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PROSPECTUS

INITIAL PUBLIC OFFERING OF SHARES ON HANOI STOCK EXCHANGE

INFRASTRUCTURE DEVELOPMENT AND CONSTRUCTION CORPORATION (LICOI)



THE ISSUER



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INFORMATION ABOUT THE INITIAL PUBLIC OFFERING OF SHARES

INFRASTRUCTURE DEVELOPMENT AND CONSTRUCTION CORPORATION



Name of Issuer	Infrastructure Development and Construction Corporation (LICOGI)
Charter Capital	VND 900,000,000,000
Total shares for IPO	21,269,000 shares
Par value	VND 10,000 per share
Type of issuing share	Ordinary share
Starting price	VND 10,000 per share
Limit order for domestic and foreign investors	Minimum: 100 shares Maximum: 21,269,000 shares
Subscription quantity	Multiple of 100 shares
Incremental bidding price	VND 100 (One hundred Vietnam Dong)
Deposit	10% of total value of shares subscription at starting price

ABBREVIATIONS AND GLOSSARY

Equitization Steering Board	Equitization Steering Board of the Parent Company – Infrastructure Development and Construction Corporation
Shares offering	Public shares offering of State-owned enterprise to investors in auction, specifically is Infrastructure Development and Construction Corporation’s shares
Financial statements of Parent company	Financial statements of LICOGI’s Head office and dependent companies, units
Consolidated financial statement	Financial statements prepared based on consolidating aggregated financial statements of LICOGI and financial statements of companies that LICOGI holds controlling stakes.
JSC	Joint Stock Company
SOE	State-owned Enterprise
BOD	Board of Directors
HNX	Hanoi Stock Exchange
Investor	Domestic and foreign institutions and individuals as defined in Decree No.59/2011/ND-CP on 18/07/2011 on the conversion of 100% State-owned enterprise to joint stock company.
Equitization plan	Equitization plan for Parent company - Infrastructure Development and Construction Corporation prepared by Vietnam Auditing Partnership Company
PMU	Project Management Unit
LTD	Limited Liability
the Corporation/LICOGI	Infrastructure Development and Construction Corporation is LICOGI One Member Limited Liability Company, dependent of the Ministry of Construction
GD	General Director
VPBS	Vietnam Prosperity Joint Stock Commercial Bank Securities Limited Liability Company

I. COMPANY INFORMATION

Infrastructure Development and Construction Corporation (LICOGI) was established based on the reorganization of the Union of mechanical construction enterprises established on 8th August 1960 and the Construction Company No. 18 established on 19th May 1961, by the Decision No. 998/BXD-TCLD dated 20th November 1995 of the Ministry of Construction (MOC). As a State-owned Corporation operating under the model of Corporation 90/TTg by the Prime Minister, LICOGI at that time consisted of 19 subordinate companies including 12 independent companies, 05 dependent companies and 02 schools for technical workers education.

Over 20 years of development, LICOGI has become one of the leading corporations of the MOC with the presence in all key projects that have significant roles in national politics, economy and defence. On 20th November 2006, the MOC issued Decision No. 1635/QĐ-BXD on transforming LICOGI's operation model into the model of parent and subsidiary company. This is also the current model of LICOGI, with 26 affiliate companies, operating throughout the country. In 2010, LICOGI was changed into the model of a one-member limited liability company.

1. General information

▪ Vietnamese name	TONG CONG TY XAY DUNG VA PHAT TRIEN HA TANG - CONG TY TNHH MOT THANH VIEN
▪ English name	INFRASTRUCTURE DEVELOPMENT AND CONSTRUCTION CORPORATION LIMITED
▪ Abbreviated name	LICOGI
▪ Head Quarter Add	G1 Building, Thanh Xuan Nam ward, Thanh Xuan district, Hanoi
▪ Telephone	+84 (0)43854 2365
▪ Fax	+84 (0)43854 2655
▪ Website	www.LICOGI.com.vn
▪ Business License	No.0100106440by Hanoi Planning and Investment Department issued on 24 th November 2010, 2 nd change on 20 th June 2014
▪ Charter Capital	VND 370,000,000,000 (Three hundred and seventy billion Vietnam Dong)

▪ Logo



2. Licensed Business Activities

According to Business License No. 0100106440 by Hanoi Planning and Investment Department on 24th November 2010, 2nd change on 20th June 2014, LICOGI registered for business activities as below:

- Construction and foundation treatment for building, drilling and blasting, the underground works
- Construction of the civil, industrial works
- Construction of traffic works such as roads, railway bridges, road bridges, airports, ports, railway stations, tunnels
- Construction of irrigation, drainage works (dikes, dams, canals, reservoirs, irrigation systems, pipelines, pumping stations) hydropower and thermal power plants, post office
- Construction of the urban infrastructure works and industrial zones, power lines works, electrical substations
- Demolition
- Land clearance
- Installation of electrical systems
- Installation of water supply, drainage, heating and air conditioning systems
- Installation of other construction systems: Installation of construction equipment
- Completion of construction works
- Investment in projects related to residence, urban zones, industrial zones, investment and technical infrastructure development business
- Generation, transmission and distribution of electricity
- Import and Export of supplies, machinery, equipment and technology
- Exploitation of stone, sand, gravel, clay
- Production of concrete and products from cement and plaster
- Production of cement, lime and plaster
- Trading and doing import and export business of mechanical products, materials, machinery and equipment, raw materials, fuel, construction materials, construction technologies
- Trading mechanical products
- Supply and management of labours
- Rental of machinery, construction equipment
- Cargo transportation by road
- Cargo transportation by sea
- Exploitation, treatment and supply of water
- Repair of machinery and equipment

- Maintenance and repair of automobiles and other motor vehicles
- Wholesale of machinery, equipment and spare parts for mining, construction
- Consulting on management of construction investment costs, procurement consulting, preparing bidding documents
- Application research and new technology transfer in the field of construction
- Occupational education
- Travel agents
- Hotels, motels
- Office leasing, management and operation of residence building
- Planning, preparation and appraisal of construction projects, topographic, geotechnical, hydrogeological survey; design, preparation of total estimation and review of the design and the total estimation of construction works; project management, technical supervision of construction, advisory on bidding and economic contract related to design, construction and installation, supply of materials, equipment, testing, quality control of works.

3. Key products and services

3.1 Main business activities

LICOGI Corporation is operating in multiple industries, including 04 main business activities:

- Construction and foundation process for building, drilling and blasting, the underground works

Figure 1: Foundation works technology



Source: LICOGI

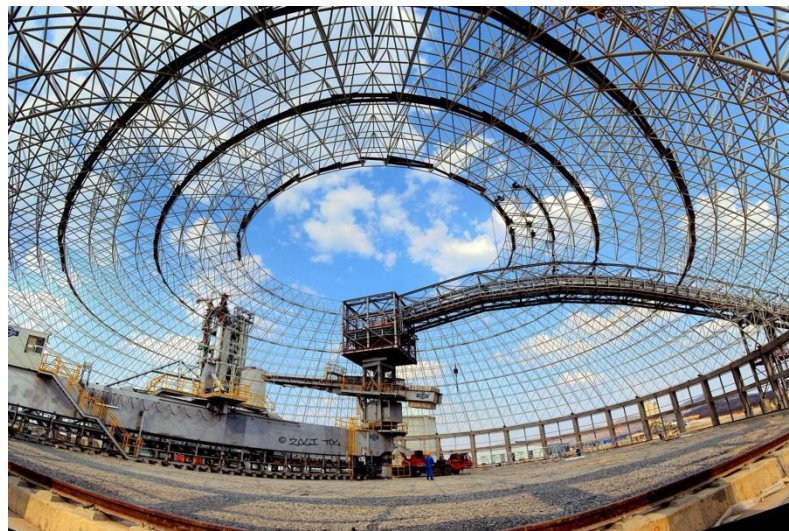
- Trading and doing import and export business of mechanical products, materials, machinery and equipment, raw materials, fuel, construction materials, construction technologies

Figure 2: Space frame of Sports hall in Da Nang city



Source: LICOGI – Design and installation

Figure 3: Space frame in Namibia



Source: LICOGI – Design and installation

- Investment in projects related to residence, urban zones, industrial zones, investment and technical infrastructure development business
- Construction of irrigation, drainage works (dikes, dams, canals, reservoirs, irrigation systems, pipelines, pumping stations) hydropower and thermal power plants, post office

Figure 4: Construction site of Bac Ha Hydro Power Plant (90MW)



Source: LICOGI – Developer

3.2 Related business activities

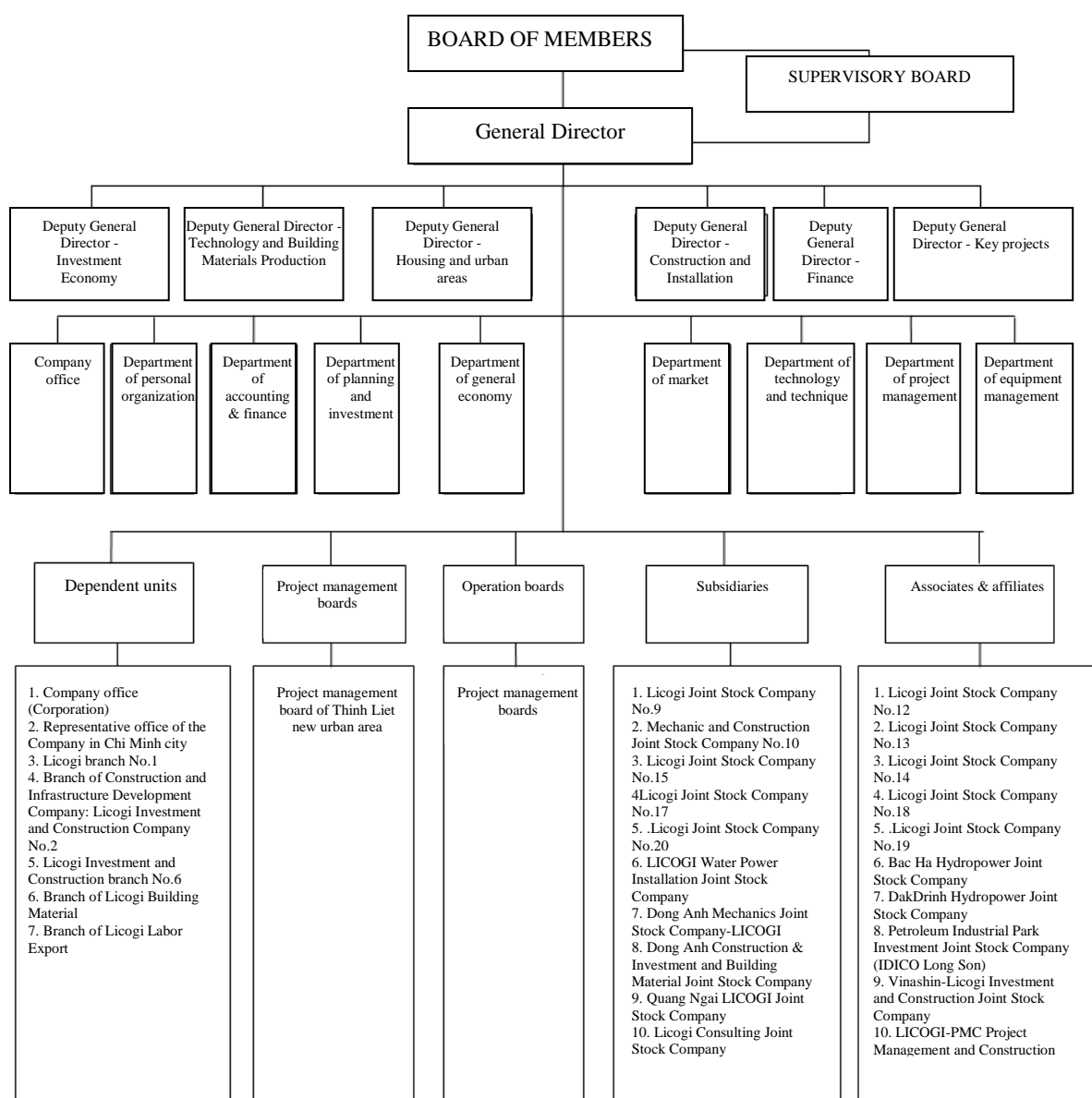
- Planning, preparation and appraisal of construction projects, topographic, geotechnical, hydrogeological survey; design, preparation of total estimation and review of the design and the total estimation of construction works; project management, technical supervision of construction, advisory on bidding and economic contract related to design, construction and installation, supply of materials, equipment, testing, quality control of works.
- Supply and management of labours
- Occupational education
- Office leasing, management and operation of residence building

4. Organizational structure

Organizational structure of LICOGI includes:

- Board Members: 5 members
- Board of General Directors: 1 General director and 6 deputy general directors
- Supervisory board: 2 members
- 9 functional departments: Corporation Office, Department of Personnel and Administration, Department of Finance and Accounting, Department of Planning and Investment, Department of General Economics, Department of Markets, Department of Engineering and Technology, Department of Project Management and the Department of Equipment Management
- 5 branches
- 10 subsidiary companies and 10 affiliate companies
- 1 representative office in Ho Chi Minh City

Figure 5: Organization chart



Source: LICOGI

Subordinate companies:

- **LICOGI No. 1 Branch**
Head office: Building G1, Thanh Xuan Nam Ward, Thanh Xuan District, Hanoi
- **LICOGI Branch: LICOGI No. 2 Investment and Construction Company**
Head office: New urban area Pier 5 – Pier 8, Hong Hai Ward, Ha Long, Quang Ninh
- **LICOGI No. 6 Investment and Construction Branch**
Head office: New urban area Thinh Liet, Hoang Mai District, Hanoi
- **LICOGI Material and Construction Branch**
Head office: Building G1, Thanh Xuan Nam Ward, Thanh Xuan District, Hanoi

▪ LICOGI Labour Export Branch

Head office: Building G1, Thanh Xuan Nam Ward, Thanh Xuan District, Hanoi

5. Total number of personnel will be transferred to the Joint Stock Company

There will be 442 persons continuing working for LICOGI after the equitization, in details:

Table 1: Labour Structure in the Joint Stock Company

Unit: person

No.	Types of labours	Quantity
1	Total labour	442
2	Labour classification according to qualifications	
	Bachelor and above	301
	College graduate	19
	High school	14
	Others	108
3	Labour classification according to labour contracts	
	No labour contract	17
	Permanent labour contracts	239
	1 to 3 year labour contracts	186

Source: LICOGI

6. Enterprise value and the State's capital contribution

According to LICOGI's valuation document by the Vietnam Audit Partnership Company and the Decision No. 950/QD-BXD dated 25th July 2014 of the MOC on approval of LICOGI's valuation for equitization, on 1st January 2013, the enterprise value of LICOGI and the State's capital contribution are as follows:

- Actual value of LICOGI: **VND 2,731,059,911,532**
- Actual value of the State's capital contribution: **VND 737,415,232,368**

Assets that are not accounted for enterprise valuation (according to book value):

■ **Parent company - LICOGI:**

✓ Not-in-used assets:

- 51 assets are machinery and equipment: book value of VND 7,302,611,239, residual value of VND 170,569,878.
- 5 assets are transportation vehicles: book value of VND 6,747,311,116, residual value of VND 1,686,835,335.
- 13 assets are management tools and other fixed assets: book value of VND 223,722,193, residual value of VND 0.

■ **Dong Anh Machinery One Member Limited Liability Company**

- ✓ Fixed assets for disposal: 1 item, forklift 2.0 tons, book value of VND 151,310,000, residual value of VND 0.

■ **Electricity and water installation Company**

- ✓ Not-in-used assets: 25 items (machinery 22 items, management tools 3 items), book value of VND 936,703,973, residual value of VND 0.

■ **LICOGI 20 Company**

- ✓ Not-in-used assets: 14 items (machinery and equipment), book value of VND 3,968,553,732, residual value of VND 96,318,614.

