

**PEOPLE'S COMMITTEE  
DAK LAK PROVINCE**

**SOCIALIST REPUBLIC OF VIETNAM  
Independence – Freedom – Happiness**

**No. 3514 / QD-UBND**

Dak Lak, on December 26<sup>th</sup>, 2018

**DECISION**

**About approval of equalization solutions for Dak Lak Water Supply  
and Construction Investment One Member Limited Company**

**CHAIRMAN OF DAK LAK PROVINCIAL PEOPLE'S COMMITTEE**

Based on Local Government Organization Law on 19 June 2015;

Based on Corporation Law No. 68/2014/QH13 on 26 November 2014;

Based on Decision No. 58/2016/QD-TTg on 28 December 2016 issued by Prime Minister about classification indicators for government companies and list of government companies performing arrangement for period 2016-2020; Document No.991/TTg-DMDN on 10 July 2017 issued by Prime Minister about approval of government company list completing equalization for each year in period 2017-2020; Decree No. 126/2017/ND-CP on 16 November 2017 issued by Government about turning Government company and One Member Limited company invested 100% of charter capital by Government company into joint stock company.

Based on Circular No. 40/2018/TT-BTC on 04 May 2018 issued by Minister of Finance with guidance on selling first shares and management, payment received from equalization of government companies turning into joint stock company; Circular No.41/2018/TT-BTC on 04 May 2018 issued by Minister of Finance with guidance on some contents of financial process and determination of company value when turning government company into joint stock company; Decree No. 108/2014/ND-CP on 20 November 2014 issued by Government about reduction on number of employee; Decree No. 63/2015/ND-CP on 22 July 2015 issued by Government deciding on policy for redundant employee when rearranging of One Member Limited Company owned by Government;

Based on Decision No. 1368/QD-UBND on 17 May 2016 issued by Provincial People's Committee about equalization of Dak Lak Water Supply and Construction Investment One Member Limited Company; Decision No.314/QD-UBND on 13 February 2017 issued by Provincial People's Committee; Decision No. 157/QD/UBND on 18 January 2018 issued by Provincial People's Committee about modifying of determination point of company value at Dak Lak Water Supply and Construction Investment One Member Limited Company; Decision No. 1459/QD-UBND on 19 June 2018 issued by Provincial People's Committee on 29 June 2018 about approval for company value of Dak Lak Water Supply and Construction Investment One Member Limited Company; Decision No. 1965/QD-UBND issued by Provincial People's Committee on 17 August 2018 about approval for Land use solutions when equitizing Dak Lak Water Supply and Construction Investment One Member Limited Company; Decision No. 2379/QD-UBND on 28 September 2018 issued by Provincial People's Committee about

approval for Workforce using solutions of Dak Lak Water Supply and Construction Investment One Member Limited Company;

Based on Decision No. 1627/QD-UBND on 08 June 2016 issued by Provincial People's Committee about establishment of Management Board of Equalization; Decision No. 3273/QD-UBND on 27 November 2017 issued by Provincial People's Committee about change in members of Management Board of Equalization; Decision No. 1436/QD-UBND on 13 June 2017 issued by Provincial People's Committee about addition of members in Management Board of Equalization;

Referring to request of Head Management Board of Equalization at Dak Lak Water Supply and Construction Investment One Member Limited Company at Report No. 09/TTr-BCD on 21 December 2018,

#### **DECISION:**

**Article 1.** Approving of Equalization solutions of Dak Lak Water Supply and Construction Investment One Member Limited Company, with detail contents as following:

##### **1. Full name of Joint Stock Company**

Full name in Vietnamese: CONG TY CO PHAN CAP NUOC DAK LAK;

Full name in English: DAK LAK WATER SUPPLY JOINT STOCK COMPANY;

Transaction name: DAK LAK WATER SUPPLY COMPANY;

Acronym: DAKWACO;

Head office: No. 339 Ton Duc Thang, Tan An Ward, Buon Ma Thuot City, DAK LAK Province;

Phone: 0262.3852619; Website: [www.dakwaco.com.vn](http://www.dakwaco.com.vn)

**2. Form of equalization:** Selling a part of government capital at the company.

##### **3. Legal status**

Dak Lak Water Supply Joint Stock Company has legal status since the date of being granted Business registration certificate, performing independent accounting record, using separate stamp, opening bank account according to legal regulation, organizing and operating according to policies of Joint Stock Company and Corporate Law, registering for types of business according to regulations.

