

EQUITIZATION STEERING COMMITTEE OF VIETNAM MOTORS INDUSTRY CORPORATION AND VIETNAM MOTORS INDUSTRY CORPORATION RECOMMEND INVESTORS SHOULD CAREFULLY READ THE INFORMATION IN THIS DOCUMENT AND AUCTION REGULATIONS BEFORE AUCTION SUBSCRIPTION.

PROSPECTUS

INITIAL PUBLIC OFFERING OF SHARES

VIETNAM MOTORS INDUSTRY CORPORATION

AUCTION ORGANIZATION



HANOI STOCK EXCHANGE

Address: 2 Phan Chu Trinh – Hoan Kiem District – Ha Noi city

Tel: (84.4) 3936 0750

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ISSUING ORGANIZATION



VIETNAM MOTORS INDUSTRY CORPORATION

Address: No. 120 Hang Trong Str. – Hoan Kiem Dist. - Hanoi

Tel: (84-4) 3825.5618 Fax: (84-4) 3825.6856

AUCTION ADVISORY ORGANIZATION

BAOVIET SECURITIES JOINT STOCK COMPANY

Headquarter : 8, Le Thai To, Hoan Kiem district, Ha Noi city

Tel: (84-4) 3928 8080

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February, 2014

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I. THE LEGAL BASIS OF SHARE OFFERING.

- Decree No. 59/2011/NĐ-CP dated 18/07/2011 of the Government on the transfer of 100% state-owned enterprise to joint stock company;
- Decree No. 91/2010/NĐ-CP dated 20/8/2010 of the Government on policy for redundant workers when rearranging State-owned Limited liabilities companies;
- Decision No. 55/2009/QĐ-TTg dated 15/04/2009 of the Prime Minister on the rate of participation of foreign investors in Vietnam's stock market;
- Decision No. 929/QĐ-TTg dated 17/7/2012 of the Prime Minister on the approval of restructuring plan of state enterprises, focusing on economic corporations, state-owned corporations in the period of 2011-2015;
- Circular No. 202/2011/TT-BTC dated 30/12/2011 of the Ministry of Finance on the guidance of the implementation of Decree No. 59/2011/NĐ-CP dated 18/07/2011 of the Government on the transfer of 100% state-owned enterprise to joint stock company;
- Circular No. 196/2011/TT-BTC dated 26/12/2011 of the Ministry of finance on the guidance of the initial public offering and management, use of proceeds from the equitization of 100% state – owned company transformed into joint stock company;
- Circular No. 38/2010/TT-BLĐTBXH dated 24/12/2010 of the Ministry of Labour, Invalids and Social Affairs on Finance on the guidance of the implementation of some clauses in Decree No. 91/2010/NĐ-CP dated 20/8/2010 of the Government on policy for redundant workers when rearranging State-owned Limited liabilities companies;
- Circular No. 33/2012/TT-BLĐTBXH dated 20/12/2012 of the Ministry of Labour, Invalids and Social Affairs on Finance on the guidance of the implementation of some clauses in Decree No. 59/2011/NĐ-CP dated 18/07/2011 of the Government on the transfer of 100% state-owned enterprise to joint stock company;
- Decision No. 49/QĐ-BGTVT dated 08/01/2013 of the Ministry of Transport on the equitization of Vietnam Motors Industry Corporation;
- Decision No. 613/QĐ-BGTVT dated 21/03/2012 of the Ministry of Transport on the approval of the restructuring scheme of Vietnam Motors Industry Corporation;
- Decision No. 59/QĐ-BGTVT dated 08/01/2013 of the Ministry of Transport on the approval of the equitization steering committee of Vietnam Motors Industry Corporation;
- Decision No. 3161/QĐ-BGTVT dated 10/10/2013 of the Ministry of Transport on the approval of the corporate value of Vietnam Motors Industry Corporation to conduct equitization;
- Decision No. 4378/QĐ-BGTVT dated 27/12/2013 of the Ministry of Transport on the adjustment of the enterprise value for equitization of the Parent company – Vietnam Motors Industry Corporation;
- Decision No. 204/QĐ-TTg dated 27/01/2014 of the Prime Minister on the approval of the equitization plan Vietnam Motors Industry Corporation into a Joint-Stock

Corporation;

- Decision No. 407/QĐ-BGTVT dated 12/02/2014 of the Ministry of Transport on the approval of the starting price of the share offering of the equitization plan of the Parent company - Vietnam Motors Industry Corporation;
- Document No. 12439/BGTVT-QLDN dated 19/11/2013 of the Ministry of Transport on the selection of advisory institution of the share offering of the equitization plan of the Parent company – Vietnam Motors Industry Corporation;
- Contract No. 51/2013/BVSC-VINAMOTOR/PTV-CPH dated 11/09/2013 between Vietnam Motors Industry Corporation and Baoviet securities company of services on equitization plan construction – share auction and holding established shareholders' meeting.

II. PARTIES RALATED TO THE PROSPECTUS.

1. Steering equitization committee of Vietnam motor industry Corporation

- Mr. Nguyen Hai Trung President of Member council Vietnam Motor industry Corporation – Cheif;
- Mr. Hoang Anh Tuan Member of Member council – General director of Vietnam Motors Industry Corporation – Deputy chief;
- Mr. Nguyen Chien Thang Director – Business management Department, Ministry of Transport – Deputy chief;
- Ms. Dao Thanh Thao Vice Director - Finance Department, Ministry of Transport – Deputy chief;
- Mr. Trieu Tuyen Member of Member council – Deputy director of Vietnam Motors Industry Corporation - Member;
- Mr. Tran Phong Thuy President of Vietnam Motors Industry Corporation Union - Member;
- Mr. Tran Huu Hung Member of Member council – Chief Accountant of Vietnam Motors Industry Corporation - Member;
- Mr. Nguyen Chi Cong Head of Personnel department – Manager of Vietnam Motors Industry Corporation - Member;
- Mr. Đinh Cong Minh Principal Official of Business management Department, Ministry of Transport - Member;
- Mr. Vu Anh Minh Vice Director - Business management Department, Ministry of Transport - Member;
- Ms. Le Thi Mai Huong Deputy Head of Corporate finance – Ministry of Finance - Member;
- Mr. Trinh Ngoc Thanh Principal Official of Business management Department, Ministry of Transport - Member.

2. Representatives of the Parent company – VIETNAM MOTORS INDUSTRY CORPORATION

- Mr. Nguyen Hai Trung President of Member council Vietnam Motors Industry Corporation;
- Mr. Hoang Anh Tuan Member of Member council – General Director of Vietnam Motors Industry Corporation;
- Mr. Tran Huu Hung Member of Member council – Chief Accountant of VIETNAM MOTORS INDUSTRY CORPORATION;

We take full responsibility for ensuring that the information and data provided in this disclosure is completely honest, consistent with the fact, and sufficient, in accordance with laws on equitization, for investors to assess the assets, operations, financial condition, results and prospects of Vinamotor.

3. Representative of advising organization

- Ms. Nguyen Thi Thanh Thuy Position: Deputy Director of Baoviet securities joint stock company

(According to written authorization No. 01/2014/UQ-BVSC dated 02/01/2014 of the General director)

We ensure that the construction and the selection of words in this Prospectus have been made that are reasonable and prudent based on the information and data provided by Vietnam Motors Industry Corporation. We ensure that the steps taken and the content of the information comply with the order required under the provisions of the law, but does not intend to guarantee the value of the securities.

III. SUMMARY OF THE SHARE OFFERING

Charter capital	1.000.000.000.000 dong
Number of shares offered	51.000.000 shares
Type of share	Common share
Par value	10.000 dong/share
Starting price	10.000 dong/share
Minimum amount of registering shares for each investor	100 shares
Maximum amount of registering shares for each domestic investor	51.000.000 shares
Maximum Total amount of registering shares for foreign investors	49.000.000 shares

TABLE 1. EXPECTED STRUCTURE OF CHARTER CAPITAL

No.	Items	Percentage (%)	Shares	Value (dong)
1	State-owned shares	48,50%	48.499.900	484.999.000.000
2	Shares sold to employees <i>Including:</i>	0,40%	400.100	4.001.000.000
	– Shares sold to employees based on years working in the State sector;	0,39%	390.100	3.901.000.000
	– Shares sold to employees based on long-term working commitment.	0,01%	10.000	100.000.000
3	Shares sold to the Union of the enterprise	0,10%	100.000	1.000.000.000
4	Shares sold to public auction	51,00%	51.000.000	510.000.000.000
	Total	100%	100.000.000	1.000.000.000.000

1. Method of sale and payment for the purchase of shares

- **For the shares sold at discounted price to employees based on the working years in state-owned sector and the Union in the Corporation:** the selling price is equal to 60% the lowest successful bid according to Clause 1, Article 48 of Decree no. 59/2011/ND-CP dated 18/7/2011 of the Government on the conversion of 100% state-owned enterprise to joint stock company.

Implementing time: according to the announcement of Vinamotor after getting the result of initial public offering of shares.

- **For the shares sold to the employees based on the long-term working commitment in the joint stock company:** the selling price is the lowest successful bid in the public auction.

Implementing time: according to the announcement of Vinamotor after getting the result of initial public offering of shares.

- **Shares of public auction**

The method of sale and the time of payment of shares bought are stated in detail in “Regulation of share auction of parent company – Vietnam Motors industry corporation” issued by Hanoi stock exchange.

2. Plan of money use from euqitization

Total proceeds getting from corporation's equitization will be managed and used in accordance with the provisions of the law on equitization. The calculation of this amount of money is based on these assumptions: the selling price of shares is equal to the starting price of auction proposed (10,000 VND/share), the lowest successful bid is equal to starting price and all the shares offered are sold out. The final numbers will be based on the actual result of the sale of shares to equitize Vinamotor.

TABLE 2: CALCULATION OF PROCEEDS GETTING FROM EQUITIZATION

No.	Item	Unit	Note	Value
1	Current state capital	VND	Decision on approval of enterprise value	860,161,728,057
2	Charter capital structure	“	proposed	1,000,000,000,000
a	State 48.5%	“	Steering committee recommends	484,999,000,000
b	Other investors 51.5%	“	= No. 2 - 2a	515,001,000,000
3	The sale of state capital	“	= (no. 1- 2a)	375,162,728,057
4	Capital from the issuance of additional shares	“	= (no. 2-1)	139,838,271,943
5	Number of additional shares issued	CP	= No. 4/10,000 VND/share	13,983,827
6	Total number of shares issued (selling part of state capital + issuance of additional shares)	CP	= No. 2b:10,000 VND/share	51,500,100
7	Structure of issuing shares	CP	= No. 6	51,500,100
a	Sold to the employees at discounted price based on the working years in the state sector.	“	List attached	390,100
b	Sold to the employees at discounted price based on the long – term working commitment in the joint stock company		List attached	10,000
c	Sold to Union	“		100,000

No.	Item	Unit	Note	Value
d	Public auction	“	= no. 7 - 7a - 7b-7c	51,000,000
8	Expected selling price	VND/share		
a	Starting price of public auction	“	Proposed	10,000
b	The selling price to employees based on the working years in the state sector	“	= No. 8a x 60%	6,000
c	The selling price to employees based on the long-term working commitment in the company	“	= No. 8a	10,000
d	Selling price to Union	“	= No. 8a x 60%	6,000
9	Proceeds from share issuance	Đồng		513,040,600,000
a	<i>Sold to the employees at discounted price based on the working years in the state sector.</i>	“	= No. 7a x 8b	2,340,600,000
b	<i>Sold to the employees at discounted price based on the long – term working commitment in the joint stock company</i>	“	= No. 7b x 8c	100,000,000
c	<i>Sold to Union</i>	“	= No. 7c x 8d	600,000,000
d	Public auction	“	= No. 7d x 8a	510,000,000,000
10	Proceeds from issuance	VND	= No 9	513,040,600,000
a	Leaving in the company the amount equal to the par value of additional shares offered.	“	= No. 5 * 10,000 VND/share	139,838,271,943
b	The remaining proceeds from the sale of state capital	“	= No. 10 -10a	373,202,328,057
c	Estimated equitization cost	“	Based on estimation	2,583,900,000
d	The settlement cost for employees	“	Based on plan	155,675,556
e	The expected amount of money	“	= no. 10b -10c-10d	370,462,752,501

No.	Item	Unit	Note	Value
	returned to budget			

IV. DEFINITION AND ABBREVIATIONS

- BVSC Baoviet securities joint stock company
- VND Vietnam dong
- JSC Joint Stock Company
- BR Business Registration
- HNX Hanoi Stock Exchange
- VINAMOTOR VIETNAM MOTORS INDUSTRY CORPORATION

V. RISK FACTORS

1. Economic risks

After a volatile period from 2007 to present, our country's economy has not recovered the high and stable GDP growth rate as previous years. Inflation, is yet still booted by many factors, has been held back. This will affect all aspects of the industry in general, and Vinamotor's economic and business areas in particular.

Since the 2008 financial crisis that brought about the negative impact many other areas of economic and political globalization, the world economy has experienced many changes but still no clearly stable and positive trend. However, peace, stability and cooperation for development is still the tremendous trend. Globalization and international economic integration associated with trade liberalization will be strengthened; investment, flows of goods and services, labor and capital are increasingly expanded. Vietnam initially integrated into the wave of globalization and economic integration. Although the majority of domestic enterprises is not strong enough to compete internationally. The equitization is also motivation for businesses to innovate and optimize their operation to adapt to new conditions, which makes good use of the favorable opportunities of creating an international context; expands the ability of international economic cooperation comprehensively; exploits comparative advantages; enlists the external resources to promote better internal resources, creating synergy for our country's development.