Table 2: Enterprise value of LICOGI and the State's capital contribution as at 1st January 2013

Unit: VND

No.	Category	Book value	Revaluation value	Difference
1	2	3	4	5=4 - 3
A	IN-USED ASSETS	2,576,080,877,076	2,731,059,911,532	154,979,034,456
I	Fixed Assets and Long-term investment	732,017,376,767	853,059,816,994	121,042,440,227
1	Fixed assets	180,243,785,129	188,111,314,241	7,867,529,112
a.	Tangible fixed assets	158,249,356,627	166,116,885,739	7,867,529,112
b.	Financial leasing fixed assets	20,386,716,058	20,386,716,058	-
c.	Intangible fixed assets	1,607,712,444	1,607,712,444	-
2	Investment real estate	-	-	-
3	Long-term financial investments	549,100,744,611	661,649,031,005	112,548,286,394

Unit: VND

No.	Category	Book value	Revaluation value	Difference
4	Construction in progress	579,142,375	579,142,375	-
5	Long-term prepaid expense	2,093,704,652	2,720,329,373	626,624,721
II	Current Assets and Short-term Investment	1,844,063,500,309	1,868,467,096,068	24,403,595,759
1	Cash	33,616,395,506	33,616,242,048	(153,458)
	<i>Cash</i>	<i>7,090,417,769</i>	<i>7,090,418,400</i>	<i>631</i>
	<i>Deposits</i>	<i>26,525,977,737</i>	<i>26,525,823,648</i>	<i>(154,089)</i>
2	Short-term financial investments	39,000,000	39,000,000	-
3	Receivables	1,082,991,025,735	1,082,991,025,579	(156)
4	Inventory	689,467,921,055	713,871,670,428	24,403,749,373
5	Other short-term assets	37,949,158,013	37,949,158,013	-
III	Goodwill	-	9,532,998,470	9,532,998,470
IV	Value of land use right	-	-	-
B	Not-in-used Assets	-	1,857,405,213	1,857,405,213
C	Assets for disposal	-	-	-
D	Assets formed from the welfare funds and bonus funds	-	-	-
	TOTAL ENTERPRISE VALUE (A + B + C + D)	2,576,080,877,076	2,732,917,316,745	156,836,439,669
	Of which:			
	TOTAL ACTUAL ENTERPRISE VALUE (A)	2,576,080,877,076	2,731,059,911,532	154,979,034,456
E1	Actual Value of Liabilities	1,993,650,889,908	1,993,644,679,164	(6,210,744)
E2	Professional Fund	-	-	-

Unit: VND

No.	Category	Book value	Revaluation value	Difference
	TOTAL ACTUAL VALUE OF THE STATE'S CAPITAL CONTRIBUTION [A- (E1+E2)]	582,429,987,168	737,415,232,368	154,985,245,200

Source: Decision No. 950/QĐ-BXD dated 25th July, 2014 on Enterprise value and value of State's capital contribution of LICOGI

Notes

- LICOGI has not conducted tax settlement until 31st December 2012. Thus, the balance related to the obligation for the State budget is being determined based on the accounting books and adjusted according to the Minute of the State Auditor on auditing the financial statements 2012 of LICOGI.
- Some receivables and payables have not been fully reconciled. LICOGI has responsibility for continuing adequate comparison of these receivables and payables in compliance with current regulation before the official transformation of the enterprise.
- Land use rights:
 - ✓ The plot no.132 in the cadastral map no.5 is now borrowed by the Police of Thanh Xuan Nam ward as office. Value of this plot is not accounted into the enterprise value.
 - ✓ Regarding the plot of 4,712m² in Phuoc Tan commune, Long Thanh district, Dong Nai province, People's committee of Dong Nai province has not agreed for the land utilization plan to be included in the Equitization Plan. The Corporation has not completed the procedures for transferring of land use right, declaring and paying of land use tax to the Budget as required. Therefore, the land use right value will not be included in the enterprise value for equitization.
 - ✓ The lands allocated for infrastructure development and business of urban areas are Pier 5 – Pier 8, Expanded Pier 5 – Pier 8, T5 Hill, and self-built residential area LK1, LK2, DV. People's Committee of Quang Ninh province has agreed to continue the construction investment, infrastructure business in the form of land allocation with charging land use tax. At the same time, provincial People's Committee has agreed to integrate into equitization plan for the area of land under the business rights of enterprise, which has paid the land use tax and no transfer of land use rights. At the time of audit, as there are no official documents regarding the land valuation from the provincial People's Committee, State Auditor has applied the general frame of local land prices in 2013. However, on 27th June 2014, the People's Committee of Quang Ninh province issued Decision No. 1349/QĐ-UBND on approval of land prices to determine the value of land use rights. These values were included in enterprise value for equitization of Construction and Infrastructure Development Corporation in the area of Quang Ninh province (for the LICOGI No. 2 Investment and Construction Company) as of 31st December 2012. When procedures of equitization finish

and the State's capital is transferred, the enterprise value will be adjusted according to the new land use rights value.

- ✓ The plots of the Corporation in Hanoi have not received an official opinion from the Hanoi People's Committee on the land use plans upon equitization.

7. Major assets of the Corporation

7.1 Fixed assets

Fixed assets of the Corporation based on accounting data and re-evaluation at the time of enterprise valuation (0 hour on 1st January 2013) as follows:

Table 3: Revaluation of fixed assets as of 1st January, 2013

Unit: VND

No.	Asset name	Historical value		Re-evaluated value		Difference	
		Cost	Accumulated depreciation	Cost		Cost	
A	In-used Assets	296,302,120,052	178,386,379,917	306,536,784,672	188,111,314,241	10,234,664,620	9,724,934,323
1	Tangible fixed assets	261,954,752,257	156,391,951,415	272,189,416,877	166,116,885,739	10,234,664,620	9,724,934,323
1.1	Buildings, structures	32,390,605,857	24,463,765,961	37,049,980,403	26,763,825,460	4,659,374,546	2,300,059,499
1.2	Machinery and equipment	156,011,831,957	87,976,081,439	160,771,718,008	89,951,046,572	4,759,886,051	1,974,965,133
1.3	Transportation vehicles	71,264,270,968	43,424,316,249	72,168,374,796	48,613,257,395	904,103,828	5,188,941,146
1.4	Other fixed assets	2,288,043,475	527,787,766	2,199,343,670	788,756,311	(88,699,805)	260,968,545
2	Financial leasing fixed assets	32,212,027,795	20,386,716,058	32,212,027,795	20,386,716,058	-	-
3	Intangible fixed assets	2,135,340,000	1,607,712,444	2,135,340,000	1,607,712,444	-	-
3.1	Value of land use rights	-	-	-	-	-	-
3.2	Software	30,700,000	-	30,700,000	-	-	-

Unit: VND

No.	Asset name	Historical value		Re-evaluated value		Difference	
		Cost	Accumulated depreciation	Cost		Cost	
3.3	Others	2,104,640,000	1,607,712,444	2,104,640,000	1,607,712,444	-	-
4.	Real estate investment	-	-	-	-	-	-
B	Not-in-used Fixed Assets	14,273,644,548	1,857,405,213	14,273,644,548	1,857,405,213	-	-
1.	Tangible fixed assets	14,273,644,548	1,857,405,213	14,273,644,548	1,857,405,213	-	-
1.1	Buildings, structures	-	-	-	-	-	-
1.2	Machinery and equipment	7,302,611,239	170,569,878	7,302,611,239	170,569,878	-	-
1.3	Transportation vehicles	6,747,311,116	1,686,835,335	6,747,311,116	1,686,835,335	-	-
1.4	Other fixed assets	223,722,193	-	223,722,193	-	-	-
2	Intangible fixed assets	-	-	-	-	-	-
C	Assets for disposal	-	-	-	-	-	-
D	Assets formed from welfare funds and bonus funds	-	-	-	-	-	-
TOTAL ASSETS		310,575,764,600	180,243,785,130	320,810,429,220	189,968,719,454	10,234,664,620	9,724,934,323

Source: Minutes of Enterprise valuation of LICOGI

7.2 Lands

Table 4: List of land use rights of LICOGI

Unit: VND

No.	Location	Area (m ²)	Legal documents	Current use of the land and implementation plan	Land use plan after equitization	The value of land use rights as at 1 st Jan 2013
A Land used as offices						
1	Head office G1 Thanh Xuan Nam	1,928.0	<ul style="list-style-type: none"> - Decision No. 4738/QD-UB dated 13th Aug 2003 of Hanoi People's Committee on granting Certificate of land use rights - Certificate of land use rights No. 104015 dated 13th Aug 2003 - Land leasing contract No. 146-2003/DCND-HDTDTN dated 11th Nov 2003 with Department of cadastral – land - Decision No 717/QD-BXD dated 19th Jul 2011 on approval of land handling, rearranging of LICOGI 	<ul style="list-style-type: none"> - Used as office buildings - Leased land, annual leasing payment - Leasing term is 30 years from 1st Jan 2003 	<ul style="list-style-type: none"> - Land use plan in accordance with land handling, rearranging plan of LICOGI that was approved by the MOC by the Decision No. 717/QD-BXD dated 19th July 2011 - Continuously used as office buildings 	-
2	The plot of land No. 132, cadastral map	184.7	<ul style="list-style-type: none"> - Minute on confirming boundary of the plot of land No. 132, cadastral map No. 5 	<ul style="list-style-type: none"> - A part of this land area is being used by the Police of Thanh Xuan Nam Ward as office. The 	<ul style="list-style-type: none"> - After equitization, an office backend shall be constructed for the Corporation. 	-

Unit: VND

No.	Location	Area (m ²)	Legal documents	Current use of the land and implementation plan	Land use plan after equitization	The value of land use rights as at 1 st Jan 2013
No. 5			<ul style="list-style-type: none"> - Minute on inspecting the observance of Land law dated 22nd Jun 2012 of the inspection team of Hanoi Department of Natural Resources and Environment according to the Decision No. 158/QĐ-STNMT dated 16th Mar 2012 - Document No. 530/KL-STNMT-TTg dated 5th Feb 2013 of Hanoi Department of Natural Resources and Environment on the conclusions of inspecting the observation of Land law 	rest is used as LICOGI's canteen		
3	Plot at Phuoc Tan commune, Dong Nai province	4,712.2	<ul style="list-style-type: none"> - Land use right certificate No. 3085 dated 30th May 2002 - Housing trade contract No. 442/02/HĐMBNĐ-CT9 dated 8th May 2002 - Contract on transferring land use right dated 1st Jun 2002 - Extract of the cadastral map of the plot of Cadastral department 	<ul style="list-style-type: none"> - Agricultural land, leased for 20 years from 30th May 2002 - Declaration and payment of land use tax have not been made. 	- Dong Nai province People's Committee has not approved the land use plan for this land area because the Corporation has not complete the procedures of transferring land use right, declaring and paying land use tax to the Budget as regulated.	-

Unit: VND

No.	Location	Area (m ²)	Legal documents	Current use of the land and implementation plan	Land use plan after equitization	The value of land use rights as at 1 st Jan 2013
			of Long Thanh District, Dong Nai Province			
			- Minute of interdisciplinary work dated 13 th Sep 2013 chaired by the Department of Natural Resources and Environment of Dong Nai province together with the Department of Construction, Department of Finance, Tax Department of Dong Nai province and People's Committee of Bien Hoa City on the organization of the current status survey, determination of land use purpose, location of land for rent arrears			
B Project lands						
1	New urban area Thinh Liet Tuong Mai Ward, Hoang Mai, Hanoi	351,618.0	- Decision No. 3649/QD-UBND dated 17 th Sep 2007 of Hanoi People's Committee on allowing LICOI Corporation to officially use 351.618 m ² lands at the wards Tuong Mai, Hoang Van Thu,	- Types of land allocation and land lease are different for each plot. They shall be mentioned in the Decision of land allocation. There will be no common land lease agreement. For each plot in	- Land has been allocated by Hanoi People's Committee to the Corporation as developer of construction and business of new urban project in accordance with approved planning since 2007	-

Unit: VND

No.	Location	Area (m ²)	Legal documents	Current use of the land and implementation plan	Land use plan after equitization	The value of land use rights as at 1 st Jan 2013
			Thinh Liet in Hoang Mai district for implementation of projects of construction investment of Thinh Liet new urban area	<p>the whole project, they will apply each type of land allocation such as definite land allocation or annual land lease with definite term.</p> <p>- The project has had detailed planning 1/500 approved, has been officially allocated land, not determined land use right value, has made acquisition compensation of 70% of the entire project areas</p>	<p>- Construction of urban areas including townhouses, multi-storeyed buildings, schools, commercial centers</p> <p>- LICOGI has signed principle BCC Agreement with partner.</p>	
2	Head office E7 – Pham Hung in Cau Giay new urban area	6,500.0	- Decision No. 1987/QD-UBND dated 11 th Nov2008 of Hanoi People's Committee on approval of research and preparation of office construction project at Cau Giay new urban area	<p>- Land allocated for 50 years, land use tax payment at once</p> <p>- Implementing the preparation of detailed planning 1/500, land use right value has not been determined yet.</p> <p>- Now, Hanoi Department of Planning has not yet finished the preparation of detailed planning of this land area and Architecture so the Developer has not been</p>	- Land approved by Hanoi People's Committee to allocate to LICOGI for constructing office buildings, offices, service buildings and commercial centres	-

Unit: VND

No.	Location	Area (m ²)	Legal documents	Current use of the land and implementation plan	Land use plan after equitization	The value of land use rights as at 1 st Jan 2013
				officially allocated this land. - The Corporation has paid a deposit of VND 8.45 billions		
3	New urban area Pier 5 – Pier 8 Ha Long city, Quang Ninh	332,827.5	<ul style="list-style-type: none"> - Decision No. 4012/QD-UB dated 8th Nov 2002 of Quang Ninh province People's Committee on project approval for development, construction and trading of new urban infrastructure along the seaside (Pier 5 – Pier 8) in Halong city - Decision No. 356/QD-TTg dated 1st Apr 2003 of Premier minister on land allocation to Developer for implementing project of Pier 5- Pier 8 new urban in Ha Long city 	<ul style="list-style-type: none"> - Land allocated with charging land use tax - Completed the construction of items of technical infrastructure in accordance with the approved Planning - Land use tax has been paid 	<ul style="list-style-type: none"> - Allocated by the People's Committee of Quang Ninh province to be Developer of construction and business of urban residential area in accordance with the approved Planning - Residential area consists of townhouses 	14,635,469,089
		1,159.27	<ul style="list-style-type: none"> - Decision No. 4616/QD-UBND dated 10th Dec 2007 of Quang Ninh province People's Committee on land allocation to LICOGI 2 as a payment for land fund to build Lan Be seaside road and to build technical infrastructure in Hong Ha ward, Ha Long city, Quang Ninh 			

Unit: VND

No.	Location	Area (m ²)	Legal documents	Current use of the land and implementation plan	Land use plan after equitization	The value of land use rights as at 1 st Jan 2013
			province - Certificates of land use rights No. D405623; D884974; AD582425; AB775117; AB775118; AH893235; D884973 granted by the People's Committee of Quang Ninh province			
4	New urban area Expanded Pier 5-Pier 8 Ha Long city, Quang Ninh	198,602.5	- Land allocation Decision No. 3281/QD-UB dated 20.09.2004 and Decision No. 1439/QD-UB dated 19 th May 2005 of the People's Committee of Quang Ninh province - Certificates of land use rights No. AD0999902; AL400538 granted by the People's Committee of Quang Ninh province	- Land allocated with charging land use tax - Land use tax has been paid - Completed the construction of items of technical infrastructure in accordance with the approved Planning and almost sold out to buyers, finished land use right transfer to these buyers. Therefore, LICOGI has no more land use right value to include in the enterprise value	- The project is done with no more area for doing business	-
5	T5 Hill Residential area	82,054.4	- Decision No. 533/QD-UBND dated 24 th Feb 2011 of the	- Land allocated with charging	- Allocated by the People's Committee of Quang Ninh	9,541,469,108

Unit: VND

No.	Location	Area (m ²)	Legal documents	Current use of the land and implementation plan	Land use plan after equitization	The value of land use rights as at 1 st Jan 2013
	– Ha Long city, Quang Ninh		<p>People’s Committee of Quang Ninh province on land allocation to LICOGI Investment and Construction Company No. 2 in the form of land allocation with charging for project implementation</p> <p>- Certificates of land use rights No. BI462381; BI462382; BI462383; BI46238 granted by the People’s Committee of Quang Ninh province</p>	<p>land use tax</p> <p>- Completed the construction of items of technical infrastructure in accordance with the approved Planning</p> <p>- Land use tax has been paid</p>	<p>province to be Developer of construction and business of urban residential area in accordance with the approved Planning</p> <p>- Residential area consists of townhouses</p>	
6	Nam Ga new urban area – Ha Long city, Quang Ninh	238,018.0	<p>- Decision No. 972/QD-UB dated 5th Apr 2005 of the People’s Committee of Quang Ninh province on approval of adjustment and addition of project of construction investment and infrastructure business of Nam Ga Ha Long new urban area, Ha Long city. According to this Decision, the land area was 355.077 m²</p>	<p>- Land allocated with charging land use tax</p> <p>- Implementing development works, there are many changes in planning and difficulties in land acquisition compensation</p> <p>- Land use tax has been paid</p> <p>- This land area is under planning adjustment. The land area is not yet been determine exactly so there has not been certificate of</p>	<p>- Allocated by the People’s Committee of Quang Ninh province to be Developer of construction and business of urban residential area in accordance with the approved Planning</p> <p>- Residential area consists of town houses</p>	-

