM are stipulated by the Law, the company regulations, internal regulations and the Resolution of the SGM.

❖ **Board of Supervisory**

The Board of Supervisory is elected by the General Meeting of Shareholders, on behalf of shareholders to monitor all the management and business activities of the company. The supervisory board has duties and obligations that must comply with the Law and Company Regulations, other internal regulations and resolution of shareholder meeting.

❖ **Board of Director**

The BD is composed of one CEO as the legal representative and two Deputy Director and one chief accountant to assist in managing all day-to-day operations of the company and is responsible to the Board for the exercise of assigned duties and rights. Specific rights and obligations of the CEO and Deputy Director are stipulated in the Company regulation and internal regulations of the company.

❖ **Functional departments in the joint stock company model post-equitization**

- Accounting – Finance Department;
- Administration – General Services Department
- Technicality – Water Transportation Department
- Maritime Pilot Department.

❖ **Functions & Duties of Departments**

✦ **Basic functions & duties of Maritime Pilot Department**

▪ **Function:**

The Maritime Pilot section has the functions of advising and implementing the law in the field of pilot services, maritime agents and transport service. Providing services that ensure compliance with the law and business efficiency. Training and educating pilots of all rank

▪ **Duties**

- Calculate rates, sum up the revenue of pilot services; advise and organize plans for supply pilot monthly, annual and long-term. Coordinate with Labor Organization to set up plans for using and training pilot.
- Propose the recommendation of enterprise to TKV group and the government management office modify the regulations, mechanism of pilot activities. Control leading ship document, statistic number of ship for each period of month, quarter and year. Arrange and assign appropriate pilot to ensure safety and effective. Organize the transportation ships in and out of the internal water of Cam Pha Port according to the current regulations.

- Supervise and training for crew members, including checking and testing skill for pilots.
- Advise the director on customer search, customer care (agency, ship owner, transport unit...), expand the market; transport service business; transport service (rent vehicle) and maritime agency; prepare and implement business plans.
- Implement and organize the annual and long-term coal transport plans, supply coal to domestic customer plans. Organize and expand marketing, manage customer. Supply to the director timely information about the market, categories of goods ship monthly, quarterly and annual for the administrative activities; Manage of documents; statistic on coal transportation and maritime agency; make periodic reports at the request of enterprise. Coordinate with Financial- Accounting department to urge customer pay for coal transportation and pilot fees.
- Providing vehicle rental services: ships, canoes and cars.
- Labor management is staffed according to the regulation of company and the law. Perform other duties as assigned by the director.

✦ **Basic functions & duties of Technicality – Water Transportation Department**

▪ **Function:**

The Technicality- Watercraft section is a professional department which has the functions of advising and implementing the management activities, administrations and exploitation of waterway vehicles. Manage Cam Pha port and TKV inland port. Advise the company leader on work safety, fire protection, environment protection and technology.

▪ **Duties:**

- Arrange effectively, safely, and economically to pilot transport for production. Coordinating with other section advise for the director in hiring ships, repairing facilities, purchasing materials and equipment.
- Manage harmful waste storage, recover and receive hazardous waste of vehicle.
- Implement periodic and irregular repair plans, supply materials and fuels for the ships to ensure efficient exploitation. Manage waterway vehicle in accordance with the regulations. Develop material plans, repair ship and implement regulation on crew responsibilities.
- Organize crew members in accordance with the law. Arrange compensatory rest day. Manage and monitor duration of diplomas, qualification, crew book. Coordinating with the administrative department to extend the case and certificates of professional qualification expire.
- Check the implementation of each vehicle and crew in comply with the regulations on operating and managing vehicle. Advising plans to improve management of vehicles in order to increase the efficiency of each vehicle.

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- Coordinate with the administrative department to setting up recruitment plan, using and training crew to meet the company's development requirement.
- Manage and exploit Cam Pha port, TKV inland port to serve production with high efficiency (receive, arrange meals and rest for crew, employees coming to work at the station.
- Make an annual plan for industrial safety and hygiene. Advising on management of occupation safety. Organizing safety training, coordinating with Trade Union to check occupational safety, investigating labor accidents occur, implementing the regulations on fire prevention.
- Advise the management of environment protection, including propose and organize the implementation of strategy, plans, solutions, technology of enviromental protection, climate change response, natural disaster prevention- search and rescue. Advise to comply with the Government regulations on enviroment activities: register waste generator, manage and collect hazardous waste. Proposing solutions to minimize environmental pollution, managing hazardous waste.
- Labor management is staffed according to the company's regulation and the current law. Perform other duties as assigned by the director.