Vietnam's economy, according to "Rapid-Growth Markets Forecast" carried out by the global Ernst & Young in collaboration with Oxford Economics, is predicted to regain momentum in GDP growth in 2014 (6, 9%) and peaked at 7.1% in 2015. This promising growth potentials lighten the core business areas of VINAMOTOR, such as: domestic auto market, passenger and freight, transportation tourists by green transportation means.

2. Legal risks

As a state enterprise that is switching into the form of joint-stock companies, Vinamotor activities are governed by the system of legal documents related to the equitization, business law, law on taxes, regulations on JSC

After conversion, Vinamotor will operate in the form of company shares will therefore be governed by the Securities Act and Guidelines. However, because the legal system is in its infancy stage; its stability is not high, thus there is a high possibility of policy changes, it more or less likely to affect the operation of the business.

Legal risks are related to changes and supplements of the policies and legal documents relating to land management, environmental protection, or tax law. The changes in managing and operating policies from the authorized agency will directly impact the business operations of the enterprise.

3. Specific risks

As an enterprise operating in the field of manufacturing and assembling of automobiles, motorcycles, etc. that uses multiple components, sources of imports, the changes of policies associated with import tariffs, tax declaration and payment, customs procedures, etc. also greatly affect production and business activities of the Corporation. Some risk issues of Vinamotor's business fields are as follows:

The assessment of the actual value of the financial investments of the Corporation, in accordance with Circular No. 202/2011/TT-BTC dated 30/12/2011 of the Ministry of Finance in determining the value of the company transferred to joint-stock company, leads to the fact that the charter capital of the joint-stock company contains some value increases compared to the current bookkeeping records, which causes some affections upon the future activities of the Joint-stock company.

The field of automobile manufacturing and engineering products: the recession in the world economy and the country greatly affect business operations of the Corporation. The major industrial products like: trucks, construction machinery equipment, steel structures, etc. are slowly consumed. From the late 2012 up to now, the production of automotive products of the Corporation is also affected by the unstable supply of components for assembly of automobiles, constantly interrupted by foreign suppliers, and the inefficiency in operation of some joint-ventures.

Transportation sector: due to the difficult economic situation, the transportation needs of traditional clients is declining. The imbalance of continuously rising input costs and slow freight rates; and the unfair competition of a number of businesses are directly impacted business operations of the transport unit of the Corporation.

Other business sectors: are also directly affected by the world economic downturn, and the declining market demand.

4. Risks of the offering:

The stock market is forecasted as lack of positive signals, on the other hand due to the economic downturn, shares of the companies operating in the automotive industry are no longer attractive to investors. Stock prices of companies operating in the same industry or equivalent are low. Therefore, the initial public offering of the parent company - Corporation has the possibility of shares unsold. The Corporation will apply for adjustment of the charter capital; wait for the right time to report to competent authorities for another issuance.

5. Other risks

In addition to the above risks, other risks such as natural disasters, sabotage, etc. are the risks of majeure forces, their happening will cause major damage to assets, people and the general operation of Vinamotor.

VI.BASIC INFORMATION OF THE SHARE OFFERING**1. Share offering organization and information of the shares offered**

Name of offering company : **PARENT COMPANY - VIETNAM MOTORS INDUSTRY CORPORATION**

Address : No. 120 - Hang Trong Str. - Hoan Kiem Dist. - Hanoi

Website : www.vinamotor.vn

Tel : (84-4) 3825.5618

Fax : (84-4) 3825.6856

Logo :



Charter capital after conversion: **1,000,000,000,000 VND** (*One thousand billion VND*)

Par value : 10,000 VND/share.

Total outstanding shares : 100,000,000 share.

Expected shares offered : 51,000,000 shares, equal to 51% charte capital.

Type of shares : Common shares.

Sale method : Initial public offering in the form of competitive bidding.

Limitations on the volume subscribed: Each investor is allowed to buy with the minimum amount of 100 shares and the maximum is equal to the total amount of share offering (**51,000,000** shares). **Foreign investors** are allowed to buy with the maximum amount of **49,000,000** shares.

Starting price : **10,000 VND/share.**

Price limit subscribed : Each investor is allowed to place one price.

Price step : 100 VND.

2. Disclosure and Registration to buy shares**2.1. Locations for the disclosure on share offering**

At the auction dealer listed in the auction Regulation. The disclosure is also conveyed on the Websites: <http://www.hnx.vn>; <http://www.bvsc.com.vn>, www.vinamotor.vn, and website address of the auction dealers.

2.2. Location for registration for Auction

At the auction dealer listed in the auction Regulation

2.3. Timeframe for application of registration document, deposit and auction shares

Details are specified in the “share - auction Regulations of Vietnam Motors Industry Corporation” issued by the Department of the Hanoi Stock Exchange.

2.4. Requirements for registration for Auction

Details are specified in the “share - auction Regulations of Vietnam Motors Industry Corporation” issued by the Department of the Hanoi Stock Exchange.

2.5. Regulations on payment of deposit, and money to buy shares

Investors can deposit cash at the registration venues, or bank transfer to the account of the dealer auctions listed in auction Regulation.

2.6. Limitation on the number of shares registered

Details are specified in the “share - auction Regulations of Vietnam Motors Industry Corporation” issued by the Department of the Hanoi Stock Exchange.

2.7. Organization of the auction, collection of money to buy shares and refund of deposits

- **Time of the auction**

From 10h00 on 27/03/2014.

- **Venue of the auction**

Hanoi Stock Exchange

Address: No. 02 Phan Chu Trinh, Hoan Kiem District, Hanoi.

Tel : (84- 4) 3936.0750 Fax: (84-4) 3934.7818.

- **Payment method, Time for payment and refund of deposits:** Details are specified in the “share - auction Regulations of Vietnam Motors Industry Corporation” issued by the Department of the Hanoi Stock Exchange.

VII. OVERVIEW OF SHARE OFFERING ORGANIZATION BEFORE EQUITIZATION.

1. The process of formation and development

VIETNAM MOTORS INDUSTRY CORPORATION (a.k.a *Vinamotor*) was established on the basis of the unit with many former stages as follow:

- From 1964 to 1985: Department of Mechanical Transport – Ministry of Transport;
- From 1985 to 1995: Union of Transportation factory;
- From 1995 to 2003: Transport Industry Corporation – TRANSINCO.
- From 2003, according to Decision No. 189/2003/QĐ-TTG in 15/09/2003 of the Government and Decision No. 3096/QĐ - BGTVT in 03/09/2003 of the Ministry of Transport, Transport Industry Corporation has been changed into Vietnam Motors Industry Corporation (*Vinamotor*) and pilot to operate in the model of the parent company - subsidiaries. Right from its inception, Vinamotor was driven to be the core to the development of the automotive industry in Vietnam.
- By 2010, Vietnam Motors Industry Corporation has transformed into a limited liability one member company under Decision No. 1763/QĐ-BGTVT dated 25/06/2010 of the Ministry of Transport.
- Implementing the policy of the Party and State on equitization of State enterprises and implementing Decision No. 49/QĐ-BGTVT dated 08.01.2013 of Ministry of Transportation on equitization of Vietnam Motors Industry Corporation, the Corporation is drastically implementing the equitization process.

2. Name, address of the Corporation

- Full Vietnamese name: **TỔNG CÔNG TY CÔNG NGHIỆP Ô TÔ VIỆT NAM.**
- Abbreviation: VINAMOTOR
- Transaction name: VIETNAM MOTORS INDUSTRY CORPORATION.
- Head quarter address: 120 Hang Trong Str., Hoan Kiem Dist., Hanoi.
- Tel: (84-4) 3825. 5618, (84-4) 3825. 1665
- Fax: (84-4) 3825. 6856
- Email: vinamotor@vinamotor.vn
- Tax code: 0100104429

3. Form of ownership

Vietnam Motors Industry Corporation a state-owned limited liability one member company.

4. Business lines

According to the business registration certificate No. 0100104429 which was first registered on 01/11/2010, registered for the 3rd amendment on 27/09/2013 issued by Ha Noi department of planning and development, business scope of the Corporation is:

I	Main business lines	Business code
1	Manufacture of motorized vehicles	2910
2	Manufacture of motorized vehicle body, trailers and half-trailers	2920
3	Manufacture of spare parts and accessories for motorized vehicles and motors	2930
4	Manufacture of other unclassified vehicles and transport equipment	3099
5	Manufacture of Motorcycles and motorbikes	3091
6	Repair and maintenance of transport vehicles (except for cars, motors, and other motorized vehicles)	3315
7	Wholesale of cars and other motorized vehicles	4511
8	Maintenance and repair of cars and other motorized vehicles	4520
9	Sale of parts and accessories of cars and other motor vehicles	4530
10	Sale of spare parts and accessories of motorcycles and motorbike	4543
11	Retailing of passenger cars (under 12 seats)	4512
12	Dealer of cars and other motor vehicles	4513
13	Sale of motorcycles and motorbikes	4541
14	Maintenance and repair of motorcycles and motorbikes	4542
15	Wholesale of machines, equipment and spare parts for agricultural machines	4653
16	Wholesale of machines, equipment and spare parts for other machines	4659
17	Manufacture of tires, rubber tires ; recycling rubber tires	2211
18	Manufacture of metal structures	2511
19	Mechanical processing, handling, and metal coating	2592
20	Manufacture of engines, turbines (except for aircraft, cars, motorcycles and motorbikes)	2811
21	Manufacture of equipment using extracted energies	2812
22	Manufacture of pumps, compressors, taps and valves (Details: manufacture of pumps and compressors)	2813
23	Manufacture of lifting, loading and unloading equipment	2816

24	Manufacture of bearings, gears, gearboxes, control and transmitting parts	2814
25	Manufacture of agricultural and forestial machines	2821
26	Manufacture of tool-making and metal-forming machines	2822
27	Manufacture of metallurgical plants	2823
28	Manufacture of mining and constructing machines	2824
29	Passenger Transportation in urban, suburban areas (excluding buses)	4931
30	Bus transportation	4920
31	Other passenger transportation	4932
32	Cargo services on land	4933
33	Rent of motorized vehicles	7710
34	Activities of head offices	7010
II	Directly related business lines	Business code
1	Forge, press, stamp and roll metal; metal powder	2591
2	Manufacture of other rubber products	2212
3	Other unclassified manufacture	3290
4	Repair fabricated metal products	3311
5	Repair of machinery	3312
6	Repair of other equipment	3319
7	Extract and collect hard coal	0510
8	Extract crude petroleum	0610
9	Extract iron ores	0710
10	Extract other non-ferrous metals	0722
11	Extract and collect lignite	0520
12	Extract rare metal ore	0730
13	Quarry stone, sand, gravel, clay	0810
14	Extract chemical and fertilizer minerals	0891
15	Extract and collect peat	0892
16	Extract salt	0893
17	Operate support services of other mining ores	0990
18	Other unclassified mining	0899

19	Manufacture metal tanks, reservoirs and containers	2512
20	Manufacture other unclassified metal products	2599
21	Housing Construction	4100
22	Construction of other civil engineering	4290
23	Installation of electrical system	4321
24	Installation of water systems, heating and air conditioning	4322
25	Other specialized construction activities	4390
26	Installation of industrial machinery and equipment	3320
27	Construction of railway and road	4210
28	Construction of public works	4220
29	Demolition	4311
30	Ground preparation	4312
31	Installation of other building systems	4329
32	Construction completing	4330
33	Agents, brokers, auction. Details: Agent, Broker (not including securities brokerage, insurance, real estate brokers and marriage with foreign elements)	4610
34	Providing food services under infrequent contract with customers (catering, meetings, weddings ...)	5621
35	Wholesale (excluding constitutionally prohibited)	4690
36	Warehousing and storage facilities	5210
37	Operate support services related to transportation	5229
38	Short-stay services	5510
39	Other accommodation establishments	5590
40	Restaurant and mobile catering services (not including bars, karaoke room, disco)	5610
41	Beverage services (excluding bars)	5630
42	Other catering services	5629
43	Management consultancy activities (not including legal consulting, finance, accounting, audit, tax and securities)	7020
44	Testing and technical analysis	7120
45	Trading of Real estate, land use rights of owner, owner-use or rental-use.	6810

	Details: Real Estate Business	
46	Related architectural activities and technical consultancy (except for project design services)	7110
47	Research and experimental development of natural sciences and engineering	7210
48	Market research and public opinion polls	7320
49	Advertising (not including tobacco advertising)	7310
50	Other unclassified professional activities, scientific and technical activities	7490
51	Rental of intangible nonfinancial assets	7740
52	Specialized design activities (excluding construction design services)	7410
53	Operation of the center, counseling agency, referrals and brokers of employment (excluding brokerage and referral, employment and labor supply for enterprises with labor export function and supplement, management of employees working abroad)	7810
54	Supply of temporary workers (excluding brokerage and referral, employment and labor supply for enterprises with labor export function and supplement, management of employees working abroad)	7820
55	Supply and management of labor (excluding brokerage and referral, employment and labor supply for enterprises with labor export function and supplement, management of employees working abroad)	7830
56	Travel Agents	7911
57	Tour operator	7912
58	Organization of introduction and trade promotion	8230
59	Other unclassified business support Services (excluding debt collection activities, legal consulting, finance, accounting, audit, tax and securities)	8299
60	Support services related to promotion and organization of tours (For business and industry with conditions, the Corporation shall conduct business when qualified as prescribed by law)	7920

5. Organizational structure

The organizational structure of Vietnam Motors Industry Corporation is currently held under the provisions of the Enterprise Acts 2005, Decision No. 1763/QĐ-BGTVT in 25/06/2010 of the Ministry of Transport on the transformation of Vietnam Motors Industry Corporation into a state-owned limited liability one member company and the charter for organization and operation of the Corporation approved by the Ministry of

Transport.

Under the current organizational structure, Vietnam Motors Industry Corporation is combination of member enterprises. The organizational structure includes (*details in Figure 1*):

- ***The Parent company:***

+ 05 dependent accounting units including:

BRANCH: DONG VANG I AUTOMOBILES FACTORY

Address: Hoang Ninh Township, Viet Yen Dist., Bac Giang Province.