Unit: VND

No.	Location	Area (m ²)	Legal documents	Current use of the land and implementation plan	Land use plan after equitization	The value of land use rights as at 1 st Jan 2013
			<ul style="list-style-type: none"> - Decision No. 4227/QD-UB dated 2007 on land confiscation of 8.4 ha. According to this area, the land area was 250.906 m² - Decision No. 2387/QD-UBND dated 11th Sep 2013 on approval of adjustment for the second time of detailed construction planning 1/500 of Nam Ga Ha Long new urban area, Ha Long city with land area of 238.018 m² 	land use right. The land use right value was thus not included in the enterprise value		
7	Self-built residential areas LK1, LK2, DV Hong Ha ward, Ha Long city, Quang Ninh	5,880.5	<ul style="list-style-type: none"> - Decision No. 302/QD-UBND dated 26th Jan 2011 of the People's Committee of Quang Ninh province on land allocation to LICOGI Investment and Construction Company No. 2 - Certificate of land use right No.BA294594 granted by the People's Committee of Quang Ninh province 	<ul style="list-style-type: none"> - Land allocated with charging land use tax - Completed the construction of items of technical infrastructure in accordance with the approved Planning - Land use tax has been paid 	<ul style="list-style-type: none"> - Allocated by the People's Committee of Quang Ninh province to be Developer of construction and business of urban residential area in accordance with the approved Planning - Residential area consists of townhouses 	226,811,176
8	Yen Thanh– LICOGI urban	275,672.0	<ul style="list-style-type: none"> - Decision No. 2269/QD-UBND dated 24th Jul 2009 of the 	<ul style="list-style-type: none"> - Implementing development works, there are many changes in 	<ul style="list-style-type: none"> - According to the Decision No. 4629/UBND-TM dated 3rd Sep 	-

Unit: VND

No.	Location	Area (m ²)	Legal documents	Current use of the land and implementation plan	Land use plan after equitization	The value of land use rights as at 1 st Jan 2013
	residential area Yen Thanh, Uong Bi, Quang Ninh		<p>People's Committee of Quang Ninh province on approval of project of construction development and infrastructure business of Yen Thanh – LICOGI urban residential area;</p> <p>- Decision No. 4246/QD-UBND dated 25th Dec 2009 of the People's Committee of Quang Ninh Province on confiscation of some households' land under management and use of the People's Committee of Yen Thanh ward to allocated to Uong Bi People's Committee for land acquisition compensation to implement project of construction investment and infrastructure business of Yen Thanh-LICOGI urban residential area</p> <p>- Decision No. 4629/UBND-TM dated 3rd Sep 2013 of Quang Ninh province People's Committee on land use plan of LICOGI in</p>	<p>planning and difficulties in land acquisition compensation</p> <p>- LICOGI has not been allocated this land area so the value of this land use right value was not included in the enterprise value</p>	<p>2013, Quang Ninh province People's Committee has not considered the land use plan for this project as LICOGI has not been allocated this land</p>	

Unit: VND

No.	Location	Area (m ²)	Legal documents	Current use of the land and implementation plan	Land use plan after equitization	The value of land use rights as at 1 st Jan 2013
Quang Ninh						
9	Urban residential area in the western of highway No. 10 Dong Hung District, Thai Binh	17,186.4	<ul style="list-style-type: none"> - Decision No. 2791/QD-UBND dated 14th Nov 2007 on approval of project of construction investment: Technical infrastructure of urban residential area in the western of highway No. 10, Dong Hung District - Agreement on advance capital payment No. 68/08/HDKT-QLDA dated 5th Sep 2008 on the advance capital payment of LICOGI Investment and Construction Company No. 2 for land acquisition and its repayment by the People's Committee of Dong Hung District land fund in the project of urban residential area in the western of highway No. 10, Dong Hung district, Thai Binh province. 	<ul style="list-style-type: none"> - Land allocated with charging land use tax, interchanged land acquisition compensation for the project that LICOGI 2 has paid out. - This land area was allocated to LICOGI 2 to contribute to the project. This project is not developed by LICOGI so the land use right value was not included in the enterprise value 	- Continuously develop construction and project business in accordance with planning and investment orientation of the province	-
10	Dong Ngo Quyen	1,279.3	- Decision No. 4804/ QD- UB dated 20 th Oct 2005 of the	- Land allocated with charging land use tax	- The project was sold out, there is no more area for trading	-

Unit: VND

No.	Location	Area (m ²)	Legal documents	Current use of the land and implementation plan	Land use plan after equitization	The value of land use rights as at 1 st Jan 2013
	residential area (GDD2)		People's Committee of Hai Duong province "on approval of land use plan when allocating 16 plots under G Zone – Dong Ngo Quyen residential area (phase 2) – Hai Duong city to the Branch of LICOGI Corporation in Quang Ninh for payment of value of construction contract"	<ul style="list-style-type: none"> - Land price in the form of advance payment for construction and repayment made by land fund - This land area was paid to LICOGI 2 as a payment for construction. LICOGI was not developer of this project so the land use right value was not included in the enterprise value 		
11	Self-built residential areas D1, D2	5,387.8	- Decision No. 1759/ QD- UBND dated 11 th Jun 2010 of the People's Committee of Quang Ninh province "on confiscation of land of the People's Committee of Ha Long city for land allocation with charging to the LICOGI Investment and Construction Company No. 2 for construction of self-built residential area at Hong Hai ward, Ha Long city	<ul style="list-style-type: none"> - Land allocated with charging land use tax - Quang Ninh province People's Committee confiscated the land from Urban Zone Pier 5 Pier 8 project to build Ha Long High School. Then the People's Committee allocated to LICOGI 2 to do business so the land use right value was not included in the enterprise value 	- The project was sold out, there is no more area for trading	-

Unit: VND

No.	Location	Area (m ²)	Legal documents	Current use of the land and implementation plan	Land use plan after equitization	The value of land use rights as at 1 st Jan 2013
Total		1,521,851.3				24,403,749,373

Source: LICOI

- At the time of enterprise valuation (0:00:00 on 1st Jan 2013), Construction and Foundation Technology Company No. 20 and Water Electricity Installation Company (LICOI's branch and dependent companies) were in the progress of equitization according to Decision No. 19/TDSD-HDTV dated 19th January 2011 of Song Da Group. Currently, these companies have been officially converted into joint stock companies according to Decision No.1127/QD-BXD on 4th November 2013 and 1142/QD-BXD on 11th November 2013 of the Ministry of Construction. The two colleges (Quang Ninh Construction Vocational School and LICOI College) have also been transferred to the Ministry of Construction according to Decision No. 527/QD-BXD on 14th May 2014 and 530/QD-BXD on 14th May 2014 of the Ministry of Construction. However, the Enterprise Valuation Minutes composed by Vietnam Partnership Audit Company, approved by the Ministry of Construction by Decision No.950/QD-BXD on 25th July 2014, listed some land lots belonging to the aforementioned units:
 - ✓ Construction and Foundation Technology Company No. 20: Head Office at 61E La Thanh street
 - ✓ Quang Ninh Construction Vocational School: Land for school and dormitory building in Nam Khe ward, Uong Bi city, Quang Ninh province
 - ✓ LICOI College: Land for school and dormitory building in Sao Do town, Chi Linh district, Hai Duong province
 - ✓ Water Electricity Installation Company: Coffa production workshop for thin fixative tole in Dong Anh district, Hanoi

As these lands are leased lands, the land use right values were not included in the enterprise value. Therefore, the above table on list of land use rights of LICOI excludes all these mentioned lands and there is no impact on the approved LICOI's enterprise value for equitisation.

7.3 Machinery and equipment

Table 5: List of major machinery and equipment

Unit: VND

No.	Asset name	Quantity	Year of use	Cost	%Remaining	Revaluation
I Corporation Head Office						
1	Injection hole drilling machine BAUER BG25C	1	2010	29,718,228,945	64%	19,101,721,105
2	Injection hole drilling machine ED5800	1	2010	16,797,659,255	64%	10,750,501,923
3	Injection hole drilling machine ED6200	1	2009	14,249,988,897	50%	7,124,992,601
4	Injection hole drilling machine NIPON ED6500	1	2006	13,989,184,053	46%	6,425,974,279
5	Injection hole drilling machine ED5500	1	2010	11,883,339,839	49%	5,822,836,521
II LICOGI 1 Branch						
1	Stone crushing line system	1	2009	5,013,987,058	70%	3,509,790,941
2	Lifting device to beam	1	2010	1,236,205,264	81%	999,666,776
III LICOGI 2 Branch						
1	Bulldozer CAT D6	1	2003	2,125,597,585	20%	425,119,517
2	Excavator CATERPPIERR	1	2003	2,267,785,519	20%	453,557,104
IV LICOGI 5 Branch						
1	Secondary beam T700	94.46	2010	727,272,727	77%	557,575,757
V LICOGI 6 Branch						
1	Tower crane Grucomedil	1	2010	834,545,445	68%	567,490,903

Source: Minute of Enterprise valuation of LICOGI

7.4 Transportation vehicles

Table 6: List of major transportation vehicles

Unit: VND

No.	Asset name	Quantity	Year of use	Cost	%Remaining	Revaluation
I Corporation Head Office						
1	Concrete pumping vehicle	1	2011	6,728,645,311	86%	5,767,410,311
2	Concrete truck	1	2008	1,913,742,490	86%	1,645,818,541
II LICOGI 1 Branch						
1	Car dump parking Dongfeng LZ3330M1 29Z – 1353	1	2007	789,727,273	32%	252,712,727
III LICOGI 2 Branch						
1	Car HuynDai 29X 0228	1	2005	908,676,079	28%	254,429,302

Source: Minute of Enterprise valuation of LICOGI

8. Subsidiaries, affiliated companies, joint ventures and other long-term investments

As of 30th Sep 2014, the Corporation has 10 subordinate companies, 9 subsidiary companies operating in the field of construction and building materials; 6 affiliate companies.

Table 7: List of subordinate companies as at 30th Sep 2014

No.	Company name	Address
1	Corporation office	Building G1, Thanh Xuan Nam, Thanh Xuan, Hanoi
2	Representative office of the Corporation in HCM city	No.24A, Phan Dang Luu, Binh Thanh district, HCM city
3	LICOGI Company No. 1	Building G1, Thanh Xuan Nam, Thanh Xuan, Hanoi
4	LICOGI Investment and Construction Company No. 2	New urban area Pier 5 – Pier 8, Hong Hai ward, Ha Long city, Quang Ninh
5	Investment and Construction Branch –	Thinh Liet ward, Hoang Mai, Hanoi

No.	Company name	Address
	LICOGI No. 6	
6	LICOGI Building Materials Production Branch	Building G1, Thanh Xuan Nam, Thanh Xuan, Hanoi
7	LICOGI Labour export Branch	Building G1, Thanh Xuan Nam, Thanh Xuan, Hanoi

Source: LICOGI

Table 8: List of subsidiary companies as at 30th Sep 2014

Unit: VND

No.	Company name	Address	Charter capital	Control percentage (%)	Ownership percentage (%)
1	Machine and Construction Joint Stock Company No. 9	No. 31, Street No 2, Quarter No. 4, An Phu, District 2, Ho Chi Minh City	30,650,000,000	51.0	51.0
2	Dong Anh Investment, Construction and Building Material Joint Stock Company	Group 8, Dong Anh town, Hanoi	29,500,000,000	52.0	52.0
3	Dong Anh Machine One Member State Limited Company	Dong Anh town, Hanoi	310,000,000,000	89.1	89.1
4	Machine and Construction Company No. 10	No. 382 Nui Thanh, Da Nang	11,700,000,000	58.0	58.0
5	LICOGI Joint Stock Company No.15	No. 44, Tran Phu street, Ba Dinh, Bim Son town, Thanh Hoa	10,200,000,000	65.0	65.0
6	Machine and Construction Joint Stock Company No. 17	No. 20 Nguyen Thai Hoc, Sao Do, Chi Linh, Hai Duong	10,000,000,000	56.3	56.3
7	Quang Ngai LICOGI Joint Stock Company	No. 35 Hai Ba Trung street, Le Hong Phong, Quang Ngai city	18,935,400,000	65.0	65.0

Unit: VND

No.	Company name	Address	Charter capital	Control percentage (%)	Ownership percentage (%)
8	LICOGI Consulting Joint Stock Company	Building G1, Thanh Xuan Nam, Thanh Xuan, Hanoi	4,800,000,000	60.0	60.0
9	LICOGI Electricity and Water machine installation Joint Stock Company	Trung Van ward, Nam Tu Liem, Hanoi	11,430,000,000	89.9	89.9
10	LICOGI construction and foundation engineering Joint Stock Company No.20	61E, De La Thanh, Ba Dinh, Hanoi	24,380,000,000	92.6	92.6

Source: LICOGI

Table 9: List of affiliate companies as at 30th Sep 2014

Unit: VND

No.	Company name	Address	Charter capital	Control percentage (%)	Ownership percentage (%)
1	LICOGI Joint Stock Company No.14	No. 2068, Hung Vuong Avenue, Nong Trang ward, Viet Tri city, Phu Tho province	28,800,000,000	27.5	27.5
2	LICOGI Joint Stock Company No.19	Le Van Luong Street, Thanh Xuan, Hanoi	8,400,000,000	22.6	22.6
3	LICOGI Joint Stock Company No.12	21, Dai Tu street, Dai Kim, Hoang Mai, Hanoi	50,000,000,000	11.9	11.9
4	LICOGI Joint Stock Company No.13	Thanh Xuan Bac, Thanh Xuan, Hanoi	120,000,000,000	12.0	12.0
5	Bac Ha Joint Stock Company	Lung Xa village, Coc Ly ward, Bac Ha, Lao Cai	600,000,000,000	35.2	35.2
6	Construction and	Block H2A Thanh Xuan	54,000,000,000	18.8	18.8

Unit: VND

No.	Company name	Address	Charter capital	Control percentage (%)	Ownership percentage (%)
	Investment Joint Stock Company	Nam, Thanh Xuan, Hanoi			

Source: LICOGI

Table 10: Other long-term investments as at 30th Sep 2014

Unit: VND

No.	Company name	Charter capital	% ownership
1	DakDrinh Hydropower Joint Stock Company	930,000,000,000	1.48
2	Petroleum Industrial Area Investment Joint Stock Company (IDICO Long Son)	827,000,000,000	0.36
3	Vinashin – LICOGI Investment and Construction Joint Stock Company	10,000,000,000	10.0
4	Project Management and Construction Joint Stock Company (LICOGI PMU)	3,000,000,000	10.0

Source: LICOGI

9. Financial results 3 years before equitization

9.1 Business performance

9.1.1 Product & service output

Construction and erection are of the key business activities of the Corporation, accounting for over 70% of total outputs of the Corporation; industrial production and construction materials, accounting for 25-27%, are the second main business line; investment in urban infrastructure, housing, industrial parks over the years has high return, such as Thang Long Industrial Park Joint Venture, Lan Be - Pier 8 urban area, T5 hill urban area in Quang Ninh etc. Today, the parent company is investing in urban projects, such as Thinh Liet new urban area of 35.16 ha; Head office & office for leasing project in the E7 zone, Pham Hung Street, Cau Giay district, Hanoi of 6500 m²; Nam Ga Ha Long with area of 25.1ha; Yen Thanh urban area, Uong Bi, Quang Ninh of 27.5 ha.

The other business lines have a small scale, low competitiveness, supporting the key business lines.