✦ Basic functions & duties of Accounting – Finance Department

▪ Functions

The Finance - Accounting department advise CEO organizing and operating production and business activities. Operating the accounting system ensure the right principles, financial mechanism of the State.

▪ Duties

- Implement procedures on use capital activities such as cash collection, payment, payment for labor systems, balancing capital sources, ensuring the right principle and systems of the government.
- Organize accounting, statistic, analysis economic activities with the suitable scale and organize production and business at each level, satisfy the requirements of production and comply with regulation of TKV.
- Collect and control documents, archive documents according to the regulations of the Government and the company
- Implement the accounting of basic construction investment, participate in the investment
- Supervise and check the contracts of deliveries and receipts, contracts of good purchases and sales, other contracts using for the company's production. Keep track of balance sheet and assume reports of implement contracts.
- Quarterly, six-month and annual state management reports to TKV and competent authorities as regulated.
- Labor management is staffed according to the company's regulations and the law. Perform other duties assigned by the CEO.

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✦ ***Basic functions & duties of General Administration Department***

▪ ***Functions***

The organizing - administrative section is a professional department which has the functions of advising and implementing the organizational activities, wage and labor, administrative and general affairs, clerical – archives, commendation, discipline, labor protection, compensation and benefits, healthcare, cultural and sport activities, management of investments, planning and security for the employees.

▪ ***Duties***

- Make business plans quarterly and yearly for production.
- Propose production management plans, adjust plans with TKV. Advising for leaders to sign a business cooperation with TKV and pre-acceptance test of the contracts. Advise regulation on management, administration, cost management... Proposing management measure to enhance cost management to improve business efficiency.
- General job: Organize and prepare meetings, conferences chaired by the leader. Proposing, arranging working schedule of leader.
- Administrative activities: Manage the dispatch, documents of the company, compile the internally and externally circulated documents, manage the company seal, distribute and control the functions of the company papers such as introductory paper, travel paper.
- Administration and reception: Implement the receptionist services, organizing congresses, conferences. Manage assets of the company office. Following and checking the management of canteen, food safety in the company. Manage the maintenance and repair of the fixed assets directly managed by the company.
- Health mission: organize health check for employees, manage medical record and make report on health care.
- Communication, community relations, culture and sport.
- Culture and sport activities: coordinate with Trade Union to organize activities.
- Social activities: organize the social's welfare activities, including internal support and individual support.
- Organize and training activities: Advise on building and revising the company's charter and regulations. Developing projects, plan on business organization and organizational procedures for the company.
- Labor and wage management, emulation and commendation.
- Legal work and risk management in business: implement legal education activities, participate in developing the charter, regulations of the company, propose risk management in the company.
- Inspection, settlement of complain and denunciations: organize periodic according to the program directed by the leader. Organize the inspection, settlement of complaint and denunciation within the company's competence.
- Military activities: organize plan for recruiting troops, mobilizing reserve forces. Coordinate with local military, TKV to carry out the training of activities of the self-defense force.

- Science, technology and application: implement science and technology activities of company. Advise to develop the planning of information technology application to the management of resources, vehicle management and business operations. Management of computer networks, data transmission networks and website administration system.
- Investment management: develop investment plans, implement managing investment project in accordance with the regulation of TKV Group and the current law.
- Assist the director in managing fund: Bonus and welfare fund of the company; reverse salary fund, bonus fund for managers.
- Perform other duties assigned by the director.

V. RISK FACTORS

1. Economic risks

Socio-economic in 2021 stumled through an epidemic of acute respiratory infections caused by a new strain of Corona virus (Covid-19) which took place on a global scale. Negative growth in major economy, geopolitic uncertainty and diminishing commmercial and investments have resulted to undersirable outcomes, which IMF considered as “have not seen since the Great Depression”. Nevethless, world economic growth is expected to flourish as the economies get back on track after the large-scale distancing ended. Currently, global trade and prices are recovering, while positive signs of the stock market return due to expansionary money policies. Cashflow run toward newly-emerged markets and continues, inflation is monitored closely.

Domestically, beside auspicious results from positive growth of 2020, macroeconomic remains stable while stands against difficulties and challenges. The unpredictable Covid-19 pandemic has restrained the growth of most industries, sectors. The disrupt in global trade directly affected the domestic manufacture and import-export. The high rate of unemployment, increased shortage of job while unpreditable and complicated natural hazards damage the agriculture industry.