BRANCH: MECHANICAL STRUCTURE FACTORY

Address: No. 199 Minh Khai Road, Hai Ba Trung Dist., Hanoi.

BRANCH: VINAMOTOR HOTEL

Address: No. 74B Binh Minh Road, Cua Lo Town, Nghe An Province.

BRANCH: LABOR EXPORT VINAMOTOR BRANCH

Address: No. 609 Truong Dinh Road, Hoang Mai Dist, Hanoi.

BRANCH: TRADING AND AUTOMOBILE INDUSTRY SERVICES COMPANY

Address: No. 199B Minh Khai Road, Hai Ba Trung Dist., Hanoi.

(Trading and automobile industry services company has been out of operation from 01/01/2011 is currently in the dissolution procedures)

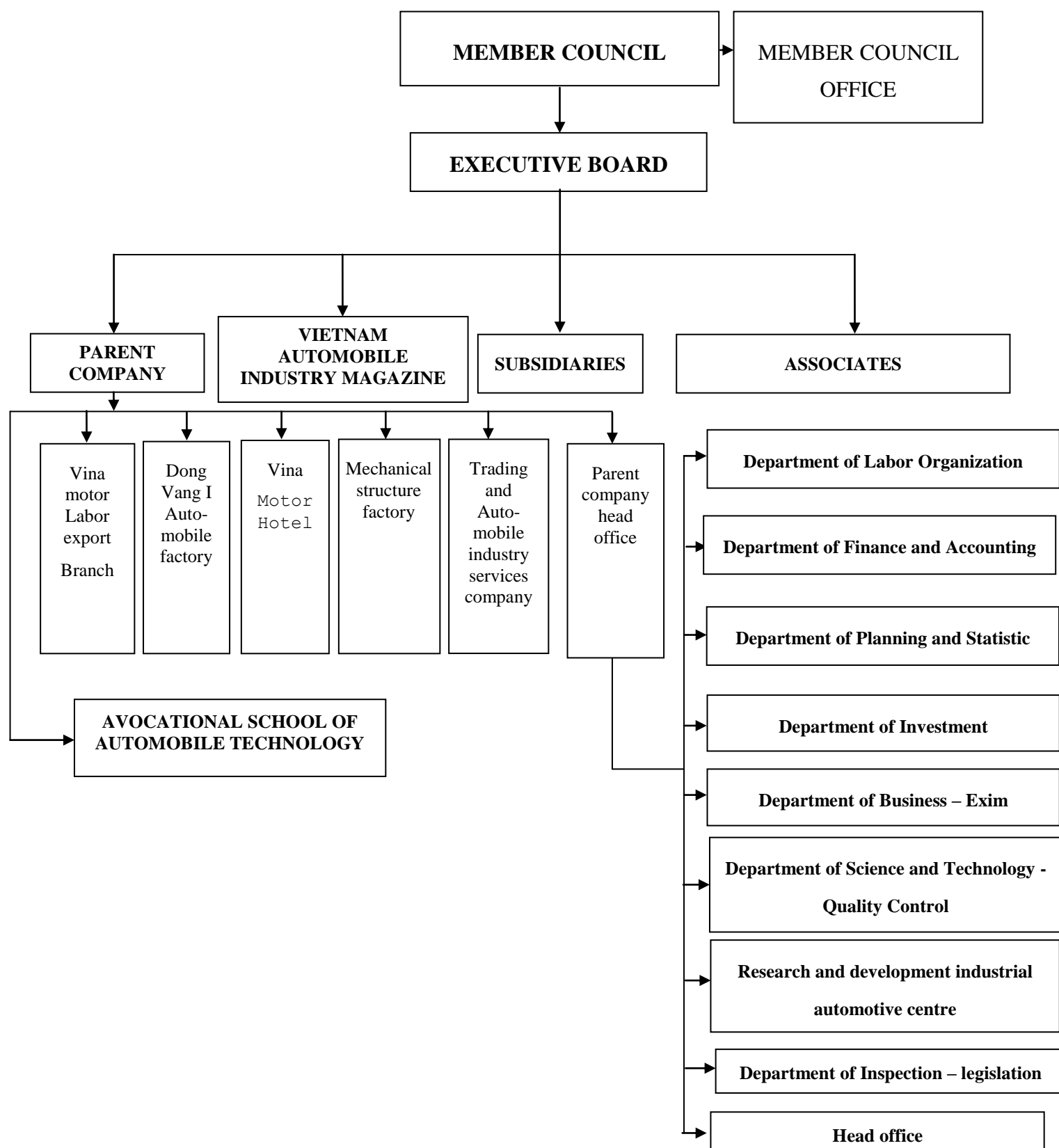
+ 01 business unit with revenue:

VOCATIONAL SCHOOL OF AUTOMOTIVE TECHNOLOGY

- ***Other subsidiaries:***

Including 01 business unit with revenue: Vietnam Automobile industry magazine; 14 subsidiaries (*the Corporation holds >50% charter capital*); 19 Associates (*the Corporation holds <50% charter capital*) and 02 joint venture companies. *Details are provided in Chart 2:*

**CHART 1 ORGANIZATIONAL STRUCTURE OF PARENT COMPANY –
VIETNAM MOTORS INDUSTRY CORPORATION**



**TABLE 3 LIST OF SUBSIDIARIES, ASSOCIATES, JOINT VENTURE COMPANIES OF
VIETNAM MOTORS INDUSTRY CORPORATION IN 30/06/2013**

No.	Enterprise name	State-owned capital based on book value at 30/06/2013	Capital ratio based on charter capital or actual capital
(1)	(2)	(4)	(5)
I	Subsidiaries		
1	Hue Automobile engineering JSC	3.876.000.000	51,0%
2	Truong Son Automobile Industry JSC	22.108.317.100	66,6%
3	Nghe An Automobile Mechanical JSC	5.753.840.000	51,0%
4	Hoa Binh Automobile Mechanical JSC	7.996.800.000	67,7%
5	Automobile Transport No. 2 JSC	18.384.000.000	73,5%
6	Automobile Transport No. 6 JSC	9.082.638.680	55,8%
7	Automobile Transport No. 10 JSC	2.968.350.000	70,0%
8	Vinamotor Investment JSC	27.391.810.000	86,6%
9	3-2 Automobile Mechanical JSC	30.512.960.000	56,7%
10	Machinery and Contruction JSC	2.254.580.000	78,7%
11	Ngo Gia Tu Stock company of Mechanical	96.475.030.476	100,0%
12	1-5 Automobile Ltd.	70.000.000.000	100,0%
13	Trading and Transport Investment company	27.548.897.123	100,0%

14	Da Nang Automobile Mechanical and Electric Equipment Company	40.786.093.531	100,0%
II	Associates, Joint ventures		
1	Hoa Binh associates of automobile Ltd.	44.520.528.409	29,2%
2	Hinomotor Vietnam associates Ltd.	29.764.125.599	33,0%
3	Vietnam Motors Can Tho JSC	60.828.610.000	48,7%
4	Nam Dinh Automobile Transport JSC	5.132.300.000	34,2%
5	Hanoi Construction consulting and Trading JSC	200.822.100	3,2%
6	CMC Investment JSC	2.550.000.000	8,4%
7	TMT automobile JSC	61.280.620.000	21,5%
8	Automobile Transport No. 4 JSC	1.378.820.189	31,9%
9	Truong An Sinh JSC	2.133.453.000	27,1%
10	Dai Mo rubber and plastics JSC	2.491.000.000	35,3%
11	30/4 Mechanical and Design consulting JSC	2.887.500.000	30,1%
12	19-8 Mechanical JSC	1.354.600.000	11,2%
13	Transport Investment and development JSC	7.334.000.000	43,9%
14	Labor export, Trading and Travel JSC	5.610.000.000	42,9%
15	Automobile Transport No. 8 JSC	4.721.660.000	23,6%
16	Automobile Transport No. 1 JSC	7.840.800.000	45,0%
17	Truong Tho Transport JSC	4.800.000.000	8,0%
18	120 Mechanical JSC	13.657.991.000	45,5%

19	Motor Service JSC	3.500.000.000	41,2%
20	Mechanical and Construction JSC	22.950.000.000	45,0%
21	Automobile Transport No. 5 JSC	4.245.000.000	49,4%
	Total	654.321.147.207	

Source: Vinamotor and Report on Enterprise evaluation

Notes: Ngo Gia Tu Stock company of mechanical and 1-5 automobile Ltd. is on the phase of equitization, the enterprise evaluation point in 30/06/2013.

At the point of 17/02/2014 the Parent company – Corporation has completed the divestment at: 30/4 Mechanical and Design consulting JSC, Labor export, Trading and Travel JSC, Nam Dinh Automobile Transport JSC; and decrease the portion of shares holding at Mechanical and Construction JSC from 45% down to 29,33% (equivalent to the value of 14.960.000.000 dong).

6. Main products and services

The Corporation's typical products and services are as follow:

- **Automobile products:** Passenger cars above 29 seats, trucks under 10 tons. Automobile products annually account for 90% of sales and profit of the Corporation.
- **Passager and cargo services on land:** These services annually account for 5-7% of sales and profit of the Corporation.
- **Others:** accounting for 3-5% of sales and profit of the Corporation annually.
 - **Auxiliary products:** automobile spare parts, steel structure.
 - **Construction of transport structures**
 - **Production of constructing machines:** Hot asphalt mixing plant, concrete batching plant, rock crushing and screening plant, etc.
 - **Some other services:** training, training and driving test, oil trading, warehousing premises, import and export of goods, tourism and hotel business and labor exports.

7. Labor status of the Corporation

7.1. Number of employees

As of 10/10/2013 – The date of the decision of approval of the enterprise value, Vietnam Motors Industry Corporation has a total of 360 employees including 247 male workers and 113 female workers.

7.2. Quality of Human resources through years

TABLE 4: QUALITY OF HUMAN RESOURCES THROUGH YEARS

No.	Qualifications	2010	2011	2012	10/10/2013
1	Graduate	4	6	10	7
2	Undergraduate, College	230	209	219	168
3	Avocation	31	33	13	29
4	Technical workers	189	164	151	125
5	Others	39	42	47	31
	Total	493	454	440	360

7.3. Labor usage

In recent years, the Human resources and labor usage of the Corporation is always

one of the most important concerns.

For seasonal labor contract: serving the needs of factories, construction sites ; the Corporation always pay close attention to reviewing and adjusting the quality accrodingly to the business demand in each period to ensure a stable minimun income level for staff and employees. Insurance is included in salaries, with completed labot contract.

For contract with term undefined : the Corporation sign a full labor contract and completely apply regimes of provisions on salary such as health, social, unemployed insurance, Union fee.

7.4. The average labor income through years

TABLE 5: AVERAGE LABOR INCOME

No.	Items	2010	2011	2012	2013 (expected)
1	Average income per month (<i>mil. dong/person</i>)	3,1	3,8	4,0	4,0

The Corporation always cares about the human resource development, training a young talented staff and building mechanisms to attract human resource with high quality for the demand of the Corporation. Annually, the Corporation always provide training, workshop to enhance skills for workers and technicians in the form of training and saving.

8. Sources of materials

– **Sources of materials:** Sources of input materials for production are purchased at domestic market and from imports, such as County, Mighty car components, tires, batteries ...; paint, glue, gasoline, oil, grease, coolant, etc.

– **The stability of the sources of materials:**

For domestic components and raw materials for production, such as tires, batteries, paint, glue, gasoline, oil, coolant, etc., Vinamotor have a stable supply from major partners such as CASUMINA , Pinaco, etc. Suppliers are big, meeting the supply of goods: quantity, quality, schedule, prices consistent with the policy of quality and price Vinamotor.

For imported car parts, due to many objective factors, the period of 2011-2013 suffers many disruptions in supply. Currently, Vinamotor is actively negotiating with its foreign partners to stablize its supply input.

– **The effect of raw material cost to sales and profits:** because of the imported

and domestic raw materials account for large proportion of total product costs of the Corporation, so the price fluctuations of raw materials can strongly affect the price of products and thus affect the profit of the main business operations.

9. Production costs

9.1 Propotion of costs over revenue

TABLE 6: PROPOTION OF COSTS OVER NET SALES

Unit : VND

Items	2010		2011		2012		6 month 2013	
	Value (VND)	Percent of net sale (%)	Value (VND)	Percent of net sale (%)	Value (VND)	Percent of net sale (%)	Value (VND)	Percent of net sale (%)
COGS	463.736.272.368	91,01	309.621.095.754	92,53	299.160.500.217	89,71	40.111.398.837	78,62
Financial costs	201.620.187.221	39,57	63.898.365.940	19,10	31.166.485.172	9,35	12.843.338.926	25,17
<i>Including interest cost</i>	57.379.685.371	11,26	14.985.271.700	4,48	10.231.626.884	3,07	6.346.891.804	12,44
Sale costs	4.572.741.541	0,90	1.127.922.898	0,34	733.416.579	0,22	339.206.647	0,66
Management costs	97.726.529.233	19,18	40.202.326.054	12,01	54.062.529.664	16,21	32.328.113.946	63,37

Source: Audited financial statements 2010, 2011, 2012 and 6 months of 2013 of

Vinamotor

In the first six months of year 2013, due to the uncertainty in the supply of components from leading manufacturers Hyundai, there is no revenue from production and business activities of corporations. Meanwhile, according to the rules and practices of business and production activities, the cost of business management such as depreciation expense, rent, salaries for indirect departments, office costs ... still arise and recorded in a full accounting which leads to the increases in the proportion of administrative expenses/ net revenue in the first six months of 2013 compared with the previous year.

