EQUITIZATION STEERING COMMITTEE AND VIWASEEN CORPORATION RECOMMEND THAT INVESTORS SHOULD READ INFORMATION IN THE INFORMATION STATEMENT AND AUCTION REGULATIONS BEFORE PARTICIPATING IN THE AUCTION.

INFORMATION STATEMENT

INITIAL PUBLIC OFFERING

VIETNAM WATER AND ENVIRONMENT INVESTMENT CORPORATION

THE AUCTION ORGANIZATION

HANOI STOCK EXCHANGE

Address: 02 Phan Chu Trinh Street, Hoan Kiem District, Hanoi

Telephone: +84 (0)4 3941 262 Fax: +84 (0)4 3934 7818

THE AUCTIONEER

VIETNAM WATER AND ENVIRONMENT INVESTMENT CORPORATION

Address: 52 Quoc Tu Giam Street, Dong Da District, Hanoi

Telephone: +84 (0)4 3747 4748 Fax: +84 (0)4 3843 1346

THE AUCTION ADVISORY ORGANIZATION

SAIGON SECURITIES INCORPORATION – HA NOI BRANCH

Address: 1C Ngo Quyen, Hoan Kiem District, Hanoi

Telephone: +84 (0)4 3936 6321 Fax: +84 (0)4 3936 6318

Hanoi, January 2014

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INTRODUCTION

This information statement is intended to disclose information for the share auction of the initial public offering as part of the equitization process of Vietnam Water and Environment Investment Corporation (VIWASEEN).

Being the issuer and information disclosing organization as prescribed in this Information Statement, VIWASEEN highly recommends that investors only rely on the information described in (i) the Information statement, (ii) Application form for Share Auction and (iii) the Auction Regulation set out by the Auction Organization to make your own investment decisions. VIWASEEN do not authorize any organizations/individuals to provide investors with the information presented in this disclosure of information. Investors should not rely on any information or statements that are not presented or given in the documents listed above. In addition, if investors have any doubts about any content or information presented in this disclosure of information, investors should consult advice of independent consulting organizations.

At present, VIWASEEN is a state-owned enterprise under management of the Ministry of Construction and is in the process of equitization in the form of retaining the existing state capital and issuing more shares to raise capital. The estimated volume of issued shares is **22,480,550 shares,** accounting for **28,10%** of the charter capital of Vietnam Water and Environment Investment Corporation – Joint Stock Company – The organization established from the equitization of Vietnam Water and Environment Investment Corporation.

Vietnam Water and Environment Investment – Joint Stock Company, after establishment, will assume the rights and obligations of VIWASEEN in accordance of prevailing laws. Vietnam Water and Environment Investment Corporation will have legal status under the law of Vietnam from the issuance date of Business Registration Certificate, have its own seal, may open accounts in compliance with prevailing law, is organized and operate under the Charter of Vietnam Water and Environment Investment Corporation, and is authorize to register its business activities in compliance with prevail law.

The issuance of shares in the form of public offering as stated in this Information Statement is a part of equitization process of VIWASEEN, contributing to the formation of Vietnam Water and Environment Investment Corporation in the form of a joint stock company. Shares issued as prescribed in this Information Statement are shares of

Vietnam Water and Environment Investment Corporation. Investors buying shares under this Information Statement will become shareholders of Vietnam Water and Environment Investment Corporation – Joint Stock Company and have full rights and obligations of shareholders in accordance with the Charter on organization and operation of Vietnam Water and Environment Investment Corporation – Joint Stock Company and other prevailing law.