At such times, the Government, Prime Minister have responded promptly, applying solutions to prevent the pandemic, protect the citizen’s health, while simultaneously shield the economy and society stability, putting in best efforts to complete the predetermined economic and social targets for 2021. The Government’s endeavors have greatly supports many companies and specifically, Vinacomin Pilot Company Limited.

❖ GDP growth

According the newest published figures by the General Statistics Office (GSO), gross domestic product (GDP) in 2020 has increased 2.91% (Q1 increased 3.68%; Q2 increased 0.39%; Q3 increased 2.69%; Q4 increased 4.48%), is the lowest amongst the same period’s figures from the previous years between 2011-2020. As the Covid-19 pandemic brings ever-increasing uncertainty to all aspects of the economy and the society, Vietnam’s economic growth remains positive, reflecting the sensible leadership and management to recover the economy while fighting the pandemic and the determined, united political system, Government, Prime Minister; the efforts, hard-working of the people and the enterprises to achieve the dual target of both containing the Covid-19 pandemic and boosting economic recovery.

❖ **Inflation**

Inflation is a macroeconomic factor that affects all participants of the economy. Rising inflation results in increasing input material prices, manufacturing costs and operating costs, directly damage the business performance and financial stability of many companies. On the other hand, a low and controlled inflation rate will support the Company's business by keeping the input cost under control and ensuring the stability of the Company's operation.

According to the GSO, average CPI of 2020 increased 3,23% y-o-y, achieved the Parliament target of below 4%; December CPI increase 0.19% compared to the same period last year, the lowest growth between 2016-2020. The reasons to the increase of CPI in 2020 are mainly: (i) The price of food products increased by 4.51% over the same period last year (making the general CPI increase by 0.17%); (ii) The price of foodstuff products increased by 12.28% over the same period last year, of which the price of living weight pig increased by 57.23% (making the general CPI increase by 1.94%); (iii) Price of medicine and medical service because the Covid-19 epidemic in the world is still complicated, so the demand for this product is still high; (iv) Continuation with the tuition fee increase according to 86/2015/NĐ-CP, making the education services prices increase 4.32% compared to 2019. The increase of the average CPI of 2020 partly affect on the rising cost of good sold of the products and the services. In correspondence, the Company prepares a detailed material plan against the fluctuation of the input costs, ensuring the stability of the line of operation.

❖ **Interest rate:**

Most enterprises make use of borrowing funds from banks to supplement its operation, thus, the fluctuation of interest rates will directly affect the business performance.

According to the latest data of the General Statistics Office, as of December 21, 2020, the total means of payment increased by 12.56% compared to the end of 2019 (same period in 2019 was 12.1%); capital mobilization of credit institutions increased by 12.87% (same period 2019 was 12.48); credit growth of the economy reached 10.14% (same period in 2019 was 12,14%). To alleviate the difficulties caused by the Covid-19 epidemic and motive the economy quick recovery, in 2020, the State Bank of Vietnam consecutively adjusts and reduces the interest rates by 3 times with the total decrease rate of 1.5% -2% / year. Currently, the maximum short-term loan interest rate in VND for certain industries and fields is 4.5% / year.

2. Legal Risk

Vinacomin – Pilot Company Limited is undergoing the transformation from a 100% state-owned enterprise to joint stock company. Therefore, the Company's operation must comply with the legal documents relating to the transformation. After the Company is legally recognized as a joint stock company, it will be subjected to the Law of Enterprises, Law on Enterprises and other specific law on the Company's registered business activities. Having past experiences as limited liability company, while subjected to Law on Enterprises as a joint stock company, thus, Vinacomin – Pilot Company Limited has advantages in adjusting to the transformation of business model. The capacity of management and control the business operation is amongst the prime factors in mitigating legal risks.

3. Specific Risk

❖ Competition risks

In the current location, enterprise must compete directly with other pilot companies in Hon Net Port (deep-waterer and airtight, thus, suitable for large ships, especially foreign ship, to unload and upload cargo). Meanwhile, the number of ships uploading coal to export decrease, though inland ships increase, it was mostly small ships, so pilot fees is low and not enough to cover expenses. Although the Company is a long-term enterprise and face to fierce competition, the company will need to apply the suitable competitive strategy to preserve stable development.