##### **4. Types of business**

Inheriting business sectors of Dak Lak Water Supply and Construction Investment One Member Limited Company, after equalization the business sectors of Joint Stock Company are decided by General Shareholders according to legal regulations and will be disclosed in detail in attached Equalization Solutions.

##### **5. Charter capital and issuance structure**

5.1 Building basic of charter capital:

- Company's development orientation for period 2019-2023.

- Company value, value of Government capital of Dak Lak Water Supply and Construction Investment One Member Limited Company as at 01 July 2017 according to book value as below:

+ Total company value as at 01 July 2017 according to book value 348,979,185,721 VND; + Total value of Government capital at the company as at 01 July 2017 according to book value 315,206,983,748 VND;

- Company value, value of Government capital are actually revalued of Dak Lak Water Supply and Construction Investment One Member Limited Company as at 01 July 2017 as below:

+ Total actual company value as at 01 July 2017 according to book value 481,821,081,243 VND;

+ Total value of Government capital at the company as at 01 July 2017 according to company valuation 449,220,281,476 VND;

Joint stock Company's charter capital is determined by actual value of government capital according to book value at the determination point of company value on 01 July 2017 which is 315,206,983,748 VND, rounding to 315,200,000,000 VND. The difference between value of Government capital according to book value and charter capital is 6,983,748 VND will be handed in to Supporting Arrangement and Business Development Fund.

#### 5.2 Charter capital scale:

| Items              | Value               |
|--------------------|---------------------|
| Charter capital    | 315,200,000,000 VND |
| Par value of share | 10,000 VND/share    |
| Number of shares   | 31,520,000 shares   |

5.3 Number of initial published shares: 31,520,000 shares, par value of each share is 10,000 VND, in which structure of charter capital is as below:

| No.      | Objects   | Number of shares (Shares) | Value of shares as par value | Percentage     |
|----------|---|---------------------------|------------------------------|----------------|
| <b>1</b> | <b>Government holding</b>   | <b>11,347,200</b>         | <b>113,472,000,000</b>       | <b>36.00 %</b> |
| <b>2</b> | <b>Sell to employee</b>   | <b>1,774,600</b>          | <b>17,746,000,000</b>        | <b>5.63%</b>   |
| 2.1      | Preferred sale according to actual working time at government area          | 508,000                   | 5,080,000,000                | 1.61%          |
| 2.2      | Preferred sale according to commitment time to work for Joint Stock Company | 1,266,000                 | 12,666,000,000               | 4.02%          |
| <b>3</b> | <b>Sale to trade union</b>  | <b>50,000</b>             | <b>500,000,000</b>           | <b>0.16%</b>   |
| <b>4</b> | <b>Sale in public auction</b>   | <b>18,348,200</b>         | <b>183,482,000,000</b>       | <b>58.21%</b>  |
|          | <b>Total</b>  | <b>31,520,000</b>         | <b>315,200,000,000</b>       | <b>100%</b>    |

Official charter capital structure of Dak Lak Water Supply Joint Stock Company will be determined when there is result of selling shares and approved by Dak Lak Provincial People's Committee.

### 6. Stating selling price and organization of share auction

Starting selling price at the point of offering initial published shares is determined on basis of recommendation by consulting organization, Management Board of equalization of DAK LAK Water Supply and Construction Investment One Member Limited Company after reviewing

$$\text{Starting selling price} = \frac{\text{Actual value of Government Capital after revaluation}}{\text{Numbers of shares to be issued}} = \frac{449,200,281,476}{31,520,000} = 14,252 \text{ VND}$$

Based on business operation activities, specific nature of sector and business manufacture plan after equalization, Management Board of Dak Lak Water Supply and Construction Investment One Member Limited Company suggests starting selling price for initial published share auction is 14,300 VND/share (fourteen thousand three hundred Vietnamese dong/share)

- Auction organization: Ho Chi Minh Stock Exchange

### 7. Selling period of shares:

Within 4 months since the date of approved decision for Equalization Solutions of Dak Lak Water Supply and Construction Investment One Member Limited Company by Dak Lak Provincial People's Committee.

### 8. Solution on initial published shares

#### 8.1. Solution on initial published shares

- Number of initial published shares to investors is 18,348,200 shares, with total value (par value) 183,482,000,000 VND (one hundred eighty three billion, four hundred eighty two million Vietnamese dong), occupied 58.21% of charter capital.

- Investor participating the auction: Individual investors, constitutional investors inside and outside of country according to legal regulations.

- Auction method: Public auction at Ho Chi Minh Stock Exchange.

- Auction organization: Ho Chi Minh Stock Exchange.