I. DEFINITION AND ABBREVIATIONS

Share auction	Public offering of shares of equitized state-owned

	enterprise, specifically shares of Vietnam Water Investment and Environment – Joint Stock Company, to investors in the form of an auction with competitive bids.
Investors	Vietnamese and foreign organizations and individuals according to Government's Decree No.59/2011/ND-CP dated 18/7/2011 on the transformation of 100% state-owned enterprises into joint stock companies.
Equitization Steering Committee	Equitization Steering Committee of Vietnam Water and Environment Investment Corporation.
The Auctioneer	Vietnam Water and Environment Investment Corporation
The Auction Organization	Hanoi Stock Exchange
The Auction Advisory Organization	Saigon Securities Incorporation Branch in Hanoi (SSI)
SSI	Saigon Securities Incorporation
Viwaseen Corporation/ VIWASEEN/The Corporation	Vietnam Water and Environment Investment Corporation
Financial statements of Parent Company	Financial statements of Viwaseen Corporation and its member companies.
Consolidated Financial Statements	Financial statements prepared on the basis of consolidation of financial statements of Viwaseen Corporation and its subsidiaries under control by Viwaseen Corporation.
JSC	Joint Stock Company
VVFC	Vietnam Valuation and Finance Consultancy Company

II. INFORMATION OF THE EQUITIZED ENTERPRISE

1. Equitized Enterprise

–	Name in Vietnamese:	Tổng công ty Đầu tư nước và môi trường Việt Nam
–	Name in English:	Vietnam Water and Environment Investment Corporation
–	Abbreviated name:	VIWASEEN
–	Head Office:	52 Quoc Tu Giam, Dong Da District, Hanoi
–	Tel:	+844 37474748
–	Fax:	+844 38431346
–	Website:	www.viwaseen.com.vn
-	Logo:	VIWASEEN
–	Business Registration Certificate:	0100105979 issued for the first time at 13/09/2010 by Hanoi Authority of Planning and Investment, amended for the first time at 04/04/2013
–	Charter capital:	VND 750,000,000,000 (Seven hundred and fifty billion dong)
–	Revaluated State's Capital for equitization (as at 0h 01/10/2011):	VND 571,663,449,039 *(Five hundred seventy one billion, six hundred sixty three million, four hundred forty nine thousand and thirty nine)*

2. Scopes of business

According to the Business Registration Certificate of Vietnam Water and Environment Investment Corporation – One member company limited issued by Hanoi Authority for Planning and Investment on 13/09/2010, amended for the first time at 04/04/2013, the prevailing registered scopes of business of Viwaseen Corporation include:

a. Main business activities

- Construction investment and trading of water supply, drainage and waste water treatment systems and environmental sanitation and hygiene, pollution treatment and other waste management activities;
- Construction, general contractor of EPC contracts for water supply, sewerage and environment projects and technical infrastructure for urban area, industrial parks and other civil engineering projects.

- Investment and trading of infrastructure of industial parks, urban areas, houses, offices for lease and commercial services;
- Design consultancy in the field of water supply, sewerage and waste water treatment, sanitation, topographical, hydrogeological and hydrological survey of civil, industrial, irrigation and hydro-power projects, ground water reserve estimation, construction supervision, and equipment installation of water plant and sewerage system and environment projects.

b. Related business activities

- Construction of transportation, irrigation projects, power transmission line and electrical substation under 35KV; drilling for exploration and exploitation of underground water, pile drilling and handle, reinforce foundation of the project;
- Commercial trading, import and export of machinery and equipment serving for water supply, sewerage, waste water treatment and environment projects;
- Production of cement, products from cement and metal accessories; production of pipes, plastic hoses, other plastic installation devices; production of structural steel products and electrical equipment for construction works, machinery and equipment serving for water supply, sewerage, waste water treatment and environmental projects; waste collection and disposal of non-toxic waste;
- Conduct of scientific research, technological application and transfer, vocational training in the field of water supply, sewerage and environment.