9.2 Analysis of production cost fluctuations.

In the period of 2010 – 2013, the production inputs of Vinamotor have an increasing trend: raw material prices , interest rates , wages of employees , the cost of gasoline and electricity and water.... has pushed the costs and cost of goods sold of Vinamotor up. In 2010, the increasing interest expense has pushed financing costs of the company to 39.57 % , greatly influenced the outcome of the enterprise business. Through 2011, 2012, the financing costs of the Corporation has fallen to a more

reasonable level, but beyond the reason of past declining interest rates, in this phase, the interruption of supply make the Corporation impossible to promote many sources of capital for production and business . In addition, the competitive pressure of companies in the same industry, especially competition in price and sales policies, management has posed Vinamotor many challenges in maintaining the steady level of increasement in cost of sales and management expenses while ensuring reasonable profits.

10. Technologies and Production capacity

Under the pressure of competition from the major foreign automobile manufacturers, to maintain and sustain market share, Vietnam Motors Industry Corporation has employed both internal resources and external resources, and maximized available potentials to innvate technologies, equipment and increase production capacity. Specifically:

10.1 Technology and technological innovation

The Corporation has implemented many Contracts on technology transfer and associated with reputable partners improve its production capacity at some products such as: the transfer of truck, bus assembling technology with Huyndai Motor, agreement on technical lisenace with Huyndai Motor, automobile co-production agreement with Siemens (Germany).

10.2 Equipment and production capacity

With the production line transferred from prestigious manufacturers in countries such as South Korea, Germany,etc.; infrastructure investment and construction all in accordance with the technical requirements of the technology transfer, output produced and assembled from imported components, the Corporation could meet the market demand for the products of the business. Production capacity of some existing products of the Corporation are as follows:

- + Medium-size Bus, County 25 -29: equivalent to 3,000 units/year;
- + Light truck, Mighty HD65, HD72: equivalent to 5,000 units/year.

10.3 Direction for production technology development

In recent years, Vinamotor focus on these following fields:

Research, application, acquisition and transfer of technology in the field of research, development and design of new products;

Research, application and appling advanced technology to improve productivity and quality;

Research the technology of manufacturing gearbox, clutch, axles for automobiles for domestic production to enhance the localization rate;

Research the technology of manufacturing full force-bearing body, body with self-navigating array that do not require metal processing;

Proactively approach, applied research and implement the internal combustion engines using green fuels such as natural gas to produce green buses;

Update advanced standards, and selectively apply them to improve product quality.

11. Research and development of new products

Currently, Vinamotor has its research and development center (R&D) with modern equipment and professional team of qualified engineers to continually improve technologies and techniques to enhance productivity and product quality to meet the highest requirements of customers. R&D Center of the Corporation are undertaking research and development program as follows:

- Bus using CNG engines;
- Hybrid passager cars;
- Light truck 1.0 – 3.5 tons.

12. Products and services quality control

Quality Management System in use: Currently Vinamotor applied system standard ISO 9001 - 2008 and the Program "5S" (in Vietnamese) in Japan with the slogan "Screening, Sorting, Care, Clean, Ready". The ISO systems alone is built based on the drafted document HQS – 2000 transfer from Hyundai.

Quality control department of the Corporation: Vinamotor have a thorough and competent quality control system. Right from production at the factory, the quality control room at the plant have inspected and supervised the manufacturing, and testing process, the department of Science and Technology - Quality Management will provide post-test inspection.

13. Marketing activities

Facing the pressure of fierce competition in the market, company executives have taken many measures to stabilize and grow the company's market share. Besides the solutions of improving quality and developing new products, the Corporation is also specially interested in marketing activities to promote the image and products of Vinamotor and the unit members.

After years of development, Vinamotor has already designed a synchronized marketing program, this program is designed to find out details from the needs and product advice to clients, quality and volume management in the production process, delivery to assessing the level of satisfaction and competently assess and solve



customers' complaints about products Vinamotor.

Besides researching to meet customer demand, the Corporation is focusing on product marketing activities, as well as strengthening its image and relationships with customers through programs such as ad on products and corporate images newspapers, professional journals such as: Vietnam Journal of Manufacturing, Vietnam Mechanical Engineering magazine, Transport newspaper, etc., and at stores, showrooms ; improving, updating information on the website www.vinamotor.vn

14. Trademarks, registered patents and copyrights

In order to build the Vietnam Motors Industry Corporation brand and protect the enterprise from the issues of infringing trademarks, copyright from the competition, Vinamotor has actively registered to protect many famous trademarks of the Corporation. Currently, Vinamotor has already held certification trademark registration from Intellectual Property Department (Ministry of Science and Technology) for the trademark forms as follows:

TABLE 7: TRADEMARKS

No.	Name	Images	Expire date
1	VINAMOTOR		28/11/2013 (renewing)
2	TRANSINCO	-	25/10/2021
3	TRANSINCO		04/07/2013 (renewing)

15. Large implementing or signed contracts

Currently, Vinamotor is implementing or have signed a number of contracts represented as follows:

TABLE 8: TYPICAL CONTRACTS

No.	Contract No.	Value	Content	Partner	Implementing time
1	10/HGI-VINAMOTOR/2012	892.708,80 USD	Provide components	Hyundai Global Investment Co.,Ltd	2012 - 2013
2	17/HGI-	922.708,80 USD	Provide components	Hyundai Global	2012 -

No.	Contract No.	Value	Content	Partner	Implementing time
	VINAMOTOR/2012			Investment Co.,Ltd	2013
3	Contract No. 18/HGI-VINAMOTOR/2012	952.708,80 USD	Provide components	Hyundai Global Investment Co.,Ltd	2012 - 2013
4	42/HĐMB/2012-VM	40 billion VND	Sale of products	HMT Vietnam International JSC	2012 - 2013
5	49/HĐMB/2012-VM	15 billion VND	Sale of products	Dai Loc Co., Ltd	2012 - 2013
6	79/HĐMB/2012-VM	10 billion VND	Sale of products	Northern Import-Export JSC	2012 - 2013
7	20/HĐMB/VINAMOTOR-ĐL/2013	8 billion VND	Sale of products	Dai Loi Auto Ltd.	2012 - 2013

Source: Vinamotor

16. The financial situation in the 3 years prior to equitization.

16.1.Assets and Capital status of the Parent company

In the 3 years prior to equitization, financial situation of Vietnam Motors Industry Corporation is expressed through a number of the following information:

TABLE 9 : FINANCIAL STATUS OF THE PARENT COMPANY IN THE PERIOD OF 2010 - 2013

Unit: VND

No.	Item	2010	2011	2012	30/06/2013
	TOTAL ASSETS	1.030.820.328.299	820.676.516.242	795.875.857.644	774.916.230.657
I	Current assets	335.836.124.520	133.667.773.651	149.351.003.446	169.249.303.996
1	Cash and cash equivalents	9.100.234.373	24.912.353.182	22.964.520.339	17.673.127.749
2	Short-term financial investments	1.635.100.000	237.460.000	35.191.392.000	27.092.438.000
3	Receivables	57.249.002.652	60.169.708.927	57.192.872.494	70.959.517.147
4	Inventories	242.141.547.607	35.827.212.332	9.564.314.068	31.573.666.820

No.	Item	2010	2011	2012	30/06/2013
5	Other current assets	25.710.239.888	12.521.039.210	24.437.904.545	21.950.554.280
II	Noncurrent assets	694.984.203.779	687.008.742.591	646.524.854.198	605.666.926.661
1	Fixed assets	159.787.263.040	149.053.442.444	102.820.524.943	103.261.365.237
2	Long-term financial investments	533.856.900.994	537.338.939.086	542.317.310.906	501.735.649.154
3	Other noncurrent assets	1.340.039.745	616.361.061	1.387.018.349	669.912.270
	TOTAL CAPITAL	1.030.820.328.299	820.676.516.242	795.875.857.644	774.916.230.657
III	Liabilities	450.416.748.759	225.287.832.908	211.504.747.724	200.118.456.611
1	Current liabilities	445.536.292.328	220.148.521.132	207.546.562.938	197.007.266.736
2	Noncurrent liabilities	4.880.456.431	5.139.311.776	3.958.184.786	3.111.189.875
IV	Equity	580.403.579.540	595.388.683.334	584.371.109.920	574.797.774.046
1	Equity capital	578.932.042.434	593.917.146.228	582.597.572.814	574.797.774.046
	Including: <i>Equity invested capital</i>	704.920.474.429	720.674.599.929	706.528.290.087	706.916.675.426
2	Other funds and sources of fund	1.471.537.106	1.471.537.106	1.773.537.106	-

(Sources: Audited FS 2010, 2011, 2012 and 6 months 2013 of the Parent company)

16.2. Financial investment in other enterprises

As of the date of 30.06.2013, The parent company - Vietnam Motors Industry Corporation is managing the State capital investments in 14 subsidiaries, 19 associated companies (less than 50% of charter capital) and 02 joint venture companies with a total capital stated at the books at the same time 654.321.147.207 VND. Specifically as follows:

TABLE 10: LIST OF FINANCIAL INVESTMENT OF THE PARENT COMPANY – VIETNAM MOTORS INDUSTRY CORPORATION TO THE DATE OF 30/06/2013

Unit: VND

No.	Company name	Book value	Value based on post-adjusted calculation	Revaluated value based on Article 33 Decree 59	Difference
(1)	(2)	(3)	(4)	(5)	(6)=(5)-(3)
I	Subsidiaries				
1	Hue Automobile engineering JSC	3.876.000.000	5.121.246.438	5.121.246.438	1.245.246.438
2	Truong Son Automobile Industry JSC	22.108.317.100	3.380.705.508	22.108.317.100	0
3	Nghe An Automobile Mechanical JSC	5.753.840.000	8.466.464.414	8.466.464.414	2.712.624.414
4	Hoa Binh Automobile Mechanical JSC	7.996.800.000	(6.751.744.118)	7.996.800.000	0
5	Automobile Transport No. 2 JSC	18.384.000.000	29.308.909.313	29.308.909.313	10.924.909.313
6	Automobile Transport No. 6 JSC	9.082.638.680	(3.074.259.492)	9.082.638.680	0
7	Automobile Transport No. 10 JSC	2.968.350.000	5.177.715.340	5.177.715.340	2.209.365.340
8	Vinamotor Investment JSC	27.391.810.000	32.265.038.207	32.265.038.207	4.873.228.207
9	3-2 Automobile Mechanical JSC	30.512.960.000	43.116.600.739	43.116.600.739	12.603.640.739

No.	Company name	Book value	Value based on post-adjusted calculation	Revaluated value based on Article 33 Decree 59	Difference
10	Machinery and Contruction JSC	2.254.580.000	2.421.128.677	2.421.128.677	166.548.677
11	Ngo Gia Tu Stock company of Mechanical	96.475.030.476	106.172.340.360	106.172.340.360	9.697.309.884
12	1-5 Automobile Ltd.	70.000.000.000	71.956.136.017	71.956.136.017	1.956.136.017
13	Trading and Transport Investment company	27.548.897.123	-	-	0
14	Da Nang Automobile Mechanical and Electric Equipment Company	40.786.093.531	-	-	0
II	Associates, Joint ventures				
1	Hoa Binh associates of automobile Ltd.	44.520.528.409	47.637.682.118	47.637.682.118	3.117.153.709
2	Hinomotor Vietnam associates Ltd.	29.764.125.599	24.799.767.602	29.764.125.599	-
3	Vietnam Motors Can Tho JSC	60.828.610.000	20.512.332.020	60.828.610.000	0
4	Nam Dinh Automobile Transport JSC	5.132.300.000	9.287.110.729	9.287.110.729	4.154.810.729
5	Hanoi Construction consulting and Tranding JSC	200.822.100	169.988.512	200.822.100	0
6	CMC Investment JSC	2.550.000.000	1.759.500.000	1.759.500.000	-790.500.000
7	TMT automobile JSC	61.280.620.000	36.155.565.800	36.155.565.800	-25.125.054.200

No.	Company name	Book value	Value based on post-adjusted calculation	Revaluated value based on Article 33 Decree 59	Difference
8	Automobile Transport No. 4 JSC	1.378.820.189	1.042.062.865	1.378.820.189	0
9	Truong An Sinh JSC	2.133.453.000	2.059.487.865	2.133.453.000	0
10	Dai Mo rubber and plastics JSC	2.491.000.000	3.177.418.668	3.177.418.668	686.418.668
11	30/4 Mechanical and Design consulting JSC	2.887.500.000	3.132.334.048	3.132.334.048	244.834.048
12	19-8 Mechanical JSC	1.354.600.000	2.921.570.415	2.921.570.415	1.566.970.415
13	Transport Investment and development JSC	7.334.000.000	13.417.429.939	13.417.429.939	6.083.429.939
14	Labor export, Trading and Travel JSC	5.610.000.000	6.154.673.965	6.154.673.965	544.673.965
15	Automobile Transport No. 8 JSC	4.721.660.000	7.265.657.813	7.265.657.813	2.543.997.813
16	Automobile Transport No. 1 JSC	7.840.800.000	10.246.667.057	10.246.667.057	2.405.867.057
17	Truong Tho Transport JSC	4.800.000.000	5.765.934.150	5.765.934.150	965.934.150
18	120 Mechanical JSC	13.657.991.000	15.035.094.283	15.035.094.283	1.377.103.283
19	Motor Service JSC	3.500.000.000	3.638.079.598	3.638.079.598	138.079.598
20	Mechanical and Construction JSC	22.950.000.000	38.381.953.602	38.381.953.602	15.431.953.602

No.	Company name	Book value	Value based on post-adjusted calculation	Revaluated value based on Article 33 Decree 59	Difference
21	Automobile Transport No. 5 JSC	4.245.000.000	4.427.413.860	4.427.413.860	182.413.860
	TOTAL	654.321.147.207	-	645.903.252.217	(8.417.894.990)

Source: Report on Enterprise Evaluation

Notes:

- *Ngo Gia Tu company of mechanical, Ltd. and 1-5 automobile Ltd. is on the phase of equitization, the enterprise evaluation point in 30/06/2013.*
- *Two companies, Transport Investment and Trading and Danang Mechanical Automobile and Electric Equipment: The Government Office has issued document No. 7849/VPCP-ĐMDN dated 19/9/2013 and the Ministry of Transport has issued document No. 10255/BGTVT-QLDN dated 27/9/2013 on the approval to split these two companies when conducting the enterprise evaluation for equitization of The Parent company – Corporation. Thus the equity capital of The Parent company – Corporation is excluded in evaluating these two companies.*
- *Two companies, Hoa Binh is revaluated based on point a,b,d – Clause 1, Article 33 in accordance with Document of the Office of the Government, the Ministry of Transport, the Ministry of Finance, and Document No 1188/TCKT-TCT dated 23/12/2013.*

TABLE 11: RESULTS OF BUSINESS OPERATION OF MEMBER UNITS

Unit: Million VND

No.	Company name	Address	Net sales		Net income after tax		Dividend 2012
			2012	6T/2013	2012	6T/2013	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I	Subsidiaries						
1	Hue Automobile engineering JSC	No. 38 Ho Duc Di, Hue City	24.685	15.375	(4.416)	389	-
2	Truong Son Automobile Industry JSC	Road D2, Bac Vinh Industrial Zone, Vinh City, Nghe An Province	0	0	(5.167)	4.277	-
3	Nghe An Automobile Mechanical JSC	No. 212, Road Le Loi, Le Loi Dist., Vinh City, Nghe An Province	140.767	53.312	1.800	646	15%
4	Hoa Binh Automobile Mechanical JSC	No. 44 Trieu Khuc, Thanh Xuan Dist, Hanoi	4.806	1.499	(1.236)	208	-
5	Automobile Transport No. 2 JSC	No. 62, Hoa Lam, Long Bien Dist., Hanoi	58.405	26.373	4.670	1130	10%
6	Automobile Transport No. 6 JSC	No. 75, Nguyen Luong Bang Road, Lien Chieu Dist., Da Nang City	34.683	11.132	196	353	-

No.	Company name	Address	Net sales		Net income after tax		Devidend
7	Automobile Transport No. 10 JSC	No. 3/1 Bac Can Road, Hoang Van Thu Ward, Thai Nguyen City	31.288	18.993	435	210	7%
8	Vinamotor Investment JSC	No 35B Nguyen Huy Tuong Road, Thanh Xuan Dist., Ha Noi	51.974	16.431	3.672	1.698	13%
9	3-2 Automobile Mechanical JSC	No. 18 Giai Phong Road - Dong Da – Hanoi	376.188	156.675	7854	6.883	10%
10	Machinery and Contruction JSC	No. 19B, alley 32/2, Bui Road, Ngoc Khanh Str., Ba Dinh Dist., Hanoi	30.888	14.702	692	220	5%
11	Ngo Gia Tu Stock company of Mechanical	No. 16 Phan Chu Trinh, Hoan Kiem Dist., Hanoi	225.056	72.841	162	(10.276)	-
12	1-5 Automobile Ltd.	53, Dong Anh Town, Dong Anh Dist., Hanoi	365.316	108.426	30	(62.968)	-
13	Trading and Transport Investment company	160 Le Trong Tan Str., Thanh Xuan Dist, Hanoi	0	0	(356)	0	-
14	Da Nang Automobile Mechanical and Electric Equipment Company	149 Tran Phu Str., Da Nang City	31.732	16.788	(9.207)	(6.932)	-
II	Associates, Joint ventures						-

No.	Company name	Address	Net sales		Net income after tax		Devidend
1	Hoa Binh associates of automobile Ltd.	No. 53 Trieu Khuc, Thanh Xuan Dist, Hanoi	158.003		213		-
2	Hinomotor Vietnam associates Ltd.	Hoang Liet Ward, Hoang Mai Dist., Hanoi	712.339		32.907		-
3	Vietnam Motors Can Tho JSC	Block 2-10, Tra Noc II Industrial Zone, O Mon Dist, Can Tho City	125.248	891	(25.635)	(1.155)	-
4	Nam Dinh Automobile Transport JSC	Km 2, Dien Bien Road, Nam Dinh City	51.868	26.775	91	3.556	-
5	Hanoi Construction consulting and Tranding JSC	199 Minh Khai, Hai Ba Trung Dist., Hanoi	1.097	0	4	0	-
6	CMC Investment JSC	Alley 83, Ngoc Hoi Road, Hoang Liet Ward, Hoang Mai Dist., Hanoi	27.987	11.826	721	1.436	-
7	TMT automobile JSC	199B, Minh Khai, Hai Ba Trung, Hanoi	488.469	175.831	1.196	(7.741)	-
8	Automobile Transport No. 4 JSC	Bac Son Ward, Tam Diep, Ninh Binh	12.285		(900)		-
9	Truong An Sinh JSC	199 Minh Khai, Hai Ba Trung, Hanoi	9.158		772		13%

No.	Company name	Address	Net sales		Net income after tax		Devidend
10	Dai Mo rubber and plastics JSC	Dai Mo, Tu Liem, Hanoi	14.173	5.460	105	100	-
11	30/4 Mechanical and Design consulting JSC	Trau Quy Town, Gia Lam, Hanoi	31.078	6.898	379	0	-
12	19-8 Mechanical JSC	Minh Tri, Soc Son, Hanoi	225.212		11.844		30%
13	Transport Investment and development JSC	65 Cam Hoi, Hai Ba Trung, Hanoi	50.464	25.034	2.100	599	8%
14	Labor export, Trading and Travel JSC	No. 50, alley 125, Nguyen Ngoc Vu, Trung Hoa, Cau Giay Dist., Hanoi	26.772	0	1.368	0	12%
15	Automobile Transport No. 8 JSC	No. 7 Luong Yen, Bach Dang, Hai Ba Trung, Hanoi	60.538	28.845	2.190	1.471	8%
16	Automobile Transport No. 1 JSC	150 zone II, Quan Toan Ward, Hong Bang Dist., Hai Phong City	160.018	85.181	1.637	652	10%
17	Truong Tho Transport JSC	Zone 7, Truong Tho Ward, Thu Duc Dist., HCM City	59.692	0	12.669	0	-
18	120 Mechanical JSC	No. 609, Truong Dinh Str., Giap Bat Ward, Hoang Mai Dist., Hanoi	6.878	10.720	(4.195)	(549)	-

No.	Company name	Address	Net sales		Net income after tax		Devidend
19	Motor Service JSC	18 Giai Phong, Đông Đa, Hanoi	81.898	31.847	648	279	7%
20	Mechanical and Construction JSC	No. 01, zone 7, Truong Tho Ward, Thu Duc Dist., HCM City	942.025	489.368	32.670	12.197	25%
21	Automobile Transport No. 5 JSC	Quan Bau Ward, Vinh City, Nghe An Province	46.928	25.090	925	466	8%

16.2. Fixed assets of parent company – Vietnam Motors industry corporation

As at the time of company valuation (30/06/2013), fixed assets of the parent company - Vietnam Motors industry corporation are shown in the table below:

Table 12: FIXED ASSETS

No.	Item	Revalued cost (VND)	Remaining value (VND)
1	Tangible assets	299,070,097,639	166,012,898,082
a	Buildings and structures	234,222,331,439	138,389,893,956
b	Machinery and equipment	53,112,683,387	23,685,143,126
c	Means of transport	10,657,144,862	3,659,452,933
d	Equipment, management tools	629,342,067	135,384,796
e	Other fixed assets	448,595,885	143,023,270
2	Intangible assets	797,538,009	360,218,542
a	Land use right	626,467,000	360,218,542
b	Computer software	171,071,009	0

(Source: Report on company valuation)

16.3. Liabilities status of Vietnam Motors Industry Corporation

The financial status of Vietnam Motors Industry Corporation in 3 years prior to equitization is shown under a number of information as follow:

TABLE 13: LIABILITIES STATUS – PARENT COMPANY

Unit: VND

Items	2010	2011	2012	30/06/2013	30/06/2013 (re-evaluated)
A. Receivables	57.249.002.652	60.169.708.927	57.192.872.494	70.959.517.147	112.992.242.984
1. Receivables from customers	46.885.933.594	46.526.375.370	52.068.278.652	49.187.602.154	49.199.144.814
2. Prepaid expenses to suppliers	5.857.602.241	18.164.827.163	3.085.753.773	9.680.941.095	9.680.941.095
3. Short-term internal receivables	32.606.676.436	19.972.506.607	19.689.013.817	20.882.310.519	21.587.092.384

Items	2010	2011	2012	30/06/2013	30/06/2013 (re-evaluated)
4. Other receivables	16.718.693.131	19.897.845.537	24.285.215.391	32.525.064.691	32.525.064.691
5. Provisions for short-term doubtful receivables	(44.819.902.750)	(44.391.845.750)	(41.935.389.139)	(41.316.401.312)	-
B. Payables	450.416.748.759	225.287.832.908	211.504.747.724	200.118.456.611	181.336.230.541
I. Current liabilities	445.536.292.328	220.148.521.132	207.546.562.938	197.007.266.736	178.225.040.666
1. Short-term borrowings	234.955.234.262	79.382.412.872	52.167.652.302	583.681.000	583.681.000
2. Payables to suppliers	44.909.072.702	29.616.586.124	39.759.877.877	64.648.184.909	64.648.184.909
3. Advances from customers	77.226.588.611	29.046.633.852	16.162.002.943	12.896.661.880	12.896.661.880
4. Tax payables	21.443.471.868	17.417.978.182	39.431.459.596	54.102.161.261	54.102.161.261
5. Payables to employees	721.654.144	2.569.783.537	1.766.473.095	867.569.290	867.569.290
6. Accrued expenses	23.273.777.266	31.091.638.258	11.962.118.455	10.125.073.074	10.125.073.074
7. Internal payables	12.474.016.941	2.424.368.435	2.323.178.460	2.056.986.396	2.056.986.396
8. Other current liabilities	27.732.809.723	26.278.985.152	42.084.486.398	50.398.613.498	31.616.387.428
9. Welfare fund	2.799.666.811	2.320.134.720	1.889.313.812	1.328.335.428	1.328.335.428
II. Noncurrent liabilities	4.880.456.431	5.139.311.776	3.958.184.786	3.111.189.875	3.111.189.875
1. Other long-term payables	1.506.621.066	3.546.937.261	2.330.144.642	1.304.949.731	1.304.949.731
2. Long-term borrowings	1.768.714.228	324.240.144	1.474.240.144	1.474.240.144	1.474.240.144
3. Allowance for job loss	681.308.137	591.512.460	-	-	-
4. Unearned revenue	923.813.000	676.621.911	153.800.000	332.000.000	332.000.000

(Sources: Audited FS 2010, 2011, 2012, 6 month 2013 of the Parent company and Report on Enterprise Evaluation)

16.4. Balance of funds in equity of the Parent company – the Corporation

TABLE 14: BALANCE OF FUNDS

Unit: VND

Items	2010	2011	2012	30/06/2013	30/06/2013 (re-evaluated)
I. Equity	578.932.042.434	593.917.146.228	582.597.572.814	574.797.774.046	860.161.728.057
1. Invested equity capital	704.920.474.429	720.674.599.929	706.528.290.087	706.916.675.426	872.085.509.919

Items	2010	2011	2012	30/06/2013	30/06/2013 (re-evaluated)
2. Foreign exchange differences	-	(2.758.345.984)	-	-	-
3. Investment and development fund	7.978.335.327	7.978.335.327	7.978.335.327	8.908.596.354	8.908.596.354
4. Fund financial reserve	5.942.775.780	5.942.775.780	5.942.775.780	5.942.775.780	-
5. Other funds in equity	30.771.912.148	31.623.579.611	-	1.015.881.042	1.015.881.042
6. Retained earning	(173.755.580.173)	(172.617.923.358)	(172.884.116.292)	(164.236.216.398)	(168.034.763.798)
7. Fund from CIP	3.074.124.923	3.074.124.923	3.074.124.923	3.074.124.923	3.074.124.923
8. Fund for business rearrangement	-	-	31.958.162.989	13.175.936.919	-
9. Differences upon asset revaluation	-	-	-	-	143.112.379.617
II. Other sources of fund	1.471.537.106	1.471.537.106	1.773.537.106	-	-
1. Funds	455.656.064	455.656.064	757.656.064	-	-
2. Fund invested in fixed assets	1.015.881.042	1.015.881.042	1.015.881.042	-	-
Total	580.403.579.540	595.388.683.334	584.371.109.920	574.797.774.046	860.161.728.057

(Source: Audited FS 2010, 2011, 2012, 6 months 2013 of the Parent company and Report on Enterprise Evaluation)

17. Operating results in 3 years prior to equitization

17.1 Operating results on the consolidated financial statements

TABLE 15: CONSOLIDATED OPERATING RESULTS

Unit: VND

No.	Items	2010	2011	2012	30/06/2013
1	Total assets	2.473.383.260.511	2.101.480.109.938	2.104.070.039.713	1.956.834.412.424
2	Invested equity capital	704.920.474.429	720.674.599.929	706.528.290.087	706.916.675.426
3	Equity capital	728.436.667.547	614.756.295.518	615.932.843.408	526.695.178.597

No.	Items	2010	2011	2012	30/06/2013
4	Net sales	1.824.185.416.930	1.769.278.154.010	1.709.275.966.665	563.565.509.690
5	Cost of goods sold	1.623.210.695.724	1.540.919.114.406	1.479.103.961.363	518.193.418.006
6	Gross profit of warranty and service provide	200.974.721.206	228.359.039.604	230.172.005.302	45.372.091.684
7	Pre-tax income	(62.368.700.590)	11.522.922.475	16.738.914.892	(52.059.157.293)
8	Current corporate tax	9.936.304.583	6.842.219.557	4.217.881.734	2.671.232.983
9	Deferred corporate tax	66.728.915	-	-	-
10	After-tax income to minority interest	3.278.430.388	(370.931.514)	1.757.709.318	6.007.399.973
11	After-tax income to the Parent company	(75.650.164.476)	5.051.634.432	10.763.323.840	(60.737.790.249)

(Source: Consolidated FS 2010, 2011, 2012 and 6M/2013)

In 2010, implementing the guidelines of the Ministry of Transport to review the report on current financial state as a basis for formulating a scheme of restructuring, the Corporation shall classify and perform provisioning expenses: provision for long-term financial investment, provision for devaluation of stocks, provision for bad debt... This is the remaining expenses from the previous year but not recorded. On the basis of the report of the Corporation, the Ministry of Transport has decided to approve the Restructuring Plan, so when starting recording, the Corporation incurred extraordinary losses in 2010.