Table 11: On-going projects

Unit: billion VND

No.	Name of construction	Investor/ Main contractor	Contract value	Implementation value	Revenue to 31/12/2014
1	Ban Chat hydropower	Vietnam Electricity - EVN – Project Management Unit of Hydropower No. 1	3,291.1	3,507.0	3,422.0
2	DakDrinh hydropower	DakDrinh hydropower JSC	1,472.0	1,394.9	1,393.0
3	Lai Chau hydropower	Project Management Unit of Son La Hydropower	951.3	656.7	586.7
4	Son La Hydropower	Project Management Unit of Son La Hydropower	1,653.8	1,250.0	1,250.0
5	Mong Duong Thermal power plant No.1		948.6	881.6	878.5
5.1	<i>Construction of grading and diversion channel Mong Duong river</i>	<i>Thermal Power Project Management Unit No. 1 (TPPMU1)</i>	<i>376.0</i>	<i>340.1</i>	<i>340.1</i>
5.2	<i>Concrete plant Mong Duong</i>	<i>HuynDai Engineering & Construction Co., Ltd</i>	<i>374.8</i>	<i>363.4</i>	<i>361.0</i>
5.3	<i>Package B- Civil Work</i>	<i>HuynDai Engineering & Construction Co., Ltd</i>	<i>167.1</i>	<i>138.5</i>	<i>137.9</i>
5.4	<i>Package port Jetty</i>	<i>HuynDai Engineering & Construction Co., Ltd</i>	<i>30.7</i>	<i>39.6</i>	<i>39.6</i>
6	Package of slag waste pool no.1	Doosan VN Heavy industry Co., Ltd	248.7	216.5	216.5
7	Package No.9 – Quang Tri road	Project Management Unit No.6 – Ministry of Transportation	143.3	70.6	54.6
8	National University		148.4	99.1	79.7
8.1	<i>Road No. 11- National University - Investor</i>	<i>Ministry of Construction</i>	<i>33.8</i>	<i>31.0</i>	<i>27.2</i>
8.2	<i>Road No. 3 - National University - Investor</i>	<i>Ministry of Construction</i>	<i>114.6</i>	<i>68.2</i>	<i>52.5</i>
9	Youth Newspaper		54.4	32.2	26.6

Unit: billion VND

No.	Name of construction	Investor/ Main contractor	Contract value	Implementation value	Revenue to 31/12/2014
9.1	<i>Youth Newspaper Package No. 1</i>	<i>Youth Newspaper Office</i>	9.1	9.1	9.1
9.2	<i>Youth Newspaper Package No. 2 - Investor</i>	<i>Youth Newspaper Office</i>	45.3	23.1	17.5
10	HCM City Urban Railway		43.2	43.2	41.8
10.1	<i>Urban Railway HCM city – Testing piles</i>	<i>GS C&E Corporation</i>	0.7	0.7	0.7
10.2	<i>HCM City Urban Railway – Mass piles</i>	<i>GS C&E Corporation</i>	42.6	42.6	41.1

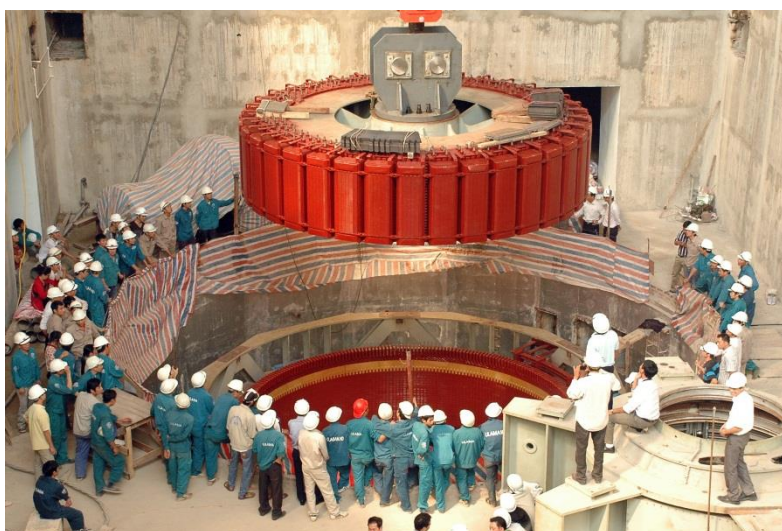
Source: LICOGI

Construction and erection

Currently, about half of bidding package that LICOGI obtained is due to designation by the State, while the Corporation actively seeks the other half. In the future, the Corporation will promote the project searching and independent bid to reduce the dependence on the designation from the State. However, this approach is, according to the management's opinion, not easy because the key domestic projects are often invested in under the name of the State and there is often grading benchmark in favour of the bid price rather than in favour of level of technology. Because machinery and equipment of LICOGI are often under the group of high technology, requiring high investment, setting low bid price to win bid can cause significant impact on the Company's profitability.

Although there are still difficulties ahead, management board of LICOGI identifies that potential growth of domestic construction market in next years will be quite positive because demands of infrastructure development in Vietnam is still high. In next time, the Corporation will focus intensively on BOT projects related to traffic and thermoelectricity construction.

Figure 6: Rotor lowering at Bac Ha hydropower project



Source: LICOGI

Machinery and construction materials

Machinery and construction materials also contribute a significant proportion to revenue of LICOGI. Two subsidiaries of LICOGI operating in this field include Dong Anh Investment, Construction and Building Materials Joint Stock Company (Dong Anh Building Materials Company) and Dong Anh Mechanical Joint Stock Company. In particular, some products have gained an important position in the market, including shaped aluminum rod, mil ball, space frame chassis and Fibro Cement roof. The products of LICOGI always place emphasis on assurance of quality and progress of orders, thus creating a strong brand in the market.

Real estate and other sources

LICOGI's real estate business mainly belongs to in the parent company, office department is in charge of projects in Hanoi and LICOGI Company No. 2 is in charge of projects in Quang Ninh. The Company has extensive experience in the real estate sector with many projects implemented such as Pier 5 - Pier 8 new urban area project, expanded Pier 5 – Pier 8 new urban area, T5 hill residential area in Ha Long City, Quang Ninh.

LICOGI is a real estate developer with an adequate capacity to implement projects from land fund development stage to construction and sales. The corporation mainly targets at segment of average income in urban areas, which are of small and medium size but convenient and located in the central areas. The Corporation's projects are mainly distributed in Hanoi, Ha Long city (Quang Ninh). The main competitors of LICOGI in this segment are Housing and Urban Development Investment Corporation (HUD), Urban Infrastructure Development Investment Corporation (UDIC), Hanoi Construction Corporation (HanCorp), Sudico and some other corporations under private ownership.

Table 12: List of real estate projects of LICOGI

Unit: billion VND

No.	Name of project	Location	Area (m ²)	Form	Status	Execution time
1	Pier 5- Pier 8 new urban area	Ha Long city, Quang Ninh	332,827	New urban area with synchronous infrastructure including low-rise houses, apartment buildings, trade centres	Complete construction of technical infrastructure	2002 – 2013
2	Expanded Pier 5- Pier 8 new urban area	Ha Long city, Quang Ninh	198,602	New urban area with synchronous infrastructure including low-rise houses, trade centres	Complete construction of technical infrastructure	2004 – 2014
3	T5 Hill Residential Area, Ha Long city	Ha Long city, Quang Ninh	82,054	New urban area with synchronous infrastructure including low-rise houses, apartment buildings, trade centres	Complete construction of technical infrastructure	2007 – 2014
4	Self-built residential areas LK1, LK2	Ha Long city, Quang Ninh	5,880	Low-rise land	Complete construction of technical infrastructure	2008 – 2010
5	Nam Ga Ha Long new urban area	Ha Long city, Quang Ninh	238,018	New urban area with	Land allocated,	2005 – 2015

Unit: billion VND

No.	Name of project	Location	Area (m ²)	Form	Status	Execution time
				synchronous infrastructure including low-rise houses, trade centres	in construction of the north technical infrastructure of the project, preparation for business	
6	Yen Thanh Residential area	Yen Thanh, Uong Bi city, Quang Ninh province	275,672	New urban area with synchronous infrastructure including low-rise houses, trade centres	On-going land clearance compensation	2009 – Expect that until 2018 the technical infrastructure shall be completed
7	Western urban residential area, highway No. 10	Dong Hung district, Thai Binh province	17,186	Low-rise land	Complete construction of technical infrastructure	
8	Thinh Liet new urban area*	Tuong Mai ward, Hoang Mai, Hanoi	351,618	New urban area with synchronous infrastructure including low-rise houses, apartment buildings, trade centres	On-going adjustment of planning; land clearance compensation; preparation for technical infrastructure	2015 - 2020

Unit: billion VND

No.	Name of project	Location	Area (m ²)	Form	Status	Execution time
					construct ion	
7	Head office E7-Pham Hung	E7, Pham Hung, Cau Giay new urban area	6,500	Office building for lease	Land not allocated, preparati on for investme nt	2016 – 2020
8	Corporation head office	G1 Building, Nguyen Trai, Thanh Xuan, Hanoi	1,928	Company office	Used as company head office	

(*): *Thinh Liet new urban area has been implemented since 2007, but until now the land acquisition, compensation has not been completed. In 2015, the project implements construction of CT5 resettlement work continues the land acquisition compensation.*

Source: LICOGI

Services

Revenue from this segment was recorded primarily from machinery and equipment leasing, operating fees and collection of general contractor fee (from subsidiaries) of the parent company LICOGI (approximately 5% of bidding package value relegated to Subsidiary). Revenue and profit of this segment are not stable and may strongly increase or decrease each year.

9.1.2 Revenue structure over years

Business activities of the Corporation are divided into four main fields: construction and erection; real estate, sales, service provision and other business activities, of which construction and erection are the main activity, accounting for 80% of revenue of the Corporation.

Table 13: Sales and service provision revenue structure of Parent company

Unit: billion VND

Target	2011		2012		2013		9-2014	
Construction materials	5.5	0.2%	44.9	1.7%	22.8	1.5%	12.4	2.5%
Services	131.2	4.9%	72.5	2.8%	200.5	13.4%	22.9	4.6%

Unit: billion VND

Target	2011		2012		2013		9-2014	
Construction	2,513.7	94.8%	2,200.1	85.9%	1,185.4	79.4%	458.5	92.0%
Real estate and other activities	1.6	0.1%	262.7	10.2%	83.4	5.6%	4.6	0.9%
Total	2,652.0	100.0%	2,580.2	100.0%	1,492.1	100.0%	498.4	100.0%

Source: LICOGI

9.1.3 Materials

- Materials:

Main materials for production business of the Corporation are iron, steel, cement, sand, stone, petroleum, technical materials...

- Stability of supplies of materials:

Currently, materials of the Corporation are mainly supplied from domestic sources; a small amount is imported from abroad. Therefore, input supplies are relatively stable.

- Effect of material price on business performance:

Cost of goods sold accounts for over 95% of net sales, in which cost of raw materials is the main component. For this reason, fluctuation in the price of materials would have a great effect on business performance of the Corporation.

9.1.4 Cost structure over years

Table 14: Cost structure against total revenue in Parent company

Unit: billion VND

Target	2011	2012	2013	9-2014
Cost of goods sold	2,545.0	2,482.8	1,433.2	494.5
% total revenue	93.4%	94.0%	92.8%	84.1%
Financial cost	55.9	77.5	44.8	49.1
% total revenue	2.1%	2.9%	2.9%	8.4%
Sales cost	0.2	0.1	2.4	-
% total revenue	0.0%	0.0%	0.2%	0.0%
General and administrative expenses	70.4	19.4	37.6	33.1

Unit: billion VND

Target	2011	2012	2013	9-2014
% total revenue	2.6%	0,7%	2.4%	5.6%
Total cost*	2,671.4	2,579.7	1,518.0	576.8
% total revenue	98.6%	97.7%	98.3%	98.1%
Net revenue from sales and services	2,652.0	2,580.2	1,492.1	498.4
Revenue from financial activities	57.6	61.5	52.7	89.4
Total revenue**	2,709.6	2,641.7	1,544.8	587.8

(*) not include other cost

(**) not include other income

Source: Audited Financial statements of Parent Company for 2011, 2013; State Audited report for Parent Company for 2012 and Financial Statements for the first 9 months 2014

The table above shows that cost management is of the Corporation's strengths. Cost of goods sold remains stable about 96% - 97% of total cost. Cost of sale in the Parent company accounts for a small proportion in total revenue. In 2013, cost of sale increased strongly up to 2.4 billion VND, accounting for 0.2% total revenue because some enterprises in the system arranged re-accounting of costs of sale and administrative cost.

General and administrative expenses remain stable under 3% of the revenue. In 2012, administrative cost reduced by 0.8% because in this year the Corporation conducted reversal of provision for unemployment benefit with an amount of 3,147,430,395 VND under regulations of Circular No.180/2012/TT-BTC dated 24/10/2012 and reversal of provision for bad debts, thus the general and administrative expenses reduced.

9.1.5 Technology and production capabilities

The Corporation has been implementing local and international modern, advanced technology:

- Construction technology in hydropower, traffic, irrigation works
 - ✓ Construction of power dam by rolling compacted concrete (RCC) technology
 - ✓ Construction of concrete irrigation channels and thermal power plant's discharge channel by sliding formwork technology
 - ✓ Construction of concrete tunnel drilling for hydropower plant
 - ✓ Construction of bridge by cantilever technology
- Construction technology of bored piles, Barrette fence
 - ✓ This is one of the Corporation's strongest fields with highly-skilled team of engineers and workers as well as modern construction equipment from Japan, Germany, and Italy.

Figure 7: Cast-in-place pile drilling at the new National Assembly building in Hanoi



Source: LICOGI

Figure 8: Fence drilling at Han River Hotel – Da Nang



Source: LICOGI

- Shield Tunneling technology using TBM (Tunnel Boring Machine)
 - ✓ This is the technology used in tunneling. Example: Water tunnel in hydropower projects, traffic tunnels.
- Top-base technology
 - ✓ Top-base method is applied widely in foundation works for civil and industrial construction, transportation projects
- Bubble Deck biaxial hollow deck application for construction of buildings to reduce weight, save construction time and costs

- Construction and manufacturing technology of space frame, large span steel structure for airport, gymnasium, large warehouse...
- Aluminum extrusion and AC sheets production adopts modern European technology
- Current production capabilities of the Corporation:
 - ✓ Construction of civil, industrial, infrastructure projects, etc. ≥ 5.000 billion VND/year
 - ✓ Industrial production and building materials:
 - Production of asbestos roofing sheet: capacity of 16 million m²/year
 - Production of metal roofing sheet: capacity of 5 – 7 million m²/year
 - Production of tuynel brick: capacity of 60 million balls/year
 - Making of automatic frame: capacity of 2,000 tonnes/year
 - Production of steel falsework: 5,000 tonnes/year
 - Production of finished aluminum products: capacity of 5,000 tonnes/year
 - Production of space roof: capacity of 100.000m²/year
 - Production of cement grinding balls, capacity of 12,500 tonnes/year
 - Production of steel structure, capacity of 20,000 tonnes/year

Strategy to develop production technology

- Continue investment in modern technology for bored pile, fencing wall construction
- Continue investment to enhance technological capabilities for construction of underground works, especially urban underground works
- Continue development of roofing sheet production, aluminum extrusions, space frame and metal casting technology
- Expand application of design-construction technology of Bubbledeck and top-base in projects invested by LICO GI

9.1.6 Product research and development

LICO GI now focuses on research and development of environmentally-friendly urban housing products, providing high utility and reasonable prices in line with market demand on the basis of good planning and efficient construction methods.

Mechanical and building material products also continue to be researched to introduce products with higher quality in accordance with environmental standards.

LICO GI also focuses on development of technology to ensure timeliness and high quality for infrastructure, urban underground projects.

9.1.7 Product and service quality control

The Corporation implements strict service quality control, inspection of production equipment, measurement tools and construction safety standards. All staff and workers of the Corporation have fully understood and adhere to regulations on quality control and policies of production, management processes and monitor contracts signed by the Corporation signs and customers, subcontractors

under quality control standard ISO 9001-2008. Engineering and Technology Department is responsible for quality control and construction progress.

9.1.8 Marketing

Broadcast LICOGI's image, brand and capabilities via mass media and via staff, collaborators and partners of LICOGI. Implement reasonable rewards and benefits package to encourage and motivate marketing staff in delivering results.

For construction:

- Maintain Bidding department to secure contracts for the Corporation and member units. Expand network to key economic regions, areas.
- Sustain and raise construction market share in industrial projects such as hydropower, thermal power, oil refining, steel, nuclear energy, etc., underground works such as underground garage, subway, underground tunnels, underground commercial centers, etc. in large cities. Improve and expand civil construction market share in new urban areas, airport terminals, high-rise building projects etc.
- Exploit projects from traditional partners such as EVN, PVN, TKV (to be appointed as contractor of important projects) and partners as foreign main contractors, general contractors such as Hyundai, Obayshi, Hazama, Shimizu, Sumitomo...