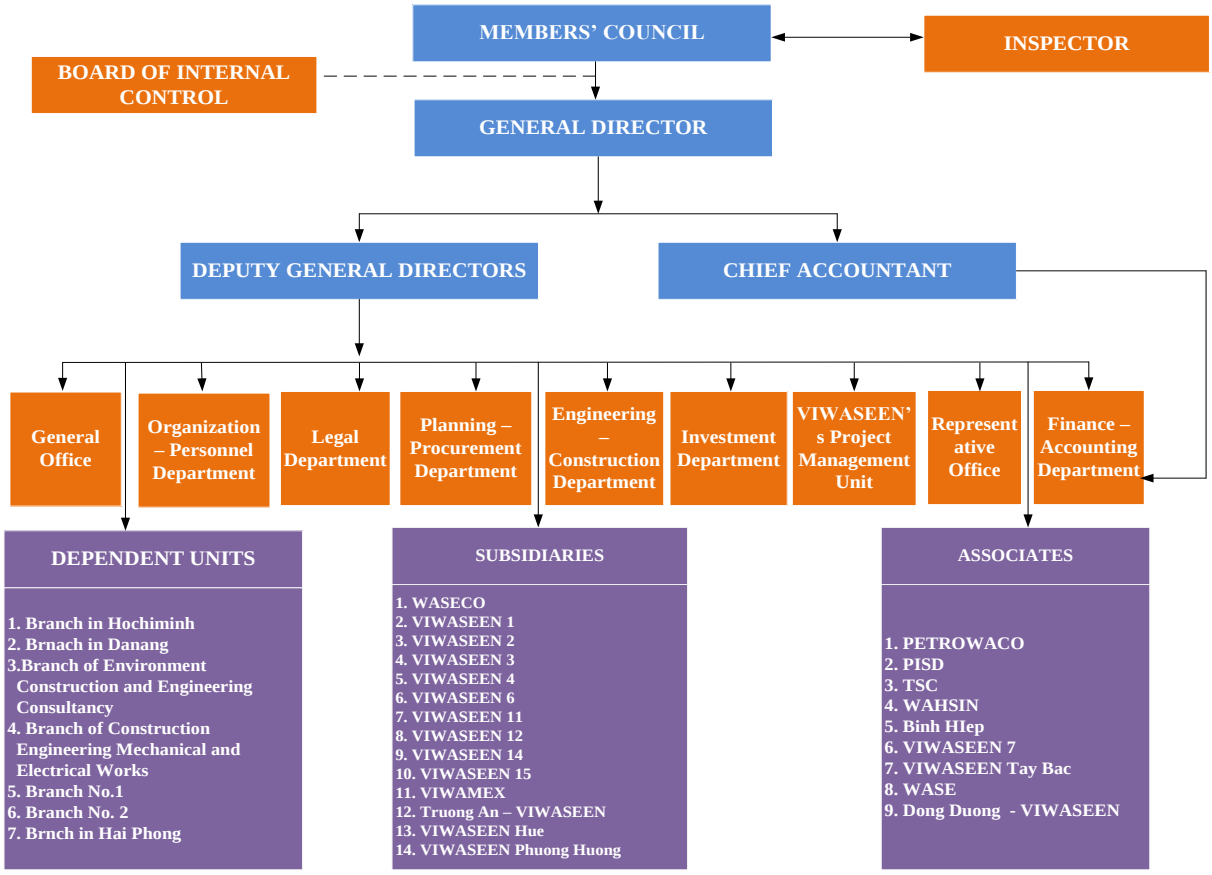
c. Other business activities approved by competent authorities

3. Main products and services

- Construction of water supply, sewerage and environment projects;
- Industrial production including production and trading of raw water and running water;
- Design consultancy;
- Commercial trading machinery and equipment in the field of water supply, sewerage and environment.