❖ Human resource risks

Human resources are very important to the existence and development of the company. The field of pilot service, hospitality always requires highly qualified and experienced personnel. As of September 2020, the country has 417 pilots in all types, of which 165 are foreign pilots. Currently, the income of the pilot is at an average level compared to some other pilot company. Due to the risk of brain drain, contract termination of many premium pilots in order to move to other companies that have a higher income usually occur. Therefore, in order to ensure and maintain the high quality of the workforce, the company pays much attention to human resources matters, training and compensation policies for the employees.

❖ Policy risks

Pilot services is conditional business. The government assigned ceiling price of pilot service. Therefore, import and export taxes has effective influent to business activities. Currently, the company's revenue mainly come from provide pilot service for ships transport import and export goods, so when the import and export taxes will increase, the number of foreign ships will decrease and directly influent to enterprise. Decrease in pilot services fee will decrease the revenue generated from pilot services and thus, decrease the overall revenue, profit and the employee's income. As regulated, each pilot route can be undertaken by one pilot service provider, exclusively. Therefore, expanding the pilot service market is unachievable.

❖ **Risk of land rights revoke**

According to Official Document No. 6658/UBND-QLDD1 dated September 30, 2020 of the People's Committee of Quang Ninh province on the land use plan after equitization of Vinacomin – Pilot Company Limited, 04 land plots at Cua Ong after equitization of the Company is under the form of: Temporarily retained, continue to use. Currently, 04 land plots at Cua Ong are managed by the Company, and under the land plan of Cua Ong Temple Project and the land right revoke in the future is certain.

4. Other risks

Risks of fire, accidents and natural disasters can hardly be forecast and the damage is huge. Therefore, the company takes measures to prevent such as buying property insurance, implementing actions to prevent fire and set first priority for labor safety.

VI. METHOD OF SALE AND PAYMENT FOR SHARES

1. Basic information of sale offering and offered shares

- The issuer : Vinacomin – Pilot Company Limited
- Headquarter : Hang Than St, Hồng Gai Ward, Ha Long City,
Quang Ninh Province
- Expected post-equitization charter capital : **20,220,000,000 VND**
(Twenty billion and two hundred twenty million dong)
- Proportion of charter capital after equitization
- + Shares owned by the state : 1,516,500 shares, (equivalent to
15,165,000,000 VND, or 75.00% of charter capital)
- + Shares offered to employees at preferential rate according to seniority : 101,100 shares, (equivalent to 1,011,000,000 VND, or 5.00% of charter capital)
- + Shares offered in the public offering : 404,400 shares (equivalent to 4,044,000,000 VND, or 20.00% of charter capital)
- Total number of shares offered : 404,400 shares
(Four hundred four thousand and four hundred share)
- Offered type of shares : Common shares
- Par value : 10,000 VND/share
(Ten thousand dong per share)
- Initial price : 15,550 VND/share (Fifteen thousand and five hundred and fifty dong per share)
- Auction participants: Retail investors, domestic and foreign institutional investors according to the rule of law.

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2. Method of sale and payment for the auctioned shares

2.1 Time and location to register for auction and deposit payment

Following the auction regulation issued by Hanoi Stock Exchange.

2.2 Location and time for the auction

- Location: Hanoi Stock Exchange
- Address: No 02, Phan Chu Trinh St., Hoan Kiem Dist., Hanoi.
- Time: According to the Auction Regulation issued by Hanoi Stock Exchange.

2.3 Time of payment for auctioned share and refund the deposit

According to the auction regulation issued by Hanoi Stock Exchange.

3. Sale and payment method for the shares offered to employees at preferential rate according to seniority

The number of shares which Vinacomin - Pilot Company Limited offered to employees at preferential rate according to seniority up to the time of Approval of Company Value is **101,100** shares, equivalent to **5%** of charter capital.

According to Clause 1, Article 42, Decree No. 126/2017/NĐ-CP dated 16/11/2017 by the Government about the transformation of 100% state-owned enterprises and single-owned limited company with 100% charter capital invested by state-owned company into joint stock company, the price offered for the employees in this circumstance is *“equivalent to 60% value of its par value (10,000 VND/share), equivalent to 6,000 VND/share..*

4. Limitation on the proportion of share held by foreign investors

As per the investments regulation checklist for foreign investors, the company currently has a number of business lines applicable to foreign investors, namely: inland waterway transportation (industry code: 5022), coastal and ocean freight (industry code: 5012), coastal and ocean passenger transportation (industry code: 5011), inland waterway passenger transportation (industry code: 5021) regulates the maximum proportion of share held for foreign investors to 49% and waterway transport supporting services (industry code: 5222) regulating the maximum proportion of share held for foreign investors to 75%.