In the first 6 months of 2013, in the consolidated data of the Corporation (including parent company and subsidiaries), the net income is less than 0. This is due to the revaluation of corporation value to equitize in 2 subsidiaries: Ngo Gia Tu mechanical limited liability company and 1-5 Motors limited liability company. The results of company valuation of these companies are approved by the Ministry of Transport and currently, they've finished initial public auction of shares.

17.2 Operating results of the Parent company

TABLE 16: OPERATING RESULTS OF THE PARENT COMPANY

No.	Items	Unit	2010	2011	2012	30/06/2013
1	Total assets	VND	1,030,820,328,299	820,676,516,242	795,875,857,644	774,916,230,657
2	Invested equity	VND	704,920,474,429	720,674,599,929	706,528,290,087	706,916,675,426

No.	Items	Unit	2010	2011	2012	30/06/2013
	capital					
3	Equity capital	VND	578,932,042,434	593,917,146,228	582,597,572,814	574,797,774,046
4	Short – term debt	VND	445,536,292,328	220,148,521,132	207,546,562,938	197,007,266,736
	<i>In which, overdue</i>	VND	-	-	-	-
5	Long-term debt	VND	4,880,456,431	5,139,311,776	3,958,184,786	3,111,189,875
	<i>In which, overdue</i>	VND	-	-	-	-
6	Bad det	VND	-	-	-	-
7	Total revenue	VND	577,188,691,200	416,832,275,569	390,841,453,272	99,357,462,165
8	Total cost	VND	769,850,743,632	415,970,804,539	389,482,981,160	89,924,957,308
4	Net sales	VND	509,555,143,887	334,625,418,171	333,489,291,135	51,018,304,135
5	Cost of goods sold	VND	463,736,272,368	309,621,095,754	299,160,500,217	40,111,398,837
6	Gross profit of warranty and service provide	VND	45,818,871,519	25,004,322,417	34,328,790,918	10,906,905,298
7	Pre-tax income	VND	(192,662,052,432)	861,471,030	1,358,472,112	9,432,504,857
8	Corporate tax	VND	-	-	-	-
9	After-tax income	VND	(192,662,052,432)	861,471,030	1,358,472,112	9,432,504,857
15	Net income/owner's equity	%	(27,33)	0,12	0,19	1,33
16	Total salary fund	M.VND	18,339.6	20,702.4	21,120	19,344
10	Total employees	Person	493	454	440	403
11	Average income	M.VND /p/m	3.1	3.8	4.0	4.0

(Source: Audted FS 2010, 2011, 2012 and 6 month 2013 of the Parent company)

17.3 Factors affecting production and business activities

In recent years, due to strong competition from foreign companies and domestic companies, Vietnam Motors Industry Corporation has actively completed strict management mechanism, in accordance with the regime for capacity addition competitive enterprises. However, the Corporation also currently continues to suffer

internal difficulties that existed prior to the conversion to a Limited company. This affects production and business activities such as:

There are also a number of investment units of the Corporation with negative results, thus, adversely affecting the results of the general business of the corporations;

The merging process makes it difficult for the Parent Company because it has to bear the losses and debts of the branches.

Besides, the financial difficulties of the Corporation in the past year was due to some objective reasons, such as loans and are high capital costs reduce business efficiency (2010); the change in management mechanism of land rent and land tax in 2012 increases the Corporation's costs; the economic downturn, volatility of financial and real estate markets has made the Corporation's plans divestment in a number of units or deployment projects to create working capital of the Corporation are difficult to implement.

Specific assessment of each sector business of the Corporation is as follows:

Manufacture of automobile and mechanical product: the recession in the world economy and the country greatly affect business operations of the Corporation, the major industrial products like: trucks with parts made in China, Construction machines, steel structure,... are in slow consumption. Meanwhile, attractive supply sources from Huyndai (Korea) are unstable and corruptive.

Transport: due to the difficult economic situation, the transportation needs of traditional clients are declining; input costs continued to rise while freight rates cannot catch up; and unfair competition of a number of businesses. These factors directly impacted business operations of the transport units of the Corporation.

Other commercial and trading sector: also directly affected by the world economic downturn. This lead to the declining demand of the market.

18. The position of the Corporation as compared to other enterprises in the industry

18.1. The Corporation's position in the industry

Vietnam Motors Industry Corporation is a pioneering enterprise in Vietnam market in the manufacture, automotive assembly and manufacturing. Automotive Products are manufactured and assembled from imported components based on production lines transfered from reputable foreign manufacturers by the Corporation. Thus, many of them has created their own positions and images different from other

businesses in the industry, such as: Transinco buses and passenger cars, Hyundai County and Hyundai Mighty as to technology transfer from Hyundai Motor, etc.

18.2. Developing potentials of the industry

According to the Industrial Policy and Strategy Institute of the Ministry of Industry and Trade, in the period of 2011 - 2030, total gross domestic product (GDP) of the country increased by an average of 6.5% per year and according to The Plan for development of transport of Vietnam to 2020 with a vision to 2030, volume of passenger in 2020 will be 5.6 billion with 154.56 billion alternative passengers. Thus, in the period from 2020 and 2030, the demand for the products that the Corporation is now producing as passenger cars, buses, especially green vehicles as Hybrid cars is tremendous.

19. Enterprise value evaluation result

19.1 Enterprise value evaluation result

According to Decision No. 4378/QĐ-BGTVT, dated 27/12/2013, of the Ministry of Transport on the adjustment of enterprise value of The Parent company - Vietnam Motors Industry Corporation for equitization, the actual value of the enterprise as at the point of 06/30/2013 for equitization is shown in the following table:

TABLE 17: ENTERPRISE EVALUATION RESULT

Items	Book value	Evaluated value	Differences
A. Assets in use (I+II+III+IV)	771.117.683.257	1.041.497.958.598	270.380.275.341
I. Fixed assets and long-term investments	604.059.661.211	825.074.208.700	221.014.547.489
1. Fixed assets	89.347.405.613	166.012.898.082	76.665.492.469
a) Tangible fixed assets	89.347.405.613	166.012.898.082	76.665.492.469
b) Financial lease	0	0	0
c) Intangible assets (excluding the value of land)	0	0	0
2. Real Estate investment	0	0	0
3. Long-term financial investments	501.735.649.154	645.903.252.217	144.167.603.063
4. CIP costs	12.474.009.216	12.474.009.216	0
5. Long-term collaterals, deposits	0	0	0
6. Long-term prepaid expenses (excluding goodwill)	439.897.228	621.349.185	181.451.957
7. Long-term receivables	0	0	0

Items	Book value	Evaluated value	Differences
8. Other long-term assets	62.700.000	62.700.000	0
II. Current assets and investments	166.697.803.504	210.854.705.377	44.156.901.873
1. Cash	17.673.127.749	17.674.874.353	1.746.604
a) Cash fund balance	1.247.167.209	1.247.168.500	1.291
b) Cash at bank	16.425.960.540	16.427.705.853	1.745.313
c) Cash in transit	0	0	0
2. Short-term financial investment	27.092.438.000	27.091.729.000	-709.000
3. Receivables	70.959.517.147	112.992.242.984	42.032.725.837
4. Material inventories	29.022.166.328	30.232.891.341	1.210.725.013
5. Other current assets	21.950.554.280	22.862.967.699	912.413.419
6. Professional expenses	0	0	0
III. Goodwill of the enterprise	0	5.208.825.979	5.208.825.979
IV. Value of land use rights	360.218.542	360.218.542	0
B. Assets not in use	3.608.883.941	3.608.883.941	0
I. Fixed assets and long-term investment	1.159.460.148	1.159.460.148	0
1. Fixed assets	992.145.106	992.145.106	0
2. Long-term prepaid expenses (equipment pending for attribution)	167.315.042	167.315.042	0
II. Current assets and short-term investment	2.449.423.793	2.449.423.793	0
1. Inventories not in use	2.449.423.793	2.449.423.793	0
C. Assets pending for liquidation	189.663.459	189.663.459	0
1. Fixed assets	87.586.760	87.586.760	0
2. Equipment pending for liquidation	102.076.699	102.076.699	0
D. Assets in welfare and bonus fund	0	0	0
TOTAL ASSET VALUE OF THE ENTERPRISE (A+B+C+D)	774.916.230.657	1.045.296.505.999	270.380.275.342
Including: TOTAL ACTUAL VALUE OF THE ENTERPRISE (SECTION A)	771.117.683.257	1.041.497.958.598	270.380.275.341
E1. Actual liabilities	200.118.456.611	181.336.230.541	-18.782.226.070
Including: Payable value of new land use to the State budget	0	0	0

Items	Book value	Evaluated value	Differences
E2. Professional fund	0	0	0
TOTAL ACTUAL VALUE OF THE STATE CAPITAL AT THE ENTERPRISE [A-(E1+E2)]	570.999.226.646	860.161.728.057	289.162.501.411

The enterprise value evaluation result at the point of 30/06/2013 is as follow:

- **Total actual value of the enterprise: 1.041.497.958.598 VND**

- **Actual value of the State capital at the enterprise: 860.161.728.057 VND**

- **Value of land use rights:** As stipulated in Article 31 of Decree 59/2011/ND-CP dated 18/07/2011 of the Government on equitization of State-owned enterprises, the Corporation choose to lease the government land and pay land rents annually. So it does not have to account for geographical advantages in determining business value.

19.2 Some issues in the result of enterprise evaluation of the Parent company – Vietnam Motors Industry Corporation

❖ In the implementation process of the equitization, Vietnam Motors Industry Corporation faces many difficulties, problems and shortcomings in the determination of fair value of the contributed capital that the parent company - Corporation invested in other businesses, as follows:

19.2.1 Basis for determining the value of contributed capital in other enterprises:

In point a and b, Clause 1, Article 33 of Decree No. 59/2011/ND-CP dated 18/7/2011 of the Government on the transformation of enterprises with 100% state-owned capital into joint stock companies stipulates: "The value of long-term investment of the equitizing enterprise in other enterprises are determined on the basis of:

a) *The ratio of the investment of the equitizing enterprise to the charter capital or the total actual capital in other enterprises.*

b) *“Value of equity in other businesses in audited financial statements In case of unaudited financial statements, determination is based on the equity value according to financial statements at the closest time.”*

According to this, the equity value of the business (item 410 - Balance sheet) has included two items, financial reserve fund (item 418 - Balance sheet), and retain earnings (item 420 - Balance sheet).

+ Financial reserve fund::

Reserve fund of the enterprise is provided from the profit after tax of the business to offset the risk of losses arising in the normal course of business and is only distributed to shareholders upon liquidation of the enterprise after the process of losses. Thus, evaluation of the capital of the Corporation in individual units with increasing capital value from the financial reserve fund will incur risk of capital loss due to the use of this fund to offset financial risks in production and business activities. Amount of total equity of the Corporation in other companies when evaluating the business increasing due to the provision of financial resources was 8,836 billion.

+ Retained earning:

Since the time of the valuation of the parent company - Vietnam Motors Industry Corporation is dated 06.30.2013, the value of the total equity of the Corporation in enterprises is calculated on the basis of financial statements of the first 6 months of 2013. Business activity the first 6 months of 2013 a number of enterprises in the list is profitable, thus, at 6/30/2013 the item retain earning is positive, this profit is distributed to partners who contribute capital when making financial settlement (at 31/12/2013). If the results of operations and business in the last 6 months of the year occur losses, the profit will decreased, affecting the assessed value of the shares of the Corporation at the enterprise. On the other hand, under the provisions of the Enterprise Law and the Charter of the enterprise with capital of the Corporation, profit distribution will be partly distributed into on Welfare and bonus fund,... This part will not be distributed to the investing Institution. Therefore, the determination of the value of the Corporation's equity in other businesses including retain earnings is inadequate. According to calculations, the value of capital invested in enterprises of the Corporation as at 30.06.2013 has increased as the surplus calculated from retain earnings of the enterprises is 26.22 billion dong.

19.2.2 Evaluation of capital of the Corporation at enterprises with losses:

Currently, in the business capital corporation has 06 production units operating with losses, loss of equity (03 subsidiaries, 02 associated companies, 01 joint ventures), total capital of the Corporation at these 06 units is 131.085 billion. Due to objective and subjective reasons, in recent years these 06 units have incurred losses, so far the actual amount of remaining capital of the Corporation according to the latest financial reports of these 06 units is 49.734 billion. Thus, the Corporation's investment in these 06 units has lost 81.350 billion. The Corporation has also made provision for diminution in value of long term investments in accordance with the provisions for

losses on capital for the losses.

As stipulated in point d Clause 1, Article 33 of Decree No. 59/2011/ND-CP dated 18/7/2011 of the Government: "Where the value of long-term investment of equitizing enterprise in other businesses is lower than the value determined in the ledger recording, the valuation of long-term investment value is the value recorded in the accounting books of the equitizing enterprise". At the same time all amounts provision must be re-enter when implementing the business valuation.