4. Organization structure of Parent Company – Viwaseen Corporation

Chart 1: Organization structure of VIWASEEN



4.1. Functions and responsibilities of departments and divisions of Parent Company – Viwaseen Corporation

Parent Company – Viwaseen Corporation is a fully-constituted enterprise with an organization and operation of business activities, development investment in accordance with Corporate Law. The Parent Company – Viwaseen Corporation is responsible for approving the capital contribution in member companies, organization of business activities and development investment under a general orientation with the interaction an support from the Corporation and member companies, and between member companies and departments, offices of the Corporation on specific responsibilities and conduct other responsibilities as Parent company. Detailed responsibilities of departments, offices of the Corporation are stated as follows:

4.1.1. General Office

- Conduct counseling and summarizing responsibility
- Administration responsibility (guarantee facilities for normal operation of the

Corporation), management of lands, organization of working space and office equipment.

- Conduct internal and foreign affair activities.

4.1.2. Organization – Personnel Department

− Counsel the Corporation's management level in management of human resources; establish, strengthen, reinforce and rearrange the Corporation, maintain production and trading management body suitable to each development period of the Corporation.

− Create resources and prepare human resources development plan including officers, professionals, engineers, technical workers with competent techniques and ethics meeting the development demands for production and trading activities of the Corporation.

− Manage, monitor and conduct guidance on Organization – Personnel – Remuneration – Training – Safety – Occupational sanitation activities, human resources policies for member companies of the Corporation…

4.1.3. Finance – Accounting Department

− Prepare financial plans; summarize production and trading business plans and development investment plan matching development strategy of the Corporation for each period.

− Act as focal unit mobilizing working capital for production, trading and development investment activities in accordance with short-term and long-term business plans; monitor and supervise the use of capital invested in the Corporation's projects.

− Conduct accounting practices, bookkeeping, prepare financial statements of Parent Company and consolidated financial statements of the Corporation in compliance with Accounting Law, serving for analysis of business activities, corporate governance and provision of information for competent authorities and other objects according to prevailing laws.

− Organize inspection, monitoring and internal audit for all of business and financial activities of the Corporation…

4.1.4. Legal Department

- Assist Members' Council, General Director with legal activities of the Corporation, supervise legal activities of member companies
- Search for business cooperation with foreign partners with regards to domestic and overseas projects.
- Conduct foreign affairs activities with international delegations having business

relationship with the Corporation and its member companies.

4.1.5. Planning – Procurement Department

- Implement procurement works in the field of consulting, design, construction and installation, supply of machinery and equipment; act as central organization to control and allocate procurement works among the Corporation and member companies.
- Manage and control the organization and implementation of procurement contracts, the implementation of acceptance, finalization and settlement of economic contracts in the field of consulting, design, construction and installation, provision of machinery and equipment...
- Conduct acceptance of work assigned, sub-contracting, management of implementation, acceptance, finalization and settlement of contracts of work assigned, sub-contracts between the Corporation and member companies, and between member companies and other companies and units.

4.1.6. Engineering – Construction Department

- Counsel for the Members' Council and General Director of the Corporation in management of vehicles, machinery and contracts of the Corporation and member companies.
- Manage construction contacts implemented by the Corporation, including controlling activity of materials, machinery and equipment cost norm, progress and quality of construction projects; management of subcontract agreements, fixed term subcontractor agreements; acceptance and finalization of completed works done, settlement of construction projects for capital recovery and settlement of subcontract agreements and fixed term subcontract agreements.

4.1.7. Investment Department

- Counsel and assist Members' Council and General Director of the Corporation in development and investment activities: acquisition of machinery and equipment for construction, and fixed assets; investment in infrastructure construction, industrial production, urban development; capital investment projects, investment in joint ventures, associates… of the Corporation and its member companies.
- Establish database of investment projects serving for management and reporting activities of the Corporation if required.
- Act as focal point in conducting evaluation of investment projects of the Corporation and its member companies.

- Act as focal point to review and give comments on documents prepared by Project Management Units of the Corporation and member companies…

4.1.8. Project Management Unit of VIWASEEN

- Implement procedures on receipt and transfer of lands and submission for construction permits.
- Prepare design documents for each construction stage, cost estimates, total construction estimates.
- Organize and prepare procurement plan, invitation for bid, selection of contractors.
- Supervise quality, quantity, progress, expenses, safety and sanitation of construction projects.
- Prepare reports on plans and implementation of annual investment, settlement reports when the projects are completed and brought into use.
- Acceptance of completed work for payment; prepare construction price list as required, finalize bidding packages in accordance with signed contracts...