In accordance to Clause 1, Article 139 of Decree No. 155/2020/ND-CP dated December 31st 2020 by the Government on specific regulation of several clauses of Law of Securities, ruled that: *“If the public company operates on multiple industries, sectors and activities, with different regulations on foreign owning, then the proportion of ownership of foreign investors does not exceed the lowest limit amongst the operating industries, sectors and activities”* According to which, the maximum proportion of share held by foreign investors in this case is 49%.

5. Limitations on the transfer of share

All the shares of Vinacomin - Pilot Joint Stock Company at the establishment are common shares. Shares offered to employees at preferential rate according to seniority are not allowed to be transferred within three years since the payment for the purchase of preferential shares.

All transactions, including purchase, sale and inheritance of shares are to follow the regulations of the joint stock company and other relevant legal documents.

VII. PLAN FOR THE PROCEEDS FROM EQUITIZATION

1. Expected costs for equitization

The expected total costs for equitization for the Company is 603,634,000 VND, specifically:

Table 12. Expected cost of equitization

No	Description	Value (VND)
A	Direct expenses at the company	145,234,000
1	Expenses for inventory and valuation of assets	9,000,000
2	Expenses for extraordinary staff meetings	31,250,000
3	Expenses for information dissemination and disclosure of the company	17,484,000
4	Expenses for organizing the first General Meeting of Shareholders	47,500,000
5	Other Expenses	40,000,000
-	<i>Organize for shares auction</i>	<i>20,000,000</i>
-	<i>Provisions</i>	<i>20,000,000</i>
B	Expenses for hiring consulting organization.	396,000,000
1	Expenses for auditing, consulting valuation, determine the start price of company	176,000,000
2	Expenses for conversion consultancy	220,000,000
C	Remuneration for the Steering committee and the assisting team	62,400,000
	Total	603,634,000

(Source: The equitization plan Vinacomin Pilot Liability Company)

2. Plan for the usage of proceeds from equitization

The management and use of proceeds from equitization comply with Article 39 of the Government's Decree No. 126/2017/NĐ-CP dated November 16, 2017.

Based on the size of the charter capital, the nature of the business lines of the joint stock company, the actual value of the contributed capital of TKV and the capital contribution ratio of TKV in the joint stock company, TKV does not sell shares for strategic investors. Therefore, it is expected that the amount to be paid to the Enterprise Development Assistance Fund (temporarily calculated according to the plan, assuming all auctioned shares are bought by investors at the average successful bid price: 15,550 VND/share) as follows:

Table 13. Plan to use proceeds from equitization

No	Category	Amount (VND)
1	Charter capital of Joint stock company	20,220,000,000
2	Actual state capital upon re-valuation	16,578,306,696
3	Proceeds from equitization:	6,895,020,000
	- From the selling of shares at preferential rate of 60% of par value (equivalent to VND 10,000) to employees	606,600,000
	- From the selling of shares at the starting price approved by the representative of company ownership in the plan of equitization for employees with working commitment at the company.	0
	- From the selling of successfully auctioned shares	6,288,420,000
4	The value corresponding to the number of additional shares issued at par value shall be retained by the company = (1) - (2)	3,641,693,304
5	Equitization costs	603,634,000
6	Redundant labor costs	0
7	Total budget return = (3)-(4)-(5)-(6)	2,649,692,696

(Source: The equitization plan of Vinacomin Pilot Company Limited)

VIII. THE PARTIES TAKING RESPONSIBILITIES FOR THE CONTEXT OF THE PROSPECTUS

1. The equitization steering committee

VIETNAM NATIONAL COAL - MINERAL INDUSTRIES HOLDING CORPORATION LIMITED

Mr. Lê Minh Chuẩn Position: President of the Member Board, Head of Equitization Steering Committee

And other members of the Equitization Steering Committee according to Decision No. 132-QĐ/TW dated January 26th 2018 on the establishment of the Equitization Steering Committee of enterprises under the management of Vietnam National Coal – Mineral Industries Holding Corporation Limited in the period of 2018 – 2020 and Decision No. 915/QĐ-TKV dated May 20th 2020 by Vietnam National Coal – Mineral Industries Holding Corporation Limited on the human resource perfection of the equitization steering committee.