For industrial production and building materials: Introduce products to domestic and foreign markets.

In general, the Corporation has been recognized by customers as an enterprise with strong reputation, welcoming and friendly, strong commitments to ensure product and service quality, strict execution of commitments, respect for the laws and regulations of the State.

9.1.9 Trademark, patent registration and copyright

Logo is the trademark of the Corporation protected by the National Office of Intellectual Property - Ministry of Science and Technology as specified in Certificate of Trademark Registration No.60601 issued under Decision No.A11580/QD-DK on 01/03/2005 and amended, extended under Decision No.66211/QD-SHTT on 27/11/2013.

- Logo:



9.1.10 LICOGI's past and current large contracts

Table 15: LICOGI's past and current large contracts

No.	Contract No.	Contents	Partner	Value (million VND)	Time
1	Contract No. 1511/EVN-ATD3-2A dated 23/06/2005	General contractor of A Vuong hydropower project	A Vuong Hydropower JSC	1,478,434	31/8/2003-10/07/2010
2	Contract No. 950/HD-ATD3-P2T dated 25/12/2008	General construction contractor of main section of Song Tranh 2 hydropower project	EVN represented by Hydropower PMU 3	2,370,920	05/03/2006-30/06/2011
3	Contract No. 66/2006/ATD-HDXL	General contractor of Package No.14 – Ban Chat hydropower project	EVN represented by Genco 3	4,476,784	01/08/2006-31/12/2015
4	Contract No. 12/2011/HDKT dated 04/06/2011	General construction contractor of DakDrinh hydropower	DakDrinh hydropower JSC	1,418,143	28/03/2011-present (on-going)
5	Contract No. 18/2013/DATDSL-KH-HD dated 10/05/2013	Construction of Lai Chau hydropower project	ENV represented by Management Board of Son La hydropower plant	951,258	05/01/2011-31/12/2015
6	Contract No. 106/ATDSL-KH-HD dated 09/11/2007	Construction of Son La hydropower project	ENV represented by Management Board of Son La hydropower plant	1,653,805	02/12/2005-31/12/2012
7	Contract No. 60/2013/HDTG/QG-HN02 dated 27/12/2013	Construction of Route No. 3 – in the infrastructure construction investment project (QG-HN02) - construction investment project of Hanoi National	Construction - investment PMU of Vietnam National University, Hanoi in Hoa Lac	114,571	27/12/2013-27/12/2014 Proposing extension of time

No.	Contract No.	Contents	Partner	Value (million VND)	Time
University					
8	Contract No. 10/2011/BQLDA dated 28/07/2011	Construction of items of Route No.11, 600m section from pile 01(km0+20.00) to pile 27 (km0+620.00) in project QG-HN02- in construction investment project of Hanoi National University	Construction investment PMU of Vietnam National University, Hanoi in Hoa Lac	54,384	28/07/2011-30/04/2015
9	Contract No. 21/2011/NT/LN/VEC dated 27/05/2011	Construction of bored pile and walls of House N02 in construction investment project of commercial center, office and housing building – 87 Linh Nam	Vietnam engineering and construction JSC	48,430	05/2011-12/2012
10	Contract 128/HDTC-2011 dated 16/11/2011	Underground section construction of Block A+ B for apartment building at No. 20 Cong Hoa street, Ward 12, Tan Binh district, HCM city	Thai Son Corporation	222,130	16/11/2011-16/11/2012
11	Contract No. VEMON-C-007 dated 11/09/2012	Structure construction; Package B- Civil- Mong Duong I thermal power project	Hyundai Construction Co., Ltd	167,088	11/09/2012-01/06/2015
12	Contract No. 07/PISD-LICOGI dated 29/04/2011	Underground and middle section construction of commercial center	Phu Tho petro JSC	61,831	29/04/2011-30/06/2013

No.	Contract No.	Contents	Partner	Value (million VND)	Time
		and transaction office in 148 Hoang Quoc Viet			
13	Contract GS-HCMC MRT - Sub - 006 dated 27/03/2013	Construction of mass bored pile– HCM City urban railway project– Route 1. Package no.2	GS E&C Company (HCMC MRT LINE1 CP2)	45,348	27/03/2013- 30/06/2014
14	Construction Contract No. 98A/2013/HDTC dated 11/04/2013	Construction of Head office of Youth Newspaper	Youth Newspaper	45,300	21/10/2013- 20/04/2015
15	Contract No. 35/2011/LICOGI-KH- HD dated 19/01/2011	Construction of Department of Internal Affairs in Quang Tri province	Department of Internal Affairs of Quang Tri province	20,039	10/02/2011- 31/10/2013
16	Contract No. 77/2014/HDTC dated 08/04/2014	Construction of bored pile, fence, foundation of basement in Nhac Viet Building project	Nhac Viet Trading Co., Ltd	20,500	10/04/2014- 30/04/2015
17	Contract 228/HDKT/XL- XMDL dated 14/05/2012	Construction of limestone and coal warehouse –Dong Lam cement plant project	Dong Anh Mechanical One Member Company Limited	23,451	05/01/2012- 30/11/2012
18	Contract for Concrete Supply No. VEMON- C-002 dated 10/11/2011	Supply of concrete for Mong Duong I Thermal power plant	Hyundai Construction Co., Ltd	347,661	11/10/2011- 10/03/2015
19	Contract No. DV-PC- 12-064/12/11/01 dated 01/11/2012	Construction of Slag Pool No. 1 in Project of Mong Duong II Coal-fired Thermal Power Plant	Doosan Vietnam Industry Co., Ltd	226,076	01/11/2012 30/01/2014

No.	Contract No.	Contents	Partner	Value (million VND)	Time
20	Subcontract Agreement No. VEMON-C-01204/2013	Construction of Quay –1000MW Mong Duong Thermal Plant project -Vietnam	Hyundai Construction Co., Ltd	27,909	01/04/2013-30/05/2014
21	Contract No. 09/2013/HDDG-Quang Tri dated 06/12/2013	Construction from Km769+800-Km770+680 and Km771+200-Km779+162	PMU No. 6	318,381	16/12/2013-16/12/2015
22	Contract No. 10/2011/HDXD-BVII dated 25/08/2011	Construction of Hospital II Lam Dong	Hospital II Lam Dong	388,000	16/09/2011-16/09/2014 Progress being extended
23	Contract No. 12/2010/TCXD-HD dated 22/04/2010	Cast-in-place pile drilling of National Assembly building	Construction investment PMU of National Assembly building and Ba Dinh conference hall (new)	115,494	22/4/2010-27/07/2012
24	Underground Section Construction Contract No. 380A TCT/KTKH dated 01/07/2009	Underground section construction for HCM City Police Head office	HCM City Department of Public Security	162,280	01/07/2009-30/11/2011
25	Contract ADB/MD1TPIP/CW-1 dated 04/11/2008	Construction of grading and diversion channel for Mong Duong River	Thermal power PMU No.1 (TPPMU1)	376,016	01/11/2008-31/08/2012

Source: LICOI

9.2 Financial position and operating results of LICOGI before equitization

Table 16: Financial results of 3 years before equitization

Unit: million VND

No.	Item	Parent company's financial statements				Consolidated financial statements		
		2011	2012	2013	9M 2014	2011	2012	2013
1	Total assets	2,713,577	2,811,164	2,872,825	2,786,216	5,794,805	6,368,995	4,312,191
2	State's capital (book value)	575,332	592,607	601,966	593,136			
3	Current liabilities	1,761,535	1,813,902	1,906,358	1,773,989	3,174,057	3,620,530	3,089,731
	Of which							
	- Overdue debt	0	0	0	0	0	0	0
4	Non-current liabilities	376,710	404,655	364,502	419,090	1,662,968	1,664,692	414,258
	Of which							
	- Overdue debt	0	0	0	0	0	0	0
5	Bad debts	50,129	14,651	14,098	14,098	68,271	40,231	40,493
6	Total number of employees (person)	786	788	751	754	6,084	5,804	5,852
7	Total salaries	50,932	52,953	51,368	39,019	346,788	362,169	382,721
8	Average income per person/month	5.4	5.6	5.7	5.8	4.75	5.2	5.5
9	Total revenue*	2,709,555	2,641,691	1,544,785	587,759	4,462,644	4,394,749	3,919,059
10	Total costs**	2,671,370	2,579,698	1,518,046	576,763	4,377,474	4,283,945	3,839,385
11	Profit before tax	72,658	46,194	20,565	5,464	167,201	143,295	101,408
12	Profit after tax	58,487	36,802	17,311	5,464	140,722	121,081	87,287
13	Profit after tax / State's capital	10.2%	6.2%	2.9%	0.9%			

(*) Exclude Other revenue

(**) Exclude Other expenses

Source: Audited financial statements of Parent company in 2011, 2013; State Audited financial statement of Parent company in 2012; Unaudited financial statement of Parent company in 9M2014; Audited consolidated financial statements in 2011, 2013; State Audited consolidated financial statement in 2012

Pre-tax profit and net profit in 2013 declined from the results in 2011 and 2012, mainly due to the economic recession. Under the difficult circumstance where many companies filed for bankruptcy or struggled to stay in business, the Corporation's results in 2012 and 2013 indicated great efforts of LICOGI.

Profit fell due to the following reasons:

- Decrease in revenue: due the lacklustre real estate market and tighten regulations issued by the Government on real estate market in recent years, the Corporation's efficiency in production dropped as tools and equipment were not fully utilized, and had to bear high maintenance expense for machinery.
- Low equity capital while debt level was high, most of which is short-term debt at high interest rate, resulting in high interest expense and reduction in profit.

In general, LICOGI's operating results were impacted by the following factors: Decline in revenue whilst interest expense and other costs remaining high, especially interest expense rising faster than revenue growth, leading to drop in profit. LICOGI's financial capacity was rather limited, inadequate to finance growth opportunities, equity capital was insufficient to finance the Corporation's business; actual cash flows were insufficient to fund business expansion, requiring LICOGI to raise funding from different sources to meet growth requirements.

Below are the details on significant accounts as at the end of 2013.

Table 17: Significant receivable accounts as at 31/12/2013

Client	Collector	Client's location	Details	Value (VND)	Aging
Hydropower Project Management Committee 1	LICOGI (Head office)	Hanoi	Construction of Ban Chat Hydropower Plant	247,607,216,737	< 1 year
DakDrinh Hydropower JSC	LICOGI (Head office)	Quang Ngai	Construction of Dakdrinh Hydropower Plant	93,700,385,558	< 1 year
A Vuong Hydropower JSC	LICOGI (Head office)	Quang Nam	Construction of A Vuong Hydropower Plant	54,577,270,244	< 1 year
Quang Ngai People's Council	LICOGI 2	Quang Ninh	Construction	46,027,297,000	n/a
Son La Hydropower PMU	LICOGI (Head office)	Hanoi	Construction of Son La Hydropower Plant	36,733,140,710	< 1 year
General contractor for design & construction	LICOGI (Head office)	Quang Ninh	Package: quay construction, land lease, structure, concrete	32,150,738,345	< 1 year

Client	Collector	Client's location	Details	Value (VND)	Aging
Investment and Construction No.8 JSC	LICOGI (Head office)	HCMC	Bored pile drilling, metro project	21,761,594,839	> 2 year
Thai Son Corporation, Ltd.	LICOGI (Head office)	HCMC	n/a	19,531,766,449	< 1 year
LICOGI 16	LICOGI (Head office)	HCMC	Bored pile drilling for LICOGI 16 building	18,598,667,873	< 1 year
GSE & C Company (HCM MRT Line 1 CP2)	LICOGI (Head office)	HCMC	Bored pile drilling for HCMC urban railway project	14,148,989,872	< 1 year
Total of 10 largest receivable accounts				584,837,067,627	
Total account receivables				807,406,816,215	
% 10 largest receivable accounts				72%	

Source: LICOGI

Table 18: Significant payable accounts as at 31/12/2013

Supplier	Debtor	Supplier's location	Details	Value (VND)	Aging
LICOGI 13	LICOGI (Head office)	Hanoi	Construction	58,618,464,737	< 1 year
Mechanical Construction Company No, 9	LICOGI (Head office)	Dong Nai	Construction	55,330,352,886	< 1 year
Hanoi National University Investment Construction PMU	LICOGI (Head office)	Hanoi	Lang Hoa Lac National University Project	37,593,712,688	Gradual recovery
LICOGI 17	LICOGI (Head office)	Hai Duong	Construction	36,023,020,128	< 1 year
Dung Quat breakwater project	LICOGI (Head office)	Hanoi	Breakwater	32,689,999,100	Gradual recovery
LICOGI 16	LICOGI (Head office)	HCMC	Construction	27,565,990,672	< 1 year

Supplier	Debtor	Supplier's location	Details	Value (VND)	Aging
Song Da 7 JSC	LICOI (Head office)	Son La	Construction	27,016,947,061	< 1 year
Investment Construction 18 JSC	LICOI (Head office)	Hanoi	Construction	26,735,643,258	< 1 year
Mechanical Construction 10 JSC	LICOI (Head office)	Danang	Construction	25,599,670,724	< 1 year
Irrigation Construction 4 Corporation	LICOI (Head office)	HCMC	Construction	22,425,993,263	< 1 year
Total of 10 largest payable accounts				349,599,794,517	
Total account payables				623,239,998,592	
% 10 largest payable accounts				56%	

Source: LICOI

9.3 Factors affecting business activities of the Company during the reporting period

9.3.1 Favourable factors

- The infrastructure development and construction corporation (LICOI) is a company with expertise in mechanical construction and foundation engineering, having experience in construction of important projects. With 50 years operating in construction, the company has accumulated a wide variety of precious experiences and always keeps improving to be able to successfully complete mission assigned by the Communist Party and the state.
- In past years, the Company has taken part in large projects under these roles: main construction contractor, member contractor. Some large projects the company has joined include: Son La Hydropower, A Vuong Hydropower, Song Tranh 2 Hydropower, Ban Chat Hydropower, Lai Chau Hydropower, Dakdrink Hydropower. In some projects, the company took part in both as an investor and construction unit. Mechanical construction has always accounted for high proportion in revenue, investment activities are conducted conservatively so that no severe incidence occurs and affects creditworthiness and the financial health of the company.

For construction

- The ability to complete constructions with great quality has been proven with many important projects that the company has taken part in such as: Noi Bai T1 Airport, Son La Hydropower, A Vuong Hydropower, Ban Chat Hydropower, Bac Ha Hydropower, Pha Lai Thermal Power 2...
- Abundant human resources with good professional skills, 95% of the company's worker is qualified with basic training, good engineering skill and discipline.

- Construction capacity of machines and technologies meets demanding requirements of construction; construction equipment for foundations, pile drilling, tunnels are very modern, specialized and various which are imported from countries as Japan, Italia, Spain, US, Russia...
- Strength of LICOI is experiences from projects which has successfully accomplished, hence build its own reputation and trust for customers. LICOI has many years' experience and prestige in infrastructure development and construction area. In mechanical construction, LICOI has outstanding expertise in foundation engineering, soft solid engineering...

For real estate

- Land funds of the Company have basically been completed with legal procedures. They are located at fair area, and ready for land clearance compensation, real estate development. This will support LICOI to develop its business in the coming years.

For mechanic sector, construction materials:

- Product quality of the Company is generally considered to be the leader in the market for 3 product lines: space framework, alloy and steel structure, shaped aluminum bar.
- Economies of scale: In favorable market condition, when demand of alloy, aluminum-glass products is high, the Company is able to capture these opportunities and meets the demand of the market thanks to the high capacity of plant. In addition, based on large financial scale, the Company can provide services with various payment packages to customers.
- High production capacity: Based on advantage of technologies, machines, human resource, Dong Anh Mechanics, one of LICOI's subsidiaries, is among manufacturers with the highest labor productivity in the industry, on average, each worker generates 1 billion in revenue each year.
- Taking an active position in production: 100% products of the company are ordered. For this reason, the Company can actively import & buy raw materials, and manage inventory effectively.
- The best competitive advantage of the Company is product quality; hence it could reduce price competition with competitors.
- A significant portion of the company's revenue is from supply of roofs for construction in remote areas. High demand from this segment helps reduce effects on the Company when the estate market in urban areas is unfavorable.
- Sale team has good language skill; they can communicate ideas to foreign customers effectively, and enhance the probability of signing contracts.
- Sale is implemented from design step, which allows the company to deeply understand the needs of customers and thus gives advice on the appropriate structure for customers.
- Company's human resource is highly-qualified and trained at basic standards. Many of them have worked for a long time. Moreover, because the company inherently has an ability to obtain a great deal of contracts from customers, it gains loyalty from its well – qualified workers and employees.
- LICOI both has a good prestige in the industry and has long-term relationships with investors as well as leaderships from central to local level.