4.1.9. Representative Office

- Representative Office of the Corporation in the South, on behalf of the Corporation manage and promote relationship with business partners in the South with regards to business activities of the Corporation.

4.2. Dependent units

4.2.1. Construction Branch No.1 –

Construction of civil, industrial, agricultural, transportation, irrigation projects, water supply, sewerage, environmental projects, technical infrastructure, power line and electrical substation projects; implementation management of construction investment projects.

4.2.2. Construction Branch No.2 – 4th Floor, 52 Quoc Tu Giam, Dong Da, Hanoi

Construction of civil, industrial, agricultural, transportation, irrigation projects, water supply, sewerage, environmental projects, technical infrastructure, power line and electrical substation projects, ; implementation management of construction investment projects.

4.2.3. Branch of Environment Construction and Engineering Consultancy – 56/58 Ha Dinh, Thanh Xuan Dist., Hanoi

Provision of consulting services in the field of investment on construction,

construction and installation activities; act as general construction contractor of water supply, sewerage, environment and infrastructure projects…

4.2.4. Branch of Construction Engineering Mechanical and Electrical Works – Km14,5 Lien Ninh, Thanh Tri, Hanoi

Assembly and installation of steel structure and mechanical engineering equipment; investment on production and commercial trading, import – export of machinery and equipment for water supply, sewerage and environment…

4.2.5. Branch in Hai Phong City – Vong Hai Residential Area, Hung Dao Ward, Duong Kinh, Hai Phong

- Construction, installation, trading, consulting services on investment and construction of water supply, sewerage and environment projects; installation of urban technical infrastructure projects…
- Management of raw water trading activities at Dinh Vu – Hai Phong Economic Zone.

4.2.6. Branch in Da Nang City – Lot No.B1-327, TBDDKT01/1, Unit 20, Khue Trung Ward, Cam Le District, Da Nang city

Investment in construction and trading, installation, provision of consulting services and construction of water supply, sewerage and environment projects; installation of urban technical infrastructure; design, consulting services, supply of machinery and equipment; design and estimation of total costs of construction projects; commercial trading and import-export of machinery and equipment for water supply, sewerage projects; investment consulting services and construction of civil, industrial and agricultural, irrigation projects, power line and electrical substation…

4.2.7. Branch in Hochiminh City – 10 Pho Quang, Hochiminh City

Construction investment and trading, construction and installation of water supply, sewerage and environment projects; installation of urban infrastructure projects; implementation management of construction projects; provision of consulting services on investment and construction projects; assembly and installation of steel structure and mechanical engineering equipment; investment on trading of housing products, offices for lease…

5. Total number of employees working for the Corporation after equitization

Table 1: Total number of employees working for the Corporation after equitization (as at 30/6/2013)

Number of employees breakdown by degrees	Number
Number of employees with graduate and post-graduate degrees	215
Number of employees with college degrees	20
Number of employees with technical and vocational training degrees	55
Number of employees without any degrees	9
Total	**299**

Source: Viwaseen Corporation, 2013

6. Value of the Corporation and the State's capital contribution

In accordance with Decision No.632a/QD-BXD dated 28/6/2013 by the Ministry of Construction on the determination of enterprise value of Vietnam Water and Environment Investment Corporation for equitization, the actual enterprise value of Viwaseen Corporation for equitization is **VND 1,261,859,779,596** and actual value of the State's capital contribution at VIWASEEN is **VND 571,663,449,039** as at 0h 01/10/2011.