#### 8.2. Solutions of selling shares for employee in the Company

a) Preferred shares according to actual working time for government area.

- Total employee at the determination point of company value: 367 employees.

- Total employee having right to purchase preferred shares according to actual working time for government areas at the determination point of company value: 353 employees.

- Total working years to be purchased shares: 5,080 years, equivalent to total maximum preferred shares to be purchased is: 508,000 shares.

- Number of shares to be purchased for one working year of 01 employee: 100 shares/year.

- Total preferred shares selling to employee according to actual working time for government area: 508,000 shares, occupied 1.61% of charter capital.

- Selling price: According to regulation at point b item 1 article 42 Decree No. 126/2017/ND-CP, selling price of share to employee if 60% of share's par value (10,000 VND/share) = 6,000 VND/share.

- Number of shares with preferred selling price stated above that the employee have to hold and must not transfer within 03 years since the point of payment to purchase preferred shares.

- Period of selling shares: After public auction.

b) Preferred shares according to commitment to working in long-term for joint stock company.

The employee working with labour contract and management of the equitized company at the determination point of company value are objects whom the company need to use and have commitment to work in long-term for the company at least 03 years (since the date of being granted first Business registration certificate) and will additionally purchase shares as below:

- 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.

- Additionally purchase with the level of 500 shares/01 committed year to continuously work for the company but not over 5,000 shares for one employee for those who are professional experts with high professional level.

- Total employee with commitment to work for long-term at Joint Stock Company for term of at least 03 years (36 months) since the date of being granted modified Business registration certificate into Joint Stock Company is 335 employee, in which number of employee who are professional experts with high professional level is 229 employees.

- Total shares which are additionally purchased 1,266,600 shares, occupied 4.02% charter capital.

- Selling price: According to Point b, Item 2, Article 42 Decree No. 126/2017/ND-CP, selling price of share for employee equals to the starting public selling price approved by Dak Lak Provincial People's Committee in Equalization Solutions.

- Time of selling shares: After public auction.

Number of shares which employee additionally purchase regulated at this term will be transferred into ordinary shares after the end of commitment period.

c) Selling shares for trade union:

According to Document No. 07/CD-CN&DTXD on 20 August 2018 issued by Trade union of Dak Lak Water Supply and Construction Investment One Member Limited Company, Trade Union registers to purchase 50,000 shares, occupied 0.16% charter capital of Joint Stock Company.

- Selling price: According to Point b, Item 2, Article 33 Decree No. 126/2017/ND-CP, selling price for Trade Union is 10,000 VND/share.

- Number of shares selling to Trade Union is regulated at this term, Trade Union holds and must not transfer within 03 years since the point when the Company turns into Joint Stock Company.

- Time of selling shares: After public auction.

### **9. Rearrangement of workforce solution**

#### 9.1 Rearrangement of workforce solution when equitizing the Company:

Total employee at the point of publishing company value as at 01 July 2017 is 367 employees, in details:

- Total employee, management to be continuously used after equalization: 336 employees.

- Total employee, management to be retired: 05 employees;

- Total employee, management who will terminate of labour contract: 04 employees;

- Total employee, management not to be arranging of job and have to be terminated labour contract (redundant): 22 employees, in which:

+ Redundant employee will be retiring in advance as at 31 December 2018: 21 employee; expense to handle policies for redundant employee: 1,519,318,720 VND;

+ Employee recruited from 21 April 1998 until later have to be off work and terminate labour contract until 30 September 2018: 01 employee; expense to handle policies for redundant employee: 29,941,800 VND

9.2. Expected expense to be paid for employee allowance whom the company will not have demand to use:

- Total expense to handle policies: 1,549,260,520 VND, in which:

+ Redundant employee will be retiring in advance as at 31 December 2018: 21 employee; expense to handle policies for redundant employee: 1,519,318,720 VND;

+ Employee recruited from 21 April 1998 until later have to be off work and terminate labour contract until 30 September 2018: 01 employee; expense to handle policies for redundant employee: 29,941,800 VND

- Source of fund: Payment received from selling shares when equitizing Dak Lak Water Supply and Construction Investment One Member Limited Company.

## **10. Land use solution**

Dak Lak Water Supply Joint Stock Company performs management and using land according to Land use solution approved by Provincial People's Committee according to Decision No. 1965/QD-UBND on 17 August 2018.