9.3.2 Unfavorable factors

- The Company is also affected by the economic downturn in the country and the world, which consequently causes public investment contraction, reduces the number of public construction projects. Meanwhile, the business environment is becoming much more competitive.
- Financial situation of the enterprise has not been really good, profit margins are not sustainable, highly fluctuated in response to market fluctuation and capital structure is not suitable.
- Owner's equity is small given the scale of the business, which may reduce efficiency of production and business of the company.
- Difficulty in cash flow management has presented the case of the company due to the heavy loan balance from its member companies.
- In 2014 and the upcoming years, large hydropower plants will not be invested, which leads to the decrease in construction jobs.
- Receivables from construction are slowly collected, which affects the company's payment ability and business efficiency.
- Corporate governance is highly regulated by administrative procedures, fragmented, not flexible and efficient. Some position in the company does not separate between ownership and management.
- Competition is becoming more severe, especially in foundation engineering, underground construction and building material production.
- LICOGI still needs to recruit more high professional staffs in order to enhance management of large projects and finance.

10. LICOGI's position in business segments

10.1 LICOGI's position in business segments

10.1.1 Infrastructure construction

- LICOGI has strong reputation in the infrastructure construction in Vietnam, with revenue from this segment accounting for 45% of LICOGI's total consolidated revenue in 2013. LICOGI's revenue in infrastructure construction was over 2,000 billion VND, representing 3,03% market share (total industry revenue of 64,800 billion VND) according to BMI's research in 2Q2014.
- LICOGI has been a highly reliable contractor to clients, is one of the first player in the infrastructure construction sector in Vietnam, with several years of experience and has secured many key large contracts in Vietnam. LICOGI has also competed through bidding in the market and is currently executing the construction of many large infrastructure projects.

10.1.2 Industrial production and building materials

- In industrial production and building materials segment, LICOGI has three subsidiaries and one affiliate dependent of the Parent company. For steel and grinding ball casting products, LICOGI is the leading supplier in the market, reaching 80% market share in the forged grinding balls segment to supply to the cement industry.

- Ball-and-socket space frame products: LICOGI is the top supplier in the market for roofing of public projects, which requires large aperture such as sports halls, exhibition centers, acquiring 80% market share.
- Aluminium extrusion products are mainly supplied to the premium segment, acquiring 8% market share.
- Roofing products: LICOGI is the leading supplier in the market, one of the few companies that meet Vietnam's standards for this segment.

10.1.3 Housing and urban zone

- LICOGI owns eight land lots, of which there are three lots at good locations in Hanoi and are expected to generate significant revenue if the construction process is timely and efficient.
- LICOGI aims to service average-income customers in this segment.

10.1.4 Power production

- LICOGI has two hydropower plant projects: Bac Ha and Cam Thuy 2.
- Until the two plants come into operation, LICOGI is a minor player in the market.

10.2 Development prospects of the construction sector

According to Decision No,445/QĐ-TTg of the Prime Minister on 07/04/2009 for the approval of modification in orientation of Vietnam's Urban System General Plan to 2025 with vision to 2050, from now to 2015, put priority in the development of key economic zones, large urban areas and economic complex which are the core driver of national growth; from 2015 to 2025, put priority in basic urbanized areas, prevent uneven, scattered growth; from 2026 to 2050, transit to urban network development.

Development target of the Government to 2015 is to reach total urbanization rate of 38%, urban system to include 870 urban regions, with 2 special urban areas, 221 urban areas from grade IV to I, 657 urban areas at grade V and establish 132 additional urban areas. At the same time, according to National Housing Development to 2020 with vision to 2030, the Government's target until 2015 is to reach average housing area of 22m² floor area/person, with 26m²/person in urban areas. Sturdy housing rate is expected to reach 62%, with 65% in urban areas and 60% in rural areas; basic housing rate is expected to decline to below 5%; ratio of household at sanitary standard is expected to reach 70%, with 95% in urban areas and 50% in rural areas; ratio of apartment in housing development projects in special urban areas (Hanoi and HCMC) is expected to increase to over 80%, more than 50% in grade I and II urban areas, over 30% in grade III urban areas on total new housing units; ratio of rented housing units is expected to reach 20% of total housing units in all grade III and above urban areas.

To accomplish the targets of the Government, the construction industry must focus on thorough organization and implementation. This is a favourable condition for enterprises in civil construction in general and firms in real estate industry in particular to attain strong growth. Hence, from now to 2020, the construction industry is forecasted to have strong growth prospects.

10.3 Evaluation on the consistency of LICOGI's development strategy with the sector development, the State's policies and global trend

In operation and development, the Corporation has always been developing its business following the target and development orientation of the Construction industry.

With the affirmation and enhancement of LICOGI's reputation and brand in the construction industry, in the previous years, the Corporation took the initiative in transiting, expanding its business operation to industrial production and building materials, investment in hydropower projects, industrial zones, and urban areas. The new businesses not only delivered good financial results but also enhance LICOGI's brand.

Continuing the tradition of "pioneer" in construction and foundation works, in recent period, LICOGI has defined construction as the main business line. Therefore, the Corporation has increased the depth in investment, innovation of equipment, technology, and applications of modern engineering. Hundreds of deliver trucks, excavators, cranes with large lifting capacity, hydraulic drilling machine, bored drilling machine, etc., and modern and advanced technology of Japan, US, Germany, Korea, China have been adopted by the Corporation and dependent units to replace out-dated mechanical equipment. Lines of hydropower tunnel boring, roll compacted concrete construction, cold concrete, stone exploitation and production... which were once new with the mechanical industry, have now been invested by LICOGI. These efforts are highly effective, and enhance and revolutionize LICOGI's position and power in the construction market despite fierce competition.

II. INVESTMENT PLAN AND DEVELOPMENT STRATEGY OF THE COMPANY AFTER EQUITIZATION

1. Objectives of the equitization

- The objective of equitization is to develop LICOGI to become a leading Vietnamese company in infrastructure development, underground works, tunnels; strong focus and specialization in core business lines;
- Strong competitive capacity, strong financial condition and effective enhancement in operation;
- LICOGI's subsidiaries and affiliates operate profitably, with strong financial condition, strong human resources and technology on the foundation of restructure and innovation in (1) enterprise, (2) finance, (3) business lines, (4) manpower, (5) management with manpower concentration and specialization by (a) core business lines, (b) geographical segments in order to enhance competitive capacity;
- Restructure of enterprise system and governance in order to mobilize manpower, enhance transparency and focus in core businesses consistent with recent market developments and Government's policy;
- Attract and develop high-quality human resource;
- Enhance LICOGI's market position, reputation and brand.

2. Form of Equitization

Based on the features and relevant information on actual enterprise value and actual value of the State's capital in the Corporation, the Parent company – LICOGI decided to equitize according to Clause 2 Article 4 of Decree No. 59/2011/ND-CP on 18/7/2011 of conversion of enterprises with 100% State-owned capital into joint stock company; accordingly, LICOGI will “*combine the sale of the State's shareholding with the issuance of additional shares to raise charter capital*”.

3. Company profile after equitization

▪ Name in Vietnamese	TONG CONG TY LICOGI - CTCP
▪ Name in business transaction	LICOGI CORPORATION
▪ Name in English	LICOGI JOINT STOCK CORPORATION
▪ Abbreviation	LICOGI
▪ Head Office	G1 Building, Thanh Xuan Nam Ward, Thanh Xuan District, Hanoi
▪ Tel	+84 (0)43854 2365
▪ Fax	+84 (0)43854 2655

- Website www.licogi.com.vn

- Logo



4. Business activities after equitization

On the basis of (i) development capacity of the market; (ii) reputation and brand; (iii) capacity of enterprise; (iv) capability to create value in the future; (v) appropriateness with the capabilities and interests of investors; (vi) combined advantages of revenue, expenses and shared capacity of the Parent company, after the equitization, the Corporation will focus on core business lines as follow:

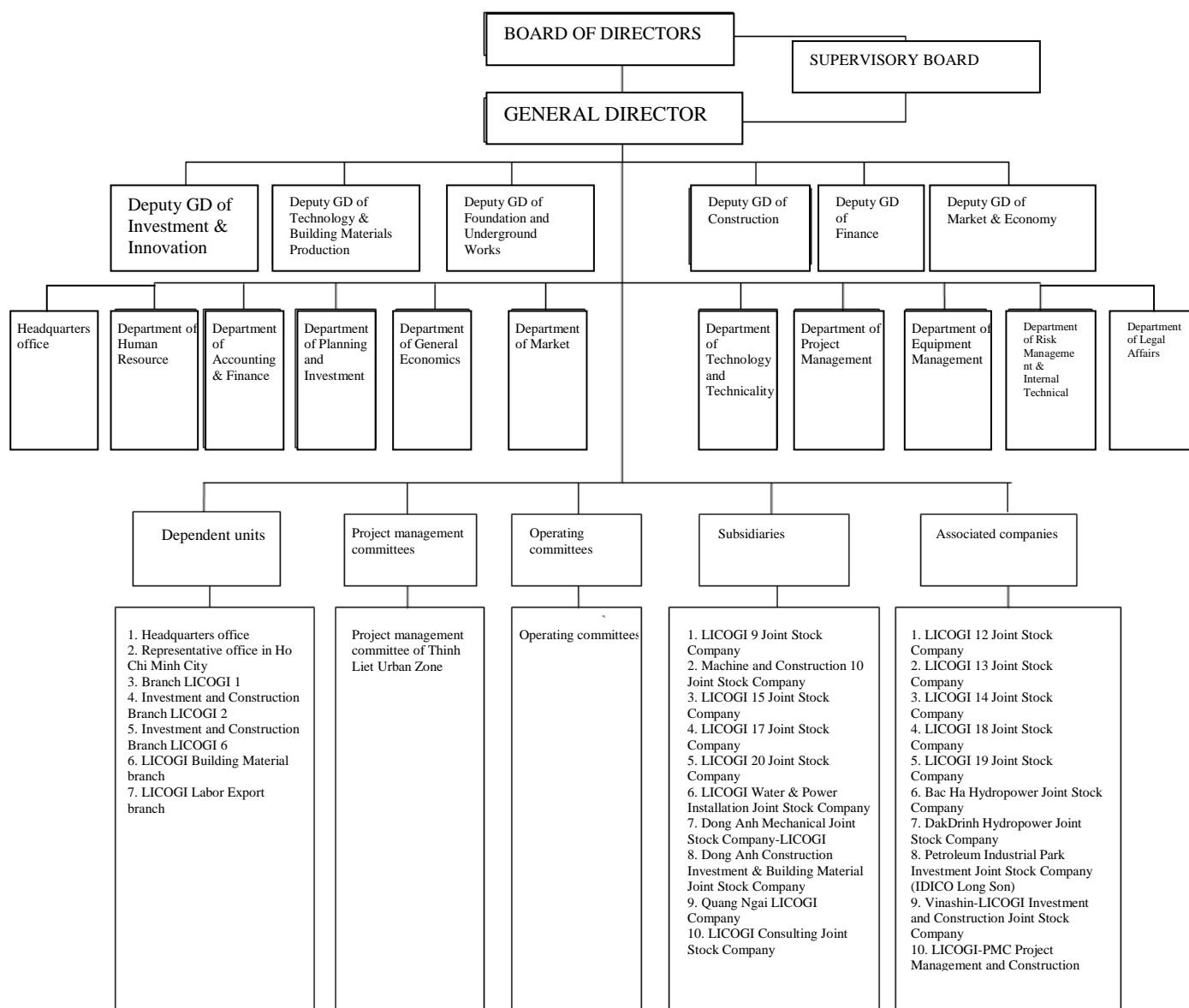
- Infrastructure
- Industrial production and building materials
- Housing and urban development
- Power production

5. Organizational structure after equitization

LICOGI – JSC operates in accordance with the Corporation’s Charter and the operation of the Joint Stock Company will be approved by the Shareholders Assembly, on the basis of Law on Enterprises, under the management and supervision of Board of Directors, Supervisory Board and Board of Management, including:

- Shareholders Assembly: include all shareholders of the Corporation;
- Board of Directors: expected to include 05 members;
- Supervisory Board: expected to include 03 member;
- Board of Management: includes General Director and Deputy General Directors responsible for each business function;
- Departments: include specialized departments to perform duties entrusted by Board of Management and operate according to specific functions and duties of each department as commanded by General Director;
- Dependent units, subsidiaries and affiliates.

Figure 9: Chart of expected organizational structure of Joint Stock Company



Source: LICOGI

6. Investment plan and development strategy of LICOGI after equitization

Investment plan, organization of business operation after equitization will be decided Shareholders Assembly and Board of Directors of the LICOGI – JSC. Based on analysis of the macro, microenvironment and forecast of market and industry development, etc., LICOGI – JSC devised the business development plan after equitization as below:

6.1 General strategy

The Corporation's development strategy relies on human resource as the key driver, system governance as the core process and business culture development is the regular duty, the comprehensive execution, rearrangement of the management and operation structure from the Corporation to dependent units, subsidiaries are specified as below:

- Parent Company – the Corporation will operate with the core functions of finalizing important contracts, managing and executing large-scale projects, mobilizing human resource of member units; building LICOGI's brand, provide financial funding to businesses, orientating investment activities, monitoring and supervising the utilization and growth of the Corporation's capital at business units under the Restructure Plan approved by the Ministry of Construction;
- Enhance operational efficiency under the Parent Company – Subsidiary structure, strengthen management and operation, and ensure strong coordination between units in the Corporation. Continue to develop, amend, supplement, promulgate new management regimes, establish vertical relations, operate uniformly from top down (between Holding Company, subsidiaries and dependent units) and horizontal relations (among subsidiaries);
- Invest in development for subsidiaries on the basis of stabilization of organizational structure, business lines, utilization and growth of capital, human resource, enhancement of machinery capacity, investment in key projects and specialization of business development to increase operational efficiency, and reduce unnecessary competition,
- Appoint a qualified, highly-experienced and responsible person as the representative of the Corporation's capital contribution at its subsidiaries, affiliates; and consider reinforcing the management mechanism of the Corporation's contributing capital at other businesses, specify the rights and obligations of the Corporation's contributing capital representative to ensure the adherence of its subsidiaries' operations to the Corporation's strategic objectives, enhance the responsibility of appointed representative and prudently manage contributing capital of the Corporation;
- Enhance and strengthen tight relations between Parent company and subsidiaries on administrative, economic and benefits sharing aspects;
- Conduct review, restructure specific units to ensure concentration of strengths and resources, specialization-oriented growth;
- Consider the equitization of dependent companies to increase units' autonomy in business activities.

6.2 Strategy on Construction

The core business of the Corporation is Construction: Output of construction in the 2011-2015 period is expected to be VND 28,155 billion, increasing by 9% comparing to the 2006-2010 period; the 2016-2020 period is expected to reach VND 49,092 billion, increasing by 74% compared to the previous period.

In the upcoming period, the Corporation will continue to focus on developing core business lines on infrastructure engineering and foundation works. Besides continuing to engage in infrastructure engineering projects for industrial zones, urban zones, foundation works of underground projects, high-rise buildings, thermal power plants, cement factories, etc., the Corporation takes the initiative in studying and conducting urban underground transportation works, especially in Hanoi and Ho Chi Minh City, such as: underground pedestrian paths, subways, urban railway; continues to develop capabilities and experience to participate in the construction of hydropower plants, thermal power plants, nuclear power plants, and important highways etc.