7. Main assets of the Corporation

7.1. Lands

At the date of the Equitization Plan, the Corporation is managing and using total land areas of **50,373.9 m^2.**

Table 2: Use of lands before equitization

Land classification	Area (m^2)	Percentage
Lands assigned by the State	3,217.0	6.4%
With long-term land use right	*915.0*	*1.8%*
With land use right in definite term	*2,302.0*	*4.6%*
Leasing lands with annual land use right payment	47,156.9	93.6%
Total	**50,373.9**	**100.0%**

Source: Viwaseen Corporation, 2013

Table 3: List of land lots, location, usage objectives and value of land use rights for enterprise valuation

Location	Total areas (m^2)	Assigned areas		Areas for lease		Land assignment and leasing period	Legal Documents	Usage purpose	Land use plan after equitization
		Long – term	Definite term	One time lease payment	Annual payment				
1. Land lot at 52 Quoc Tu Giam, Dong Da, Hanoi	1,282				1,282	20 years since 1/1/1996	- Decision No.3729/QD-UB dated 11/9/1998 - Land use right Certificate dated 11/9/1998. - Land leasing contract No.0998/DC-HDTDTN dated 22/1/1998	Working space, trading of working space	Annual leasing payment. Use for office space
2. Land lot at 67 Lane 14 Vu Huu, Hanoi In which:	8,209	915	2,302		4,992		- Decision No.2313/QD-UBND dated 18/5/2009		
- *Construction of 19 floor building*	*915*	*915*				*Long-term*	- Decision No.6403/QD-UBND dated 8/12/2009	For construction of 19 floor apartment building	*Assigned land with long-term payment for construction of 19 floor apartment*

Location	Total areas	Assigned areas		Areas for lease		Land assignment	Legal Documents	Usage purpose	Land use plan after
									building
- *Construction of 25 floor building for offices and commercial trade center*	*2,302*		*2,302*			*50 years since 18/5/2008*	- Decision No.1965/QD-UBND dated 28/4/2011	*Construction of 25 floor building for offices and commercial services*	*Assigned land with definite term for construction of 25 floor building for offices and commercial services*
- *Green trees spaces*	*4,992*				*4,992*	*50 years since 18/5/2008*	- Decision No.4526/QD-UBND dated 29/9/2011	*Green trees spaces and infrastructure*	*Land rental, fee paid yearly. Developing green area and technical infrastructure*
3. Land lot at 56-58 Lane 85, Ha Dinh Street, Thanh Xuan, Hanoi	12,555.7				12,555.7	20 years since 1/1/1996	- Land leasing contract No. 363-24599/DC-ND-HDTD dated 15/10/1999		

Location	Total areas	Assigned areas		Areas for lease		Land assignment	Legal Documents	Usage purpose	Land use plan after
In which:									
- *Construction of working space*	*11,271*				11,271	20 years since 1/1/1996	- Decision No. 5809/QĐ-UB dated 26/10/2000	*Construction of working space*	*Leasing land with annual lease payment for construction of working space*
- *Management of land in accordance with land projection*	*1,284.7*				*1,284.7*	*Annual*	- Land use right Certificate No. L117442 dated 10/10/2000	*Lease from the State for management*	*Return without any condition under request of the State*
4. Land lot at Lien Ninh, Thanh Tri, Hanoi	9,093.6				9,093.6	20 years since 1/1/1996	- Land leasing contract No.101-24599 dated 28/6/2000 - Decision on land recovery No.1986/QD-UB dated 14/4/2003 - Map of	Construction of working space	Leasing land with annual lease payment. Construction of working space

Location	Total areas	Assigned areas		Areas for lease		Land assignment	Legal Documents	Usage purpose	Land use plan after
							measurement of land areas at 6/2005		
5. Land lot at Hung Dao, Duong Kinh, Hai Phong city	19,233.6				19,233.6	50 years since 8/2/2010	- Land use right Certificate No.BB538035 dated 19/8/2010 - Leasing land contract No.82 dated 19/8/2010	Construction of raw water supply plant for Dinh Vu Industrial Park	Leasing land with annual lease payment. Construction of Raw water supply plant for Dinh Vu Industrial Park
Total	**50,373.9**	**915**	**2,302**	**-**	**47,156.9**				

