

Title: “The essential documents checklist in the process of Due Diligence of the Kindergarten Project Company”

I. Classify in Due Diligence (“DD”)

- (1) Financial Due Diligence (“**FDD**”);
- (2) Commercial Due Diligence (“**CDD**”); and
- (3) Legal Due Diligence (“**LDD**”) of both the Project Company and the Kindergarten Project

II. The information categories in Due Diligence

No.	List of required documents	Notes
1	ESSENTIAL INFORMATION RELATED TO THE COMPANY/KINDERGARTEN AND LEGAL ISSUES	
	Requests relating to the Company Ownership, Kindergarten Subsidiaries	
	(a) The Company charter (including any adjustments)	
	(b) Investment Registration Certificate (“ IRC ”) and/or Enterprise Registration Certificate (“ ERC ”) including any adjustments	
	(c) Certificate of seal sample registration (if any)	
	(d) Shareholder registration or membership registration	
	(e) Shareholder book or capital contribution certificate	
	(f) The organizational structure includes details of capital contribution and ownership ratio	

	(g) All necessary licenses, approvals, decisions or certificates relating to the business activities of the owner/affiliated Company/Kindergarten in accordance with the law (such as Kindergarten establishment decisions, recognized decisions on Kindergarten principal/vice-principals/Kindergarten representative, curriculum approvals, etc.)	
2	PROPERTY AND ENVIRONMENTAL ISSUES	
2.1	For each property types used by the Company/Kindergarten, including land use rights, housing ownership, other land-attached assets, educational facilities/equipment (each of which is considered an "asset"), please provide a copy of the relevant documents as follows:	
	(a) Land lease contract/agreement(s);	
	(b) The certificate of land use rights, housing ownership and other land-attached assets (" LUR Certificate ");	
	(c) The certificate of building ownership (if any);	
	(d) Construction permits; the project completion dossiers	
	(e) The payment proof of land leasing or land use fee for the land granted by the authority.	
2.2	Please provide a copy of:	
	(f) Certificates and approvals issued by the authorities or submitted to the state bodies by the Company/Kindergarten related to environmental protection; fire protection and prevention regulations,	
	(g) The regulations and policies on fire protection and prevention fees, fire and explosion insurance for the Company/ Kindergarten. Please confirm that all insurance premiums under such policies have been paid in full up to the present time.	

3	ENROLLMENT & TRAINING	
	Please provide the following information:	
	(a) The number of kids in the divided classes	
	(b) The kid number in the last 3 years	
	(c) The tuition fees published in the last 3 years	
	(d) The number of kids who have graduated or left the Kindergarten in the last 3 years	
	(e) The number of Kindergarten teachers/nannies in the last 3 years, divided by qualifications	
4	FINANCIAL INFORMATION, FINANCIAL DOCUMENTS AND COLLATERAL	
4.1	Audited financial statements for the last 3 fiscal years	
4.2	Reports on business results from the beginning of the fiscal year to the present	
	Copies of documents relating to loan agreements or guaranteed benefits described in section 4.3 include:	
	(a) Loan agreements, letters of credit;	
4.3	(b) Agreements on guarantee, pledge, mortgage, or other documents related to mortgage of the Company/Kindergarten's assets or on shares or capital contributions of the Company's shareholders or members; and	
	(c) Registration documents or dossiers submitted for registration of measures to ensure the above description.	
4.4	The recent 3-year tax declaration and payment dossiers	
4.5	List of kitchen/class facilities, tools and other equipment	

5	COMMERCIAL CONTRACTS	
5.1	Copy of contracts/agreements with the 10 largest suppliers	
5.2	Copies of cooperation agreements with the local education agencies and/or international institutions (if any)	
6	HUMAN RESOURCES	
6.1	A brief list and information on key person of the Company and Kindergarten (Director, Principal, Vice-Principal, Representative and/or Manager, etc.).	
6.2	Copies of labor contracts and other written agreements relating to all remuneration documents accompanied by approval documents of key person.	
6.3	Copy of the standard labor contract form of the Company and the Kindergarten.	
6.4	Copy of internal labor regulations of the Company/ Kindergarten. Enclose a written registration with the Department of Labors, War Invalids and Social Affairs.	
6.5	Please provide the approval copy of the Provincial Labor Federation or Labor Union if the Company/Kindergarten has established a Labor Union.	
6.6	For Vietnamese employee, the Company/Kindergarten company has:	
	Payment docs proving for compulsory insurance (including unemployment insurance) during the employee's probation period?	
7	OTHER RELATED DOCS (if any)	

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III. Other comments from HTCLF

- (1) The final meeting for DD is one of the most important tasks as the appraisal period ended. The meeting aims to conclude and review the signed DD agreement. In principle, this meeting is the last chance for the investors to withdraw their investment

decisions if there are remarkable signs of less optimism during the implementation of DD;

- (2) If the investors commit to investing in the above kindergarten project, they will have an independent double check to see whether the fundamental issues mentioned are available and sufficient. If the main contracts are unreliable, important elements of the project are risky, or if the financial and operating statements of the kindergarten company project are unreliable, the investors may withdraw the investment decision; and
- (3) In fact, the relevant parties may offer to enter into the specific M&A agreements after the above DD phrase.

Note:

For further details and in-depth advices on this legal issue, please do not hesitate to contact us through:

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