The prospectus is issued by the equitisation company and the consulting organisation and approved by the Equitization Steering Committee of enterprises under the management of Vietnam National Coal – Mineral Industries Holding Corporation Limited.

2. The equitization company

VINACOMIN - PILOT COMPANY LIMITED

Mr. Nguyen Van Tu Position: Chairman

Mr. Tran Dao Position: Director

We guarantee that all the information and figures in the Prospectus are complete, accurate, honest and we commit to take the responsibility of the completeness, accuracy and integrity of all information and figures in this Propeustus.

3. The consulting organization

TAN VIET SECURITIES JOINT STOCK COMPANY

Mrs. Nguyễn Thị Linh Position: Director of Investment Banking

(As per the Authorization letter no. 140/2021/UQ-TGD dated 05/02/2021 by General Director, Tan Viet Securities Joint Stock Company)

The prospectus is a part of the initial public offering documents of Vinacomin – Pilot Limited Company, compiled by Tan Viet Securities Joint Stock Company within the context in the consulting contract with Vinacomin – Pilot Joint Stck Company. We guarantee that the analysis, assessment and wording in the Prospectus has been done reasonably and cautiously based on the information and figures provided by Vinacomin – Pilot Limited Company.

The Prospectus can only serve as a reference. Investors is expected to take the responsibility on their investing decision using the provided information and the actual business situation of the company.

IX. ORGANIZATIONS RELATING TO THE INITIAL PUBLIC OFFERING OF SHARES:

1. State capital owner

Vietnam National Coal - Mineral Industries Holding Corporation Limited

Address: 226 Le Duan, Trung Phung Ward, Dong Da District, Ha Noi City

Tel: (84-24) 3518 0400 - Fax: (84-24) 3851 0724

2. Issuing organization

Vinacomin Pilot Company Limited

Address: Hang Than Street, Hong Gai Ward, Ha Long City, Quang Ninh Province.

Tel: (0203) 365 9955 - Fax: (0203) 381 1919

3. Company's value appraisal organization

PKF Vietnam Company Limited

Address: 10 floor, Central Building, Hapulico Complex, 1 Nguyen Huy Tuong Stress, Thanh Xuan Trung Ward, Thanh Xuan District, Ha Noi City.

Tel: (84-24) 6664 4488 – Fax: (84-24) 6664 2233

4. Audit Organization

Viet Nam A-Z Audit and Valuation Company Limited

Address: Apartment 17, Line A – Block 1, New Trung Yen urban area, Trung Hoa Ward, Cau Giay District, Ha Noi City

Tel: (84-24) 3201 2626 – Fax: (84-24) 3201 2626

5. Intial share auction consultant organization

Tan Viet Securities Joint Stock Company

Address: Level 6, No. 79 Ly Thuong Kiet Str., Hoan Kiem Dist., Hanoi.

Tel: (84-24) 3728 0921 - Fax: (84-24) 3728 0920

X. CONCLUSION

This prospectus is intended to provide potential investors with the information on assets, capital, financial situation, results and prospects of Vinacomin Pilot Company Limited before the registration to participate in the auction of shares.

The prospectus is compiled based on the information and data provided by Vinacomin Pilot Company Limited and the approved equitization plan Vinacomin Pilot Company Limited, with regards to the in-effect legal regulations to ensure the publicity, transparency and protection of the legitimate interests of investors.

The Steering Committee of Equitization of Vinacomin Pilot Company Limited recommends investors to refer to this disclosure form and other documents relating to the equitization of Vinacomin Pilot Company Limited before deciding to participate in the auction of shares.

....., 2021

**REPRESENTATIVE OF EQUITIZATION STEERING COMMITTEE
ENTERPRISES UNDER PARTY COMMITTEE OFFICE
CHAIRMAN OF EQUITIZATION STEERING COMMITTEE**



Le Minh Chuan

**REPRESENTATIVE
VINACOMIN – PILOT COMPANY LIMITED**

CHAIRMAN



Nguyen Van Tu

DIRECTOR



Tran Dao

**REPRESENTATIVE OF THE CONSULTING ORGANIZATION
TAN VIET SECURITIES JOINT STOCK COMPANY
DIRECTOR OF INVESTMENT BANKING SERVICES**



Nguyen Thi Linh