Source: Minute of Enterprise value determination- VVFC

With the huge advantage of large land areas, the Corporation is currently managing 05 land lots, in which 04 land lots in Hanoi with total areas of 31,103.3 m^2 and construction projects in progress, 01 land lot in Hai Phong with total areas of 19,233.5 m^2 which has been used to implement construction of Raw water production plant with total capacity of 20,000 m^3/day night, and continue to implement Phase 2 of the project, increasing total capacity to 45,000 m^3/day night. Detailed information on the land use plan after equitization is stated below:

- **Housing Project at 56-58 Lane 85 Ha Dinh, Thanh Xuan, Hanoi**: Regarding **the land areas of 11,271 m^2 at 56-58 Lane 85 Ha Dinh, Thanh Xuan, Hanoi,** the Corporation has submited documents shifting the use of the land areas from working offices and houses for sale complex into social affordable apartments for low–income earners in accordance with Document No. 461/BXD – KHTC. The Corporation is currently working with selected consulting organization to complete the preliminary design of the project and research on investment phase, implement and fill in legal forms for shifting use of land as guided in Circular No.02 submitted to Hanoi People's Committee and the

Construction Department. With the conversion to affordable apartments for low-income earners, the Corporation expects to be supported from the 30,000-billion-dong real estate stimulus package of the Government (interest of 6%/year). Therefore, the ability to implement this project is evaluated high and anticipated to bring high profits for the Corporation. It is estimated that this real estate project will bring 42,552 m^2 of housing products in Hanoi to the market (excluding basement areas)

- **Houses for sale, offices for lease and commercial services complex at Trung Van, Tu Liem, Hanoi (**implemented at the land lot No. 67 Lane 14 Vu Huu, Hanoi), total assigned areas are 8,209 m^2. This project of VIWASEEN is designed and implemented with intention for construction of working offices for the Corporation and some of its member companies; at the same time bring out to the market a large amount of offices for lease. This project is characterized with advantageous location adjacent to highway bridge and skytrain right in Le Van Luong Road, linking the center of Hanoi with new urban areas in the West; less than 50m distance from Khuat Duy Tien Street, 1 km from Big C Supermarket and National Conference Center, 1 km from Thang Long Avenue. The detailed information of this projects will be presented at Section II, Part 9.6.b.iv.
- **1,282 m^2 land areas at 52 Quoc Tu Giam** is currently used as working space of the Corporation and will be changed for construction of offices and hotel to take advantage of golden location.
- **The use of 9,093.6 m^2 land areas in Lien Ninh, Thanh Tri, Hanoi** will be shifted for construction of offices and houses complex.

In addition to the stated above lands, the Corporatin continues to be assigned and implement additional real estate projects to exploit the Corporation's construction and installation capability. One of the important projects is An Thinh 6 Urban Area Project.

- **An Thinh 6 Urban Area with land areas of 210** ha is expected to be one of the largest projects of the Corporaion in the following year.

- Legal status of the project: The Project assigned by Ha Tay People's Committee to the Corporation as the main contractor responsible for preparation of detailed 1/500 construction plan and construction of An Thinh 6 Urban Area, Hoai Duc in accordance with Document No. 2211/QD-UBND dated 09/7/2008 by Ha Tay People's Committee. After the merge of Ha Tay to Hanoi, An Thinh 6 Urban Area Project is one of the projects presented in the review planning of Hanoi. In order to implement the projects matching with prevailing plan and regulations of Hanoi, Viwaseen Corporation cooperates with Institute of Construction Planning of Hanoi to conduct research on overall 1/500 construction planning adjustment to 2030, vision to 2050 which is approved in Decision No.1259/QD-TTg dated 26/7/2011 by the Government.
- Project scale: Estimated land areas of approximately 210 ha, estimated population until 2050 of approximately 24,800 persons.
- Estimted total investment: 2,500 billion dong. The Corporation expects to mobilize captial from shareholders, business cooperation with Dong Duong Real Estate JSC and DAF Company to implement the project.