Thus, if being carried out in accordance with the law, value of the investment of the Corporation in the 06 losing units above will be appreciated for **81.350 billion**.

The increasing amount of the investment of the parent company – Corporation, when being revaluated, out of the actual value due to the reasons mentioned above is **115,93 billion dong**. Although the Corporation has issued documents to the Ministry of Transport, the Ministry of Finance, but the current conditions are not enable for those issues to be solved competently.

VIII. BUSINESS DEVELOPMENT DIRECTION AFTER EQUITIZATION**1. Enterprise information after transformation****1.1 Basic information**

- Vietnamese name: **Tổng công ty công nghiệp ô tô Việt Nam – CTCP**
- International transaction name: **VIETNAM MOTORS INDUSTRY CORPORATION – JOINT STOCK COMPANY**
- Abbreviation: **VINAMOTOR**
- The Corporation's Logo



- Address: No. 120 Hang Trong Str., Hoan Kiem Dist., Hanoi.
- Tel: (84-4) 3825. 5618, (84-4) 3825. 1665
- Fax: (84-4) 3825. 6856
- Email: vinamotor@vinamotor.vn

1.2 Business lines

During the operating process, the Corporation will add additional business lines at the right moment. Currently, in order to inherit the business lines that has been approved by Hanoi Authority for Planing and Investment under business license No. 0100104429, in 01/11/2010 for the 1st time and the 3rd change in 27/9/2013, expected business lines of the Corporation after transforming to a joint stock company include:

I	Main business lines	Industry code
1	Manufacture of motorized vehicles	2910
2	Manufacture of motorized vehicle body, trailers and hafl-trailers	2920
3	Manufacture of spare parts and accessories for motorized vehicles and motors	2930
4	Manufacture of other unclassified vehicles and transport equiqment	3099
5	Manufacture of Motorcycles and motorbikes	3091
6	Repair and maintainance of transport vehicles (except for cars, motors, and	3315

	other motorized vehicles)	
7	Wholesale of cars and other motorized vehicles	4511
8	Maintenance and repair of cars and other motorized vehicles	4520
9	Sale of parts and accessories of cars and other motor vehicles	4530
10	Sale of spare parts and accessories of motorcycles and motorbike	4543
11	Retailing of passenger cars (under 12 seats)	4512
12	Dealer of cars and other motor vehicles	4513
13	Sale of motorcycles and motorbikes	4541
14	Maintenance and repair of motorcycles and motorbikes	4542
15	Wholesale of machines, equipment and spare parts for agricultural machines	4653
16	Wholesale of machines, equipment and spare parts for other machines	4659
17	Manufacture of tires, rubber tires ; recycling rubber tires	2211
18	Manufacture of metal structures	2511
19	Mechanical processing, handling, and metal coating	2592
20	Manufacture of engines, turbines (except for aircraft, cars, motorcycles and motorbikes)	2811
21	Manufacture of equipment using extracted energies	2812
22	Manufacture of pumps, compressors, taps and valves (Details: manufacture of pumps and compressors)	2813
23	Manufacture of lifting, loading and unloading equipment	2816
24	Manufacture of bearings, gears, gearboxes, control and transmitting parts	2814
25	Manufacture of agricultural and forestry machines	2821
26	Manufacture of tool-making and metal-forming machines	2822
27	Manufacture of metallurgical plants	2823
28	Manufacture of mining and constructing machines	2824
29	Passenger Transportation in urban, suburban areas (excluding buses)	4931
30	Bus transportation	4920

31	Other passenger transportation	4932
32	Cargo services on land	4933
33	Rent of motorized vehicles	7710
34	Activities of head offices	7010
II	Directly related business lines	Industry code
1	Forge, press, stamp and roll metal; metal powder	2591
2	Manufacture of other rubber products	2212
3	Other unclassified manufacture	3290
4	Repair fabricated metal products	3311
5	Repair of machinery	3312
6	Repair of other equipment	3319
7	Extract and collect hard coal	0510
8	Extract crude petroleum	0610
9	Extract iron ores	0710
10	Extract other non-ferrous metals	0722
11	Extract and collect lignite	0520
12	Extract rare metal ore	0730
13	Quarry stone, sand, gravel, clay	0810
14	Extract chemical and fertilizer minerals	0891
15	Extract and collect peat	0892
16	Extract salt	0893
17	Operate support services of other mining ores	0990
18	Other unclassified mining	0899
19	Manufacture metal tanks, reservoirs and containers	2512
20	Manufacture other unclassified metal products	2599
21	Housing Construction	4100

22	Construction of other civil engineering	4290
23	Installation of electrical system	4321
24	Installation of water systems, heating and air conditioning	4322
25	Other specialized construction activities	4390
26	Installation of industrial machinery and equipment	3320
27	Construction of railway and road	4210
28	Construction of public works	4220
29	Demolition	4311
30	Ground preparation	4312
31	Installation of other building systems	4329
32	Construction completing	4330
33	Agents, brokers, auction. Details: Agent, Broker (not including securities brokerage, insurance, real estate brokers and marriage with foreign elements)	4610
34	Providing food services under infrequent contract with customers (catering, meetings, weddings ...)	5621
35	Wholesale (excluding constitutionally prohibited)	4690
36	Warehousing and storage facilities	5210
37	Operate support services related to transportation	5229
38	Short-stay services	5510
39	Other accommodation establishments	5590
40	Restaurant and mobile catering services (not including bars, karaoke room, disco)	5610
41	Beverage services (excluding bars)	5630
42	Other catering services	5629
43	Management consultancy activities (not including legal consulting, finance, accounting, audit, tax and securities)	7020
44	Testing and technical analysis	7120
45	Trading of Real estate, land use rights of owner, owner-use or rental-use.	6810

	Details: Real Estate Business	
46	Related architectural activities and technical consultancy (except for project design services)	7110
47	Research and experimental development of natural sciences and engineering	7210
48	Market research and public opinion polls	7320
49	Advertising (not including tobacco advertising)	7310
50	Other unclassified professional activities, scientific and technical activities	7490
51	Rental of intangible nonfinancial assets	7740
52	Specialized design activities (excluding construction design services)	7410
53	Operation of the center, counseling agency, referrals and brokers of employment (excluding brokerage and referral, employment and labor supply for enterprises with labor export function and supplement, management of employees working abroad)	7810
54	Supply of temporary workers (excluding brokerage and referral, employment and labor supply for enterprises with labor export function and supplement, management of employees working abroad)	7820
55	Supply and management of labor (excluding brokerage and referral, employment and labor supply for enterprises with labor export function and supplement, management of employees working abroad)	7830
56	Travel Agents	7911
57	Tour operator	7912
58	Organization of introduction and trade promotion	8230
59	Other unclassified business support Services (excluding debt collection activities, legal consulting, finance, accounting, audit, tax and securities)	8299
60	Support services related to promotion and organization of tours (For business and industry with conditions, the Corporation shall conduct business when qualified as prescribed by law)	7920

2. Charter capital Structure

According to Decision No. 204/QĐ-TTg dated 27/01/2014 of the Prime minister

on approval of the equitization plan of VIETNAM MOTORS INDUSTRY CORPORATION, the expected charter capital structure of the JSC is:

- Charter capital : **1.000.000.000.000 VND** (*One thousand billion VND*).
- Par value for each share: 10.000 VND
- Number of shares : **100.000.000 shares**

Vietnam Motors Industry Corporation proposed the plan that the State owns a number of share equivalent to **48,50%** of the charter capital. The charter capital structure based on shares of shareholders is as follow :

TABLE 18: CHARTER CAPITAL STRUCTURE

No.	Items	Ownership (%)	Shares (CP)	Value (VND)
1	State-owned shares	48,50%	48.499.900	484.999.000.000
2	Shares sold to employees <i>Including:</i>	0,40%	400.100	4.001.000.000
	– <i>Shares sold to employees based on working years in the State sector;</i>	0,39%	390.100	3.901.000.000
	– <i>Shares sold to employees based on long-term working commitment.</i>	0,01%	10.000	100.000.000
3	Shares sold to Union of the enterprise	0,10%	100.000	1.000.000.000
4	Shares sold at public auction	51,00%	51.000.000	510.000.000.000
	Total	100%	100.000.000	1.000.000.000.000

3. Organizaional structure

The organizational structure of Vietnam Motors Industry Corporation – Joint Stock Company (hereafter referred to as “*Vietnam Motors Industry Corporation*”) follows the Charter of organization and operation of the joint-stock Corporation by the

Shareholders approved, and the provisions of the Law on enterprises. Including:

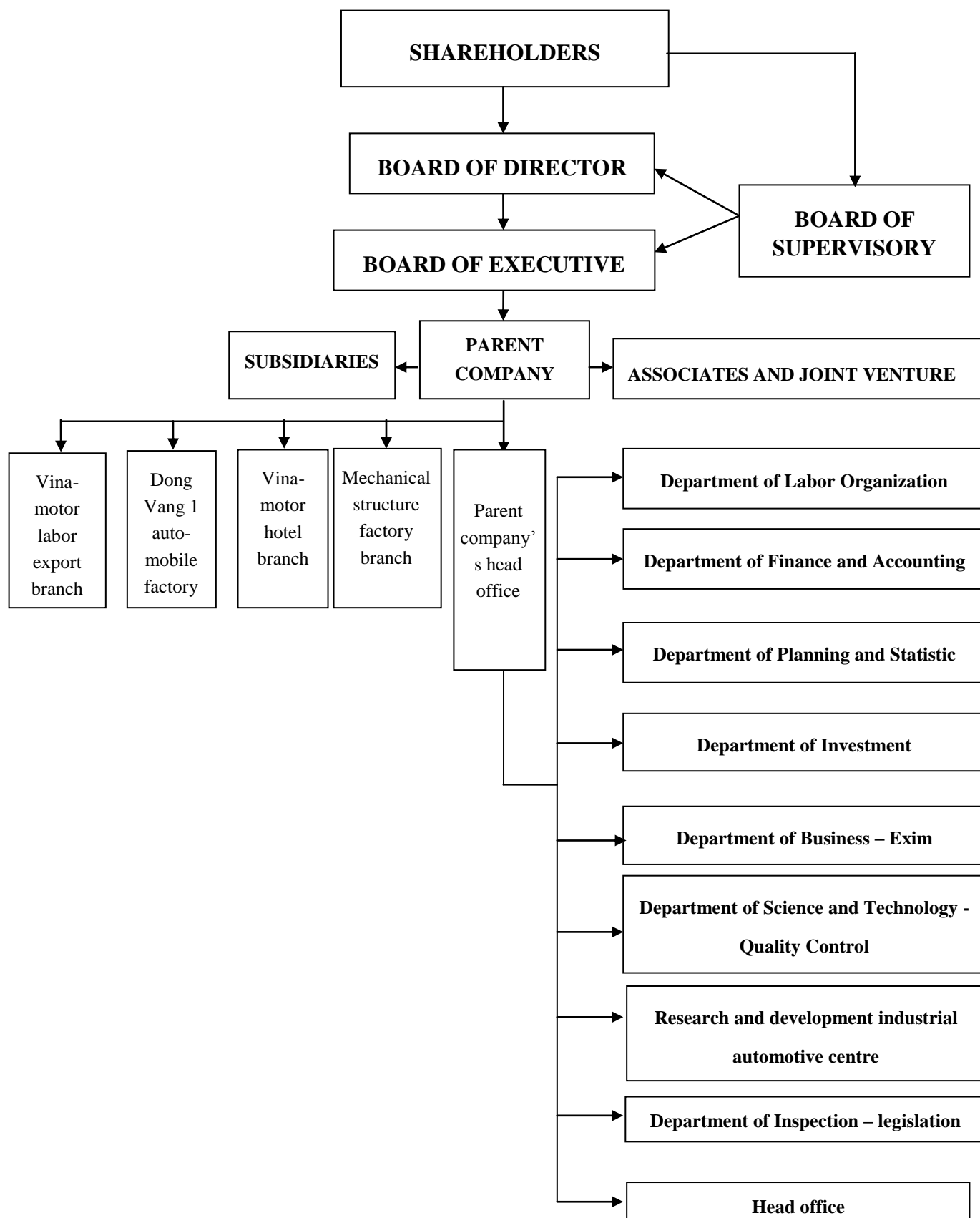
- **Shareholders:** include all the shareholders of the Corporation;
- **The Board of Director:** includes **07 members**;
- **The Board of Supervisory:** includes **03 members**;
- **The Board of Executive:** includes the General Director, Deputy General Directors and the Chief of Accountant.
- **The functional departments at the Head Office of the Corporation** shall be divided into the following business divisions:

Department of Labor Organization; Department of Finance and Accounting;
Department of Planning and Statistic;

Department of Investment; Department of Business – Exim; Department of Science and Technology – Quality Control; Automobile Industrial Research and Development Center; Department of Inspection – Legal; Headoffice.
- **Branches:** include Vinamotor Labor Export branch; Dong Vang 1 automobile factory; Vinamotor Hotel; Mechanical Structure factory;
- ***The political and political-social organization:*** Party unit, Labor union, Youth union of The Parent company – The Corporation.

Information provided in the following chart.