Primary measures to ensure implementation of the Corporation's strategic objectives in Construction include:

- To continue to deliver outstanding results in foundation works projects, hydropower plants and thermal power plants which that the Corporation has been appointed as the general contractor and sub-contractor; highly focus on delivering timely and high-quality execution in current projects;
- For projects that the Corporation is the owner such as Thinh Liet Urban Zone, urban zones in Quang Ninh, Cam Thuy 2 Hydro Power Plant (at initial investment stage), the Corporation will execute cautiously, maintain stable funding solutions and increase development progress,;
- Expand and specialize current traditional business lines such as manufacturing cement sheets, steel structure, aluminium and products from aluminium bar, bricks etc., to undertake the general contractor role in projects;
- Enhance and expand civil construction market share: high-rise buildings, urban zones, airport stations, transportation, urban infrastructure etc.; Secure contracts from new large projects of traditional partners such as: EVN, PVN, TKV (Mainly by being assigned as contractor of large projects);
- Bidding: Target projects are foreign-invested projects, key State's projects, projects in the following sectors: Transportation, Irrigation, Petrol, Power etc.; Take into consideration local projects, especially from Middle region and Southern provinces;
- Enhance relations with domestic and foreign businesses to develop and enhance the Corporation's market position and reputation in construction sector; secure contracts from projects of traditional partners who were main contractors or foreign general contractors such as HUYNDAI, OBAYASHI, HAZAMA, SHIMIZU, and SUMITOMO.

6.3 Strategy on Industrial Production and Building Materials

- Power production: In 2012, the Corporation completed and successfully put 02 power generators into operation with capacity of 90MW at Bac Ha Hydropower Plant, enhancing reputation of the Corporation; the plant generated 378 million kwh of electricity annually and contributed more than 300 billion VND to the Corporation's industrial production and building materials revenue;
- For traditional business lines in industrial production and building materials: Continue to improve and develop manufacturing businesses: building materials (cement sheets; aluminium bars, Etc.), mechanical products (grinding balls, steel moulding, frame, non-standard structure processing etc.) with the objectives of increasing productivity, technology innovation and product quality, and to export products in the upcoming periods;
- The outlook for industrial and building materials production is to build on the traditional business of steel moulding. The Corporation's target until 2015 is to produce and consume >800 tonnes, >10,000 tonnes by 2020; Production of AC sheets until 2015 is expected to be 20,000,000 m²; aiming to research and development new sheet products without replaceable ailanthus; production and consumption of aluminium bar to exceed designated output of 5,000 tonnes per year; aiming to provide full-services to projects using aluminium materials. Maintaining, stabilize and extend to produce other types of materials: Processing and installing frames, falsework, producing and consuming tuyne bricks, aiming that until 2015, volumes of production and consumption increase from 1,8-2,5 times;
- Implement strategy of product diversification and conversion of economic structure with market orientation; enhance research and development activities in new products in the industrial and building material segment, such as: Flat sheet, non-fired brick, high-quality precast concrete etc.

6.4 Strategy on Investment and Development

The Corporation's investment and development strategy in the next 03 years onwards is to focus on the following segments:

- Hydropower investment: Continue to develop Cam Thuy 2 Hydropower Project (Thanh Hoa) with capacity of 36MW;
- Urban and industrial zone investment: Final settlement and transfer of the following projects: Lan Be – Column 8, Hill T5 (Quang Ninh). Continue the investment and construction of urban zone projects: Thinh Liet (Hanoi) 35,16ha, Southern part of Ha Long Station (Quang Ninh) 23,8ha, Yen Thanh (Uong Bi) 27,56ha, Minh Phuong (Viet Tri) 58,7ha, Ca Mau. Continue to approach, research and bid for investment in new urban zones at the following provinces: Hanoi, Ha Tay, Vinh Phuc, Hung Yen, Ha Long, Ho Chi Minh City, Dong Nai;
- Continue to research the Project of Company Headquarters at Lot E7 Pham Hung Road, consider joint venture option to attract funding, ensure high efficiency and profitability of the project;
- Continue to consider investment in building materials production such as flat sheet, non-fired brick, precast concrete;
- Besides investment in construction and industrial segment, consider investment in machinery, equipment, new technology, especially in underground works segment; investment in human resource development to ensure high productivity and efficiency in current and future projects.

6.5 Strategy on Management and Operation Control

- Enhance financial efficiency, utilization of capital by improving returns of projects, utilizing debt funding, loans from financial institutions and individuals to finance high-growth business operations and investment;
- Decline low-value, low-liquidity contracts and projects. Tighten management for all aspects from bidding, securing contract, pricing, construction management, and finalizing and settlement;
- Tighten management on cost management, resources management, Complete assignment of jobs for each company, sites, production team to develop maximum capabilities, exploit and utilize current funding economically to ensure centralization, uniformity with flexibility to encourage innovation and initiatives of each unit;
- Reinforce management at projects that the Corporation is the General Contract or main contractor by tight monitoring of budgeted operating costs of Operation Committees, Project Management Committees in the Corporation to enhance operational efficiency, cost-saving and reduce administrative expenses;
- Enhance management and control capacity of business management officers, especially manager of large projects, enhance professional skills of technical workers, In order to do this, it is necessary to improve methods of recruitment, training, promotion and assign officers, with clear task assignment and position appointment to utilize strengths of each personnel, build a close team with mutual trust, dedication and creativity in work, growing with development of the Corporation;

- Technical management and, quality management are the focuses and must be improved; Encourage and implement creative ideas on costs saving, reduce expenses, good quality management to maintain the Corporation's reputation in the construction market.

6.6 Business plan

6.6.1 Investment plan upcoming periods

Table 19: Investment plan of large projects

Unit: million VND

No,	List of projects	Investment plan				Total of investment in 4 years
		2014	2015	2016	2017	
I	Company Headquarters	83,749	325,000	500,000	695,000	1,603,749
1	Thinh Liet Urban Zones, Hoang Mai, Hanoi	83,749	300,000	420,000	445,000	1,248,749
2	Construction project of the Corporation's headquarters office at House G1, Thanh Xuan Nam, Thanh Xuan, Hanoi		10,000	20,000	140,000	170,000
3	Construction project of office, services office and commercial center of the Corporation in Lot 07-E7 in Cau Giay Urban Zone, Hanoi		5,000	10,000	10,000	25,000
4	Cam Thuy 2 Hydropower project		10,000	50,000	100,000	160,000
II	LICOGI 2	37,000	80,000	70,000	75,000	262,000
1	Construction – infrastructure investment Project of the Southern part of Ha Long Station Urban Zone, Quang Ninh	30,000	50,000			80,000
2	Construction – infrastructure investment Project of Yen Thanh		20,000	30,000	40,000	90,000

Unit: million VND

No,	List of projects	Investment plan				Total of investment in 4 years
		2014	2015	2016	2017	
	Urban Zone, Uong Bi, Quang Ninh					
3	Apartment Complex on Hill T5, Quang Ninh	7,000	10,000	40,000	35,000	92,000
Total		120,749	405,000	570,000	770,000	1,865,749

Source: LICOGI

6.6.2 Business plan 2014 - 2017

Table 20: Financial projection (Parent Company)

Unit: million VND

No,	Items	2015	2016	2017
1	Production value	1,289,055	1,624,303	2,046,741
2	Charter capital	900,000	900,000	900,000
3	Number of employees (person)	536	562	590
4	Total salary	38,556	43,183	47,467
5	Average income / month	6.0	6.4	6.7
6	Total revenue	1,050,000	1,323,077	1,667,173
7	Total costs	995,644	1,254,584	1,580,867
8	Profit before tax	54,356	68,493	86,306
9	CIT	7,773	8,904	11,220
10	Profit after tax	46,583	59,589	75,087
11	Dividend pay-out rate	3%	4%	5%
12	Total dividends	27,000	36,000	45,000
13	Deduction for funds/reserves	16,304	20,856	26,280

Unit: million VND

No,	Items	2015	2016	2017
14	Retained earnings	3,279	2,733	3,806
15	ROE	5.2%	6.6%	8.3%

Source: LICOI

7. Schedule of listing, registration for trading after equitization

According to Clause 1, Article 4, Decision No, 51/2014/QĐ-TTg of the Prime Minister regulating the divestment, sale of shares and registration for trading, listing on stock exchange of State-owned enterprises, the Corporation has the following obligations:

- (a) *Within ninety (90) days from the date of issuance of Business Registration Certificate, equitized enterprises must complete registration procedures for public company, registration of shares to be centrally deposited at the Vietnam Securities Depository and registration of trading on Upcom in accordance with laws on securities and securities market;*
- (b) *In the event that the equitized enterprise meets all listing criteria at stock exchange, after completing all procedures to enable trading of shares in the securities market as specified in Paragraph a Clause 1 in this Article, within the maximum period of one (01) year from the date of issuance of Business Registration Certificate, the equitized enterprise must supplement documents to complete the list procedures at stock exchange in accordance with laws on securities and securities market.*

After the completion of equitization, in the event that the Corporation meets all criteria specified by laws on securities regulating public company, the Corporation commits to follow the above regulations.

III. CHARTER CAPITAL, CHARTER CAPITAL STRUCTURE

1. Charter capital

Based on financing needs for production and investment plan of the Corporation after equitization, business plan and expected profitability of business operation in the upcoming years, and to improve the Corporation's leverage, financing needs of Infrastructure Development and Construction Company (LICOGI) is as below:

- Charter capital: 900,000,000,000 VND (Nine hundred billion dongs)
- Par value/ share: 10,000 VND
- Number of shares: 90,000,000 shares

2. Charter capital structure

According to Decision No, 2243/QĐ-TTg on 11/12/2014 of the Prime Minister on approving Equitization plan of Parent company – LICOGI, charter capital structure by shareholders' ownership is as follow:

Table 21: Charter capital structure

No,	Types	No, of shares	Value of shares (VND)	% of charter capital
1	State	36,000,000	360,000,000,000	40.00%
2	Employees purchase incentive shares	1,168,000	11,680,000,000	1.30%
a	Employees purchase incentive shares	479,000	4,790,000,000	0.53%
b	Employees purchase additional shares at discount	689,000	6,890,000,000	0.77%
3	Labour union	63,000	6,300,000,000	0.07%
4	Public offering	21,269,000	212,690,000,000	23.63%
5	Strategic investors	31,500,000	315,000,000,000	35.00%
Total		90,000,000	900,000,000,000	100.00%

Source: Equitization plan

IV. INFORMATION ON SHARE OFFERING

Method of offering for each specific subject:

1. Method of share offering and payment of share purchase for investors participating in auction

1.1 Offering method

- Number of offered shares : **21,269,000** shares
- Types of shares: Ordinary shares
- Par value: 10,000 VND/ share
- Initial price: **10,000**VND/ share
- Offering method: Auction under public auction module at Hanoi Stock Exchange

1.2 Participants and number of shares registered

- Participants: Domestic and foreign institutions and individuals meet the conditions specified in Regulations on initial public offering of LICOI
- Minimum number of shares subscribed: 100 shares
- Maximum number of shares subscribed: 21,269,000 shares
- Limit on number of shares for each domestic investor: Maximum 21,269,000 shares
- Limit on number of shares for each foreign investor: Maximum 21,269,000 shares
- Number of shares subscribed: Multiple of 100
- Deposit: 10% of subscribed shares value at starting price

1.3 Timeline and location

- Time and location of disclosure of information, auction subscription, deposits, and distributing tickets to attend the auction: Follow provisions of Regulations on initial public offering of LICOI.
- Time of subscription at auction agents: Follow provisions of Regulations on initial public offering of LICOI.
- Time when Agents receive tickets to attend the auction: Follow provisions of Regulations on initial public offering of LICOI.

- Time of auction: Follow provisions of Regulations on initial public offering of LICOGL.
- Place of auction: Hanoi Stock Exchange – No, 2 Phan Chu Trinh, Hoan Kiem, Hanoi.
- Term of payment for shares purchase and receipt of refunded deposits: Follow provisions of Regulations on initial public offering of LICOGL.
- The Corporation conducts an auction once, and adjust charter capital (if any) according to the number of shares successfully auctioned to convert the Corporation to a joint stock company.

1.4 Parties related to the auction

AUCTION ORGANIZATION

HANOI STOCK EXCHANGE

Address: No, 2 Phan Chu Trinh, Hoan Kiem, Hanoi

Tel: +84 (0)4 3936 0750 Fax: +84 (0)4 3934 7818

Website: www.hnx.vn

IPO ADVISOR

VPBANK SECURITIES COMPANY, LTD, (VPBS)

Address: 362 Pho Hue, Hai Ba Trung, Hanoi

Tel: +84 (0)4 3974 3655 Fax: +84 (0)4 3974 3656

Website: www.vpbs.com.vn

EQUITIZATION PLAN ADVISOR

VIETNAM AUDITING PARTNERSHIP COMPANY (CPA VIETNAM)

Address: No, 17, Lot 2C, Trung Yen Urban area, Trung Hoa, Cau Giay, Hanoi

Tel: +84 (0)4 3783 2121 Fax: +84 (0)4 3783 2122

Website: www.cpavietnam.vn

ENTERPRISE VALUATION ADVISOR

VIETNAM AUDITING PARTNERSHIP COMPANY (CPA VIETNAM)

Address: No, 17, Lot 2C, Trung Yen Urban area, Trung Hoa, Cau Giay, Hanoi

Tel: +84 (0)4 3783 2121 Fax: +84 (0)4 3783 2122

Website: www.cpavietnam.vn

2. Method of shares offering and payment of share purchase for employees

2.1 Offering price

According to Article 48, Decree No, 59/2011/ND-CP on 18/07/2011 on converting 100% State-owned enterprise into joint stock company, share price offered to employees is determined as below:

- For employees who satisfy conditions to buy incentive shares, offering price equals to 60% of the lowest successful bidding price.
- For the number of shares offered for employees according to long-term commitment after equitization, offering price for additional shares equal to the lowest successful bidding price.

2.2 Offering volume

▪ Employees purchase incentive shares	476 employees	479,000 shares
▪ Employees satisfying commitment conditions purchase additional incentive shares	442 employees	689,000 shares
Total		1,168,000 shares

2.3 Method of shares offering

Direct shares offering to employees

2.4 Payment method and period

Specified by the Corporation

3. Method of shares offering and payment of shares purchase for strategic investors

3.1 Offering method

According to Clause 2, Article 1 Decision No, 25/QD-BXD on 15/01/2015 of Ministry of Finance, shares offering to Strategic Investor is executed as below:

- Number of shares offered: 31,500,000 shares
- Offering price: Not lower than the lowest successful bidding price
- Offering method: Direct negotiation

3.2 Criteria for selecting strategic investors

- Domestic and foreign investors with core business in construction or real estate, have capacity to increase market share, high technology capability; strong reputation and brand in construction, highly experienced in construction management and control; or financial institutions.
- Have financial capacity and contributed capital larger than subscribed share capital; no bad debt; full compliance with the law.

- Provide written undertakings by authorized person for long-term commitment and mutual benefits with the development of LICOGI in the following aspects: Transfer of new technology, implementation of modern technology in management and organization; Personnel training; Corporate governance; Materials supply; Business development; Products and services development in accordance with the development strategy approved by Shareholders Assembly.
- Provide written undertakings for no transfer of shares purchased for the minimum period of 05 years from the date that the Joint Stock Company receives Business Registration Certificate in accordance with Law on Enterprises.
- Provide written undertakings to assist LICOGI in the execution of Project 3 in “Reform and support in corporate governance of State-owned enterprises” program sponsored by Asian Development Bank.
- Purchase shares with minimum value as 5% of charter capital.

V. UTILIZATION PLAN OF THE PROCEEDS FROM EQUITIZATION

1. Expected proceeds from equitization

According to Article 42, Decree No, 59/2011/ND-CP on 18/07/2011 on converting 100% State-owned enterprise into joint stock company, with equitization method as the combination of sale of State's capital and issuance of new shares to raise charter capital, the proceeds from equitization to remain at enterprise corresponds to the total par value of newly issued shares; share premium will be utilized to pay for equitization costs and settlement for staff redundancy in accordance with applicable laws, Remaining proceeds from the sale of State's capital will be transferred to the Enterprise Arrangement and Development Fund.

An expected proceeds from the initial offering and to be transferred to the Enterprise Arrangement and Development Fund is VND 371,173,645,368.