## **11. Expense for equalization**

Based on number of shares to be sold in auction for investors which is 18,348,200 shares, with total value (par value) 183,482,000,000 VND. According to regulation at Circular No. 241/2016/TT-BTC on 11 November 2016 issued by Minister of Finance, the expense of registering for auction is 0.3% of actual total value of shares being sold (183,482,000,000 VND x 0.3% - 550,446,000 VND), maximum is 300 million VND/auction. Hence expense of share auction at Ho Chi Minh Stock Exchange will be maximum at 300 million VND. Management Board of Equalization advises Provincial People's Committee to consider, approve for modification additional finalization of equalization expense at Decision No. 2166/QD-UBND on 10 September 2018 from 946,000,000 VND to 1,114,000,000 VND (increase of 150 million VND of share auction expense).

Dak Lak Water Supply and Construction Investment One Member Limited Company has responsibility to perform finalization of equalization expense according to actual occurrence and finalize redundant employee expense according to current government regulation.

## **12. Manage, use payment received from equalization**

All payment received from equalization after deducting the items:

- Paying equalization expense: 1,114,000,000 VND;
- Handling policies for employee: 1,549,260,520 VND.

The different amount remaining will be handed into Supporting Arrangement and Business Development Fund according to regulation at Circular 40/2018/TT-BTC on 04 May 2018 issued by Minister of Finance.

**13. For assets not included in determination of company value to equitize** (book value) 4,045,467,954 VND, in which awaiting assets for disposal 3,447,541,329 VND, not using assets 597,926,625 VND, performing to transfer to Vietnam Debt and Asset Trading Corporation (DATC) to process according to regulation at Item 2 Article 14 Decree No. 126/2017/ND-CP on 16 November 2017 issued by Government.

**14. For Water supply project for Buon Ma Thuot City and 03 towns:** Krong Nang (Krong Nang district), Ea Kar (Ea Kar district), Buon Don (Buon Don district), with total investment as expected of 658,385,400,000 VND (in which ADB borrowed capital 547,373,400,000 VND; reciprocal capital of the Company: 138,012,000,000 VND); The project is expected to be completed in 2019. The Joint Stock Company has responsibility to inherit, monitor and process according to regulation at Point c, Item 3, Article 14 Decree No. 126/2017/ND-CP on 16 November 2017 issued by Government.

**15. Other contents not included in Equalization solution,** Management Board of equalization for Dak Lak Water Supply and Construction Investment One Member Limited Company performs according to current effective government regulation.

## **Article 2**

### **1. Management Board of equalization for Dak Lak Water Supply and Construction Investment One Member Limited Company has responsibility:**

- Manage Dak Lak Water Supply and Construction Investment One Member Limited Company: performs to sell shares according to regulation organize first General Shareholder meeting and perform other necessary tasks to turn company 100% government capital into Joint Stock company according to legal regulations.

- Appraise and present Provincial People's Committee to approve, finalize equalization expense, preferred value finalization for employee and process the difference at the determination point of company value (0 o'clock on 01 July 2017) and the point the Joint Stock Company officially operates (the date of being granted Business registration certificate) according to legal regulations.

### **2. Directors and Chief Accountant of Dak Lak Water Supply and Construction Investment One Member Limited Company have responsibility:**

- Manage; operate Dak Lak Water Supply and Construction Investment One Member Limited Company until transferring all properties, capital, employee for Dak Lak Water Supply Joint Stock Company.

- About result of business operation activities of the Company during the period Dak Lak Water Supply and Construction Investment One Member Limited Company until the official time turning into Dak Lak Water Supply Joint Stock Company, performs according to legal regulations.

### **Article 3.** This Decision is effective since the signing date

Head of Provincial People's Committee Office, Head of Renewal and Business Development Provincial Board; Directors of Ministers of: Finance, Planning and Investment, Home Affairs, Natural Resource and Environment, Labour – War Invalids and Social Affairs, Agriculture and Rural Development; Chairman of Buon Ma Thuot City People's Committee; Head of Board and other members in Management Board of Dak Lak Water Supply and Construction Investment One Member Limited Company's Equalization, Chairman, Director of Dak Lak Water Supply and Construction Investment One Member Limited Company and Minister of other related units will be responsible to perform this Decision./.

#### ***Recipient:***

- As Article 3
- BCD DM & BD Center;
- Prime Minister's office
- Minister of Finance (TCDN);
- Provincial Party;
- CT, PCT provincial People's Committee
- Heads of provincial People's Committee office
- Saved VT, KT (TVT-25b)

**SIGN ON BEHALF OF CHAIRMAN**

**VICE PRESIDENT**

(signed and sealed)

**Nguyen Tuan Ha**