CHART 2: EXPECTED ORGANIZATION MODEL OF THE PARENT COMPANY



4. Plan for labor reorganization

After Decision No. 49/QĐ-BGTVT dated 08/01/2013 of Ministry of Transport of the equitization of Vietnam Motors Industry Corporation, the corporation has been gradually implementing the restructuring plan and the organizational structure, as follows :

TABLE 19: PLAN FOR LABOR REORGANIZATION

No.	Unit	Labor at the point of 10/10/2013	Labor not needed	Labor needed to use after equitization
1	Head office of The Parent company	77	2	76 ^(*)
2	Dong Vang I Mechanical Automobile factory	128	0	177
3	Mechanical Structure factory	81	12	20 ^(*)
4	Vocational School	21	21	0
5	Vinamotor hotel	15	0	15
6	Automobile Industry service and trading company	1	1 ^(*)	0
7	Vinamotor Labor export branch	37	0	37
	Total	360	35	325

Notes: () There are 49 employees working at Mechanical Structure Factory and 01 employee working at Automobile Industry service and trading company, the Corporation shall have plans to arrange these employees accordingly.*

5. Plan for land use

As stipulated in Article 31 of Decree No. 59/2011/ND-CP dated 18/7/2011 of the Government on the transformation of 100% state-owned enterprises to joint stock company, the Corporation has built plans for land use to propose to authorities for approval. Up to now, People's Committee of Hanoi has approved in principle for Vietnam Motors Industry Corporation to use the 02 locations in the city, in accordance with the plan approved by authorities, as the basis of the equitization procedures;

People's Committee of Nghe An has a written agreement with the Corporation's proposal, People's Committee of Bac Giang currently has no responses.

According to the plan, The Parent company - Corporation continues to manage 04 locations and land use in the form of land lease, annual rent paid as follows:

5.1. Head office of the Joint Stock Corporation

- Address: No. 120 Hang Trong, Hoan Kiem District, Hanoi
- Area: 448,0 m²
- Form of use proposed: Land lease, annual rent paid.
- Lease term : 50 years starting from 15/10/1993

5.2. Mechanical Structure Factory

- Address: No. 199 Minh Khai, Hai Ba Trung District, Hanoi
- Area: 23.742,5 m²
- Form of use proposed: Land lease, annual rent paid.
- Lease term: currently conducting the procedure to renew the land lease

For the above 02 locations in Hanoi, the Corporation had written the land use plan after equitization document No. 476/DT dated 14/06/2013 and send to People's Committee of Hanoi, requesting permission for the JSC to continue to manage and use the 02 locations mentioned above in the form of land lease and annual rent paid. On 01/07/2013, People's Committee of Hanoi had issued document No. 653/UBND-TNMT assign the evaluation to the Department of Finance, Department of Natural Resources and Environment. The People's Committee of Hanoi shall approve, yet, currently, the People's Committee of Hanoi has had no written reply.

5.3. Dong Vang 1 Automobile factory

- Address: Dong Vang Industrial cluster - Đình Trám Industrial zone, Viet Yen District, Bac Giang Province.
- Area: 89.646,9 m².
- Form of use proposed: Land lease, annual rent paid.
- Lease term: including 3 parcels of land with the terms as follows:
 - + The parcel no.1 with the area of 43,480 m² and lease term up to 20/06/2032;
 - + The parcel no. 2: currently adjusting the area with the lease term up to 30/7/2052 ;
 - + The parcel no.3 : currently adjusting the area with the lease term up to 23/3/2054.

The Corporation is currently completing procedures with the People's Committee of Bac Giang in accordance with Decision No. 09/2007/QĐ-TTg of houses and factories plan, and propose to the People's Committee of the Province for permission to

continue to manage the use of land in Dong Vang industrial par. So far, Bac Giang province currently has no response.

5.4. Vinamotor Hotel – Cua Lo – Nghe An

- Address: No. 74 Binh Minh Road, Cua Lo Town, Nghe An Province
- Area: 1.705,3 m².
- Form of use proposed: Land lease, annual rent paid.
- Lease term: 30 years starting from 22/08/1997.

The People's Committee of Nghe An has issued documents No. 5015/UBND-TM dated 24/07/2013, approving the land use plan after equitization of Vietnam Motors Industry Corporation.

6. Targets and Orientation for development of the JSC

Implementing Decision No. 613/QĐ-BGTVT dated 21/03/2012 of the Ministry of Transport approving the restructuring plan of Vietnam Motors Industry Corporation; on the basis of forecasts, identifications of new situations, the Corporation built targets and orientations of the JSC as follows:

6.1. Targets

To build Vietnam Motors Industry Corporation stronger, more effective on the basis of the restructuring, rational use of resources, increasing capacity of corporate governance, higher affiliating of finance, technology and market.

To build member companies and associates with large scale, highly competitive.

To build a team of industry leaders, together with a professional staffs, managers, and business experts.

To build the corporation into the core business in Automotive industry in Vietnam, contributing to the process of transforming our country into a basic modern industrial country.

6.2. Orientations:

6.2.1 To connect shareholders, partners with potentials in capital, techniques, governance capacity, products and market; as well as promote internal links to create value chains, aggregate sources to create more competitive advantages.

6.2.2 Orientations of product lines:

Regarding mechanical automobile industry: to deploy concurrently strategies of product, market and implementation solutions. In short-term, to restructure the traditional mechanical automobile product line and develop new products associated with the programs for development of automobile industry of the Government.

Regarding manufacture of mechanical products and machines: to maintain the traditional products of mechanical transport, on-road equipment, construction machines, concrete batching plant, provide products according to investment programs of the Ministry of Transport. To study, design and manufacture new mechanical products such as light

brick production line, assemble specialized vehicles, construction machines, lifting equipment, prestressed concrete structures.

Regarding transport activities: to maintain and further improve the quality of services of bus transport, long-distance passenger transport, cargo transport. To implement new bus routes, suitable for accessing transportation, encourage the use of green, environmental friendly passenger cars.

Regarding labor export activities: to maintain traditional markets, exploit new markets. Annually, 2,000 or more employees is permitted to work overseas for a definite time.

Regarding techniques, technologies

To strengthen the management of science and technology, quality products from the Corporation to unit members. To cooperate with foreign partners in technology transfer and technical assistance for the process of renewing equipment to improve productivity, product quality to make its products more competitive and create breakthrough.

Regarding corporate governance

To create brand building and business development, corporate culture. The Corporation is a combination of businesses in the field of automobile manufacturing, mechanical transport production and public transport ; inextricably linked in term of economic benefits, technology, market in long-term.

7. Business plan

7.1. Bases of the plan

Business plan of the parent company - Corporation was built on the basis of some of the following forecasts and analyses:

- Due to the annual data about number of cars sold by WAMA, and the data about number of new cars by Vietnam Register and the development plan of Vietnam automobile industry to 2020 and vision to 2030 of the Strategic Research Institute, the Ministry of Industry and Trade;
- The market research data shows that some products of the Corporation has a stable demand in a relatively large quality.
- Supply of components from overseas of Vinamotor, after interruption in 2012, so far has stabilized. Thank to ensuring the component sources, industrial production output of the Corporation shall fully meet demands from customers, contributing to sales and profits increasement, much higher than the base year of the plan;
- After interest expense increased, in 2011, the trend has changed and stayed at a more stable level. This helps reduce the financial costs of Vinamotor and unit members in 2013;
- The Corporation completes the process of connecting value chain among member units, contributing to costs reduction and productivity, business efficiency increasement.

– Corporate income tax rate in next years is down from the current 25%. Under the provisions of the Law on Enterprise Income Tax No. 32/2013/QH13, ordinary tax rate is 22%, effective from 01/01/2014; further reduced to 20% from 01/01/2016;

According to the 5 year plan for 2011-2015 and the plan to restructure approved by the Ministry of Transportation ; based on forecasts, identification of new situations, goals and resources, the joint stock Corporation continue to expand investment and production capacity of construction of transportation projects and ancillary products . Inheriting business results achieved, Vietnam Industry Motors Corporation has built production targets for 03 years after equitization from 2014 to 2016 presented in the following sections.

Synthesis of some key indicators of production and business plan of the Joint-Stock Corporation

TABLE 20: SOME MAIN BUSINESS TARGETS PLAN OF THE PARENT COMPANY

No.	Item	Unit	Expected 2013	2014	2015	2016
1	Main products					
	<i>Huyn dai County Passenger car</i>	<i>Car</i>	<i>180</i>	<i>300</i>	<i>330</i>	<i>360</i>
	<i>Trucks</i>	<i>Car</i>	<i>30</i>	<i>360</i>	<i>420</i>	<i>480</i>
2	Total labor	Person	370	380	400	450
3	Total wage fund	Mil. VND	19.758	20.520	24.000	32.400
4	Average labor income	Mil.VND/month	4,45	4,5	5	6
5	Total revenue	Mil.VND	398.348	530.591	589.235	648.751
	<i>Including: Industrial production</i>	<i>Mil.VND</i>	<i>375.356</i>	<i>469.200</i>	<i>529.500</i>	<i>587.520</i>
	<i>Other businesses</i>	<i>Mil.VND</i>	<i>22.992</i>	<i>61.391</i>	<i>59.735</i>	<i>61.231</i>
6	Total costs	Mil.VND	387.848	512.478	556.835	615.046
7	Pre-tax Income	Mil.VND	10.500	18.113	32.400	33.705
8	Submission to state budget	Mil.VND	71.680	100.300	126.000	140.000
9	After-tax Income	Mil.VND	10.500	17.129	29.232	30.360
10	Earnings per share	%	-	1,71	2,92	3,04

(Source: Vinamotor)

7.2. Financial plan

The Corporation focused on capital from credit institutions, shareholders, strategic partners, customers, suppliers (pay in advance, barter)... and from other legal idle resources (personnel employees , ...) to ensure the balance of timely, adequate capital for production and business activities and investment plan for each period. Beside, the Corporation is disinvesting in ineffective or inefficient companies to focus capital for production and business activities of the effective joint-stock companies ; retaining a stable portion of the state capital in these companies when they increase their charter capital ; restructuring investment, focusing on technology innovation investments, investment in efficient industries. Some of the main financial targets in the period of 2014-2016 are as follows:

TABLE 21: SOME FINANCIAL TARGET OF THE PARENT COMPANY

No.	Item	Unit	Expected 2013	2014	2015	2016
1	Equity capital	billion VND	872	1.005	1.010	1.015
2	Charter capital	billion VND	682	1.000	1.000	1.000
3	Net income / Equity	%	1,20	1,70	2,89	2,99

(Source: Vinamotor)

7.3. Duties and implementing solutions

To achieve the targets for 03 years from 2014 to 2016, Vietnam Motors Industry Corporation has launched the following solutions:

Solution to products and markets:

In the upcoming period, the Corporation focused on implementing groups of solution and specific activities as follows:

- Implement the marketing and promotion activities to develop commercial brand of the Corporation.
- Expand international relations, actively look for original manufacturers to negotiate the importation of components for production.
- Develop trade promotion, expand the export activities for products to regional markets.
- Develop automotive products, new mechanical products and increase localization ratio. Research and develop specialized vehicles, green, environmental friendly vehicles.
- Form a unified sales system on the basis of the existing sales system of units of

the Corporation, in short-term unify the system of warranty and maintenance of the main member units to deploy warranty and maintenance of products in the system of the Corporation. And plan towards unitifying the system of warranty with "3S" qualification with Vinamotor's brand, reasonably distribute it in key regions throughout the country.

- Control the standard, quality, price... of main products to standardize products , avoid internal competitions and enhance its position in the market.

- Manage and coordinate transportation businesses towards unity in order to exploit all resources and maximize their operations to achieve maximum possible efficiency. Research and develop warehousing systems to efficiently support freight operations.

- Improve the quality of service, ensure the safety of passengers and goods, search for customers in the transportation field of large volume, stabilize new routes, expand public passenger transport to increase its marketshare in transportation market.

- For part and component, engineering products that have traditional markets, the Corporation should continue to improve their quality to maintain and develop its brand in order to participate in global value chains.

- Develop and expand labor export activities, vocational training and other effective business activities.

Solutions to application of advanced techniques and technology: Implement strategies of technological innovation, upgrade and supplement equipment automation, apply scientific and technical applications in industrial production, increase investment in the application of technological advances to improve productivity and quality of product diversification. Expand cooperative agreements of research and technology transfer with partners like Hyundai Motor Company, Siemens ...

Solutions to finance, capital: Restructure the capital investment, balance the capital for production and investment, conduct divestment at the ineffective business units. Use capital purposes, strictly manage assets, materials and capital; implement cost reduction, lower production costs in order to preserve and grow capital. Actively seek partners to implement investment projects, converse land use purpose to promote goodwill in the land which the Corporation shall be assigned to manage the use of funds for production.

Solutions to corporate governance: Continue to review, reorganize the structure of the Corporation toward efficiency; transform toward an effective operating system in the unit members and associates. Complete the system of internal management rules appropriately. Continue to connect with strategic partners that have strengths and reputation for development. Strengthen the responsibilities of the Board of Directors and Board of Management in the administration of business activities; Strengthen inspection, monitoring and performance evaluation in enterprises that the Corporation holds capital to take the timely measures to preserve and grow capital invested.

Solutions to investment and production development: Continue to invest in the profitable businesses that have great potentials; access to major markets such as Hanoi, HCM City, Da Nang, Hai Phong to perform marketing activities of bus products...

Solutions to human resource development: Perform regular assessment and classification of employees, plan to appoint employees and managers in accordance with prescribed requirements. Review personnel changes, organizational change to match business operations to improve work efficiency. Apply real innovation in recruitment, training and effectively manage the human resources process of the Corporation to meet the requirements of production and business development of the Corporation in the period of 2013-2016 and orientations to 2020.

Hanoi, 18/02/2014

**REPRESENTATIVE OF THE STEERING COMMITTEE OF THE PARENT
COMPANY – VIETNAM MOTORS INDUSTRY CORPORATION
HEAD OF THE COMMITTEE**

Nguyen Hai Trung

**REPRESENTATIVE OF OFFERING ORGANIZATION
VIETNAM MOTORS INDUSTRY CORPORATION**

CHIEF EXECUTIVE OFFICER

CHIEF OF ACCOUNTANT

Hoang Anh Tuan

Tran Huu Hung

**REPRESENTATIVE OF ADVISORY ORGANIZATION
BAOVIET SECURITIES JOINT STOCK COMPANY
DEPUTY DIRECTOR**

Nguyen Thi Thanh Thuy