Table 22: Expected proceeds from the initial shares offering

Unit: VND

No,	Items	Amount
I	Expected proceeds from sale of State's capital	377,415,232,368
II	Proceeds from equitization	537,832,000,000
	<i>In which</i>	
1	Sale of shares to employees (receive 60%)	2,874,000,000
2	Sale of shares to employees (additional purchase)	6,890,000,000
3	Sale of shares to labour union (receive 60%)	378,000,000
4	Sale of shares to strategic shareholders	315,000,000,000
5	Sale of shares in public auction	212,690,000,000
III	Total proceeds from sale of State's capital and new shares issue	540,000,000,000
III	Total costs	4,073,587,000
1	Cost of equitization	2,634,500,000
2	Cost of settlement for staff redundancy	1,439,087,000
	Total amount paid into Enterprise Arrangement and Development Fund	371,173,645,368

Source: Equitization plan

2. Expected equitization expenses

Table 23: Expected equitization expenses

Unit: VND

No,	Items	Amount
I	Expenses at unit level	210,000,000
1	Expenses for training on equitization, meeting of assistant team for Equitization Steering Board	20,000,000
2	Expenses for enterprise valuation, meeting of assistant team, meeting of Enterprise Valuation Management Board	20,000,000
3	Expenses for extraordinary personnel meeting, dissemination of equitization documents	20,000,000
4	Expense for organizing Initial General Shareholders Meeting	100,000,000
5	Expense for dissemination, disclosure of Company information	50,000,000
II	Consultant fees	1,786,500,000
1	Consultant to determine enterprise value	1,022,500,000
2	Consultant to audit half-year financial report	344,000,000
3	Consultant to develop Equitization plan	120,000,000
4	Initial shares offering expenses	300,000,000
III	Pay for Equitization Steering Board and Assistant Team	388,000,000
IV	Other expenses for equitization	250,000,000
	Total	2,634,500,000

Source: Equitization plan

VI. RISKS

1. Economic risks

Economic growth

The health and development trend of the domestic economy always affects the development of enterprises, when the economy is in its growth cycle, enterprises thrive and benefits from that.

In 2014, Vietnamese economy has shown some indications of obvious recovery, with GDP growth rate of 5.98%, higher than the growth rate of the previous two years. Contributing to the growth, industrial and construction sector has the highest growth, at 7.14%, higher than 2013's growth of 5.43%. The data thus presents positive outlook of the economy in 2015, with the target GDP growth of 6.2% set by the National Assembly. However, in order to obtain sustainable growth, Vietnam still has to overcome many challenges such as budget deficit due to decrease in petrol price, slow recovery of domestic demand and high level of public debt (60.3% GDP in 2014). These potential risks may cause decline in demand and deterioration of real estate market, or credit crunch in construction and real estate investment, which consequently drives up the cost of sales of enterprises in construction sector like LICOGI.

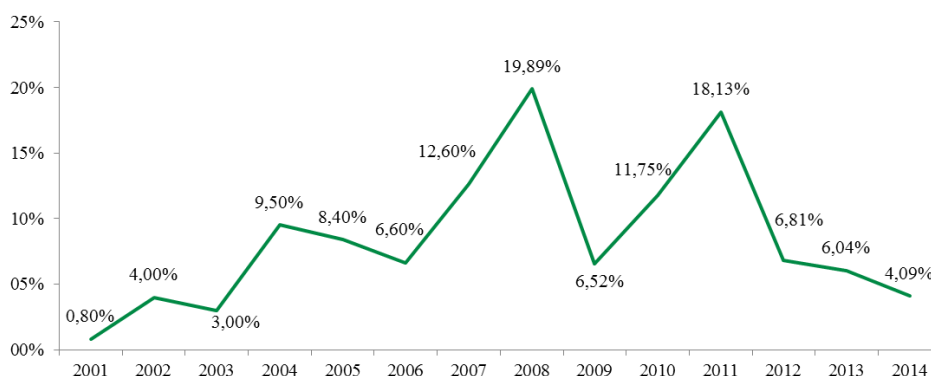
Besides, change in public investment trend also affects business activities of the company. Specifically, in terms of percentage of state budget, expenditure for development and investment has decreased strongly from 28% total state budget per year in period of 2006-2010 to 16.6% in 2014; it has also declined significantly in terms of value, 50% works of erection of the Corporation is appointed to perform by state, therefore, the company's business is strongly influenced by public investment trend. If public investment activities become less active, The Corporation would have significant difficulties in obtaining deals and is influenced by direct competition from competitors in the same sector.

Although the economy has recovered markedly, the remaining challenges regarding low domestic demand, high public debt and decreasing public investment still require the Corporation to have active, timely measures not only to overcome challenges and but also take good opportunities to thrive.

Inflation risk

After the strong fluctuation period during 2008-2011 due to economy recession, inflation rate is only 4.09% in 2014; it demonstrates great effort by the Government in implementing inflation control policy. Another factor contributing to this decrease is the declining world's oil, with WTI oil price and Brent oil price fall down 43% and 46% in 2014, respectively, causing 11 times of domestic oil price decrease with total decrease of 7,750 dongs per litre for the year 2014. Decrease trend in oil price is forecasted to continue in the short-term, although oil price can be backed by instability of oil-producing countries and the reduction in investment of oil exploitation companies. This development of oil price is relatively convenient for business of erection because oil and gas are of important input materials contributing to transportation expense.

Chart 1: Inflation fluctuation



Source: GSO

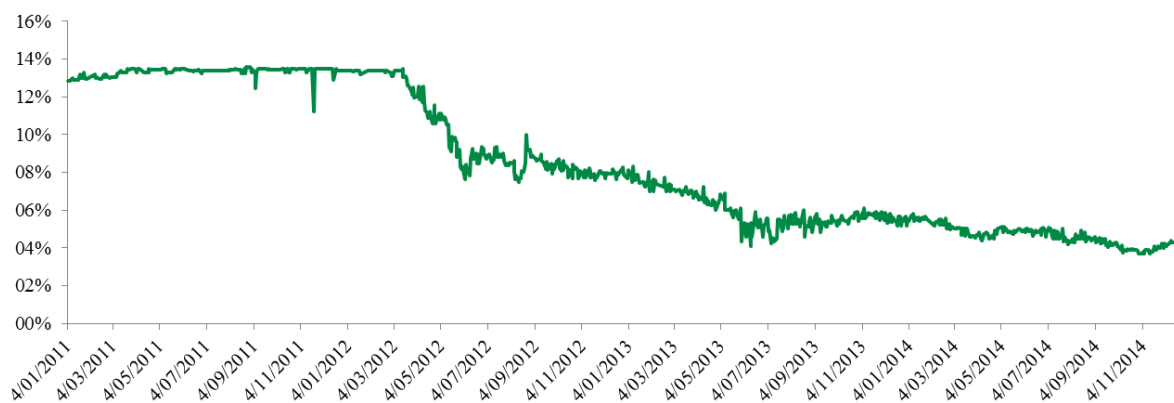
However, there is no factor to ensure inflation not to grow suddenly in the future due to impact of other factors, thus cause pressure on input materials of the Corporation (Such as iron, steel, cement, etc.,). Even in case of high inflation, price in contract of the Corporation still has to keep at appropriate level to compete with competitors in the same sector. Therefore, LICOGI needs regular update of market price to come up with timely solutions when there comes disadvantaged fluctuation; minimize bad effect to profit margins.

Interest rate risk

Change in interest rate may affects interest expense of the Corporation, lower interest rate shall reduce interest expense, improve profit margin, Interest rate average in these 4 recent years has been going down, which is consequence of expansionary monetary policy by the State Bank of Vietnam, 6-month interbank interest rate decreases from 14%/year in 2011 to 4.3%/year in year end of 2014. Moreover, under Directive 01/CT-CT-NHNN dated Jan 27th, 2015, the State Bank set a target on reducing long term interest rate by 1% -1.5% in 2015. This active development will influence directly on interest expense of LICOGI, and impact indirectly to economy, promote recovery of demand of consumption, business and construction.

However, expansionary monetary policy faces many restrictions to generate its full effect, due to “Dollarization” and exchange rate fluctuation. Additionally, decision on interest adjustment depends on inflation including unexpected fluctuation of oil price. In order to ensure efficiency of operation and maximize profit margin, The Corporation needs to have appropriate capital structure.

Chart 2: Fluctuation of interbank with 6 month term



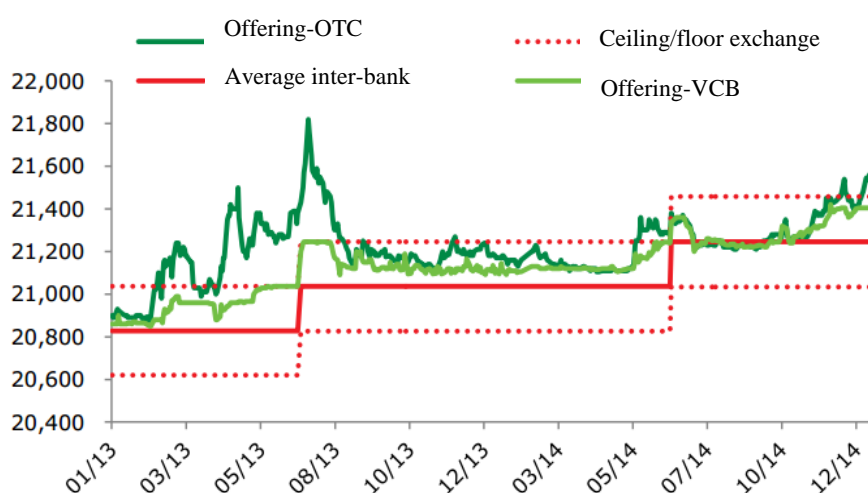
Source: Bloomberg

Exchange rate risk

With loans in foreign currency, when exchange rate increases, loss on translation of foreign currency may reduce profits of the company significantly. Therefore, it is necessary to assess and quantify possible expenses including exchange rate difference expense to compare with acquired interest to ensure not to be passive when the rate changes.

USD/VND inter-banking rate tends to increase in period of 2013-2014 with stable speed from VND 20,800 to VND 21,200. In 2014, the State Bank only adjusted exchange rate once on June 19th, 2014 from VND 21,036 to VND 21,246, equivalent to adjustment of 1%. In general, rates in ending months of 2014 at OTC market and inter-banking average grew lightly, Up to Jan 07th, 2015, inter-banking average exchange rate continued to increase 1% to reach VND 21,458. With target of maximum rate adjustment of 2% in 2015, the likelihood of strong fluctuation of exchange rate from now to yearend is quite low. Therefore, although the rate changes lightly from previous year, hidden risk from rate fluctuation is not significant, and does not cause bad impact on business operation of LICOGI.

Chart 3: Fluctuation of conversion rate



Source: Bloomberg, VCB, VPBS

2. Legal and regulatory risks

Vietnam legal system is gradually being completed, policies are made change flexibly to adapt to each stage of development of the economy. Therefore, legal documents cannot be avoided from complication, causing many difficulties for implementing individuals and organizations.

Business of Company is governed under Law on Enterprises and regulations of relevant documents, therefore, changes in legal environment would influence business activities of the Corporation.

3. Specific risks

Operation risk

Because main activities of the Corporation are erection execution, particular feature of business is that time of execution usually lasts long, final acceptance and handing is implemented partially, disbursement is usually delayed, construction document completion as well as final accounting of the construction takes a great deal of time. Besides, in many projects and construction work, cost estimate made by the investor is not adequate to the real need causing time of execution lengthened,

which delays construction progress, final accounting of construction, affects financial health of the Corporation, and reflects misleading business result.

In order to deal with this risk, the Corporation implements measures to improve construction progress, accelerates final acceptance on invested capital in each stage of construction.

Risk of fluctuation of input material price

Material expense of the Corporation accounts for large proportion in total expense, Besides, execution technology of the Corporation is based primarily on heavy vehicle, equipment and machinery. Input materials are required to operate and use this equipment. However, current material source used by the Corporation is heavily affected by fluctuation of domestic and foreign material price, price of building materials such as cement, iron, steel etc. tend to increase, so it influences strongly on the business and result of the Corporation.

Market risk

Construction companies often invest in real estate, Hence, market demand is an essential element, which may affect construction companies' operating results.

In the 2008 – 2011 period, due to the suspension, postponement of projects, frozen real estate market, demand in this sector decreased substantially. Under that circumstance, with elevated inventory, many construction companies were on the verge of bankruptcy as rising interest rates drove up costs, eliminated profits and incurred heavy losses. Along with the recovery of the economy in 2014, the real estate market oversaw several positive improvements, with total successful transactions doubling the number in 2013, and inventory declining by 17,6%. Although a bright outlook in 2015 is expected, there is no guarantee that unfavourable fluctuation will not occur in the medium and long term. A lacklustre real estate market may put downward pressure on the Corporation's revenue.

Interest expense risk

The Corporation has relatively high leverage, with Total equity/Total capital of only 21%. Hence, interest expense is a crucial element that may affect the Corporation's operating results and profitability of investments.

When setting up business plan and investment plans, interest expense is taken in consideration. However, many uncontrollable factors have impact on interest expense. An example is that in 2011, inflation rate and interest rate jumped significantly, raising interest expense. Therefore, prior analysis, forecasts in business and investment plans may be heavily altered due to interest expense risk.

Re-investment risk

The Corporation's operation and investment must be performed constantly with increasing profitability to ensure sustainable growth, that lead to the re-investment process. Fund for re-investment activities comes from depreciation expense and retained earnings from operation. Rising inflation rate in the previous periods disturbed companies' otherwise smooth operation, reduced operation scale, and consequently led to suspension in investment projects due to accelerating costs, increasing interest expense, and tight credit condition, etc.

Technical risk

Construction sector requires good quality and reliable technical system and construction machinery. As it is highly difficult to keep up-to-date with the fast-changing innovations in technology, the Corporation needs to have appropriate depreciation policy and equipment purchase plan to control costs and ensure the reliability of its technical system to complete construction projects at highest quality.

4. Risks of public offerings

The current real estate market and Vietnamese securities market have yet to fully recovered, especially share price of companies in the construction and real estate sectors. Therefore, in this initial public offering, the Corporation's shares may not be fully subscribed.

5. Other risks

Risks of natural disasters, fire incidents, wars, politic and social environment etc., are unavoidable risks.

VII. LIST OF PERSONNEL RESPONSIBLE FOR THE CONTENT OF THE PROSPECTUS

1. LICOGI's Equitization Steering Committee

- | | |
|----------------------|--|
| ▪ Mr. Bui Pham Khanh | Deputy Minister for Construction, Head of Board |
| ▪ Mr. Vu Tien Giao | Chairman of Members' Council, Deputy Head |
| ▪ Mr. Dang Van Long | Head of Enterprises Management Department, Ministry of Construction, Deputy Head |
| ▪ Mr. Ha Manh Hoat | Deputy Head of Personnel Organization Department, Ministry of Construction, Member |
| ▪ Mr. Dang Thai Quy | Deputy Head of Business Finance Department, Ministry of Finance, Member |

LICOGI's Equitization Steering Board assures that information and data in this Prospectus is accurate and true, and commits to be liable for the honesty and accuracy of this information and data.

2. The Issuer

INFRASTRUCTURE DEVELOPMENT AND CONSTRUCTION CORPORATION (LICOGI)

- | | |
|---------------------|--|
| ▪ Mr. Vu Tien Giao | Chairman of Members' Council, Deputy Head of LICOGI's Equitization Steering Board, |
| ▪ Mr. Vu Tuan Duong | Deputy General Director, Member of Assistant Team |
| ▪ Ms. Phan Lan Anh | Chief Accountant, Member of Assistant Team |

We take all responsibility in ensuring that information and data related to the Parent Company – LICOGI in this Prospectus is true and correct, sufficient in accordance with applicable laws on equitization for investors to analyse and evaluate the Corporation's assets, operations, financial conditions, operating results and growth prospect of LICOGI.

3. The Advisor

VPBANK SECURITIES COMPANY, LTD,

- | | |
|-----------------------|-----|
| ▪ Mr. Nguyen Lam Dung | CEO |
|-----------------------|-----|

We assure that the composition and selection of word choice in this Prospectus was performed in a reasonable and cautious manner based on information and data provided by LICOGI. We assure that the composition process and content of this Prospectus fully comply with required procedures in accordance with the law, but do not intend to guarantee share value.

REPRESENTATIVE OF EQUITIZATION STEERING BOARD
DEPUTY HEAD OF BOARD

DANG VAN LONG
HEAD OF ENTERPRISES MANAGEMENT DEPARTMENT
MINISTRY OF CONSTRUCTION

REPRESENTATIVE OF THE COMPANY
INFRASTRUCTURE DEVELOPMENT AND CONSTRUCTION CORPORATION
(LICOI)

VU TIEN GIAO
CHAIRMAN

REPRESENTATIVE OF IPO ADVISOR
VPBANK SECURITIES COMPANY, LTD,

NGUYEN LAM DUNG
CEO