7.2. Machinery and equipment

According to Enterprise Value Determination Profile as at 0h 01/10/2011, the remaining value of machinery and equipment of Viwaseen Corporation is **VND 1,555,048,973.**

Table 4: Value of some main machinery and equipment of the Corporation at 01/10/2011

Unit: VND

No.	Asset Name	Quantity	Book value	Revaluation		Difference	
			Remaining value	Revaluated historical cost	Revaluated remaining value	Historical cost	Remaining value
1	Batching machine 15 m^3/h	1	-	678,095,200	135,619,040	-	135,619,040
2	HDPE pipe welding machine type PT630	1	189,203,201	367,950,000	245,300,000	-	56,096,799
3	Total Station FlexLine TS – 02 Power, Leica	1	103,899,888	156,300,000	117,225,000	-	13,325,112
4	Crawler Excavator Kobelco – Japan	1	-	620,570,500	124,114,100	-	124,114,100
5	Static concrete pump – producer SANY; year 2007; made in China	1	641,869,791	1,285,714,286	857,142,857	-	215,273,066
	Total		**934,972,880**	**3,108,629,986**	**1,479,400,997**	**0**	**544,428,117**

Source: Minute of Enterprise value determination- VVFC

7.3. Vehicles

In accordance with Enterprise Value Determination Profile at 0h 01/10/2011, remaining value of vehicles is **VND8,037,198,445.**

Table 5: List of vehicles of the Corporation at 01/10/2011

Unit: VND

No.	Asset Name	Quantity	Book Value	Revaluation		Difference	
			Remaining value	Revaluated historical cost	Revaluated remaining value	Historical cost	Remaining value
1	Car - Crown	1	-	412,000,000	82,400,000	-	82,400,000
2	Car - Toyota 29L:3004	1	-	572,000,000	114,400,000	238,644,000	114,400,000
3	Car - Toyota Camry (29U:1549)	1	185,020,177	1,507,000,000	602,800,000	714,056,182	417,779,823
4	Car - Toyota Camry 2.4G (29Y:1619)	1	337,188,273	1,096,000,000	657,600,000	346,692,727	320,411,727
5	Car - Toyota Altis 1.8G (30S:9419)	1	407,317,678	723,000,000	542,250,000	133,091,640	134,932,322
6	Car - Ford Everest 30X:1370	1	561,983,307	796,000,000	716,400,000	58,396,909	154,416,693
7	Car - Toyota Hiace 30X:7101	1	536,387,551	685,018,727	616,516,854	-	80,129,303
8	Car - Toyota Camry 31F	1	1,653,937,021	1,814,743,455	1,669,563,979	-	15,626,958

No.	Asset Name	Quantity	Book Value	Revaluation		Difference	
			Remaining value	Revaluated historical cost	Revaluated remaining value	Historical cost	Remaining value
9	Car Toyota Camry 31F	1	1,414,153,915	1,545,523,404	1,421,881,532	-	7,727,717
10	HINO Crane Truck 29U:30-35	1	34,288,705	929,791,200	371,916,480	381,173,900	337,627,775
11	HINO Crane Truck 29U:30-36	1	48,033,985	978,174,000	391,269,600	209,629,640	343,235,615
12	Car - Mazda 626 29L:9298	1	-	609,000,000	152,250,000	144,856,400	152,250,000
13	Car - Toyota Altis 1.8G 30S:9897	1	407,317,678	723,000,000	542,250,000	133,091,640	134,932,322
14	Car - Ford Larer	1	-	519,000,000	155,700,000	189,911,429	155,700,000
	Total		**5,585,628,290**	**12,910,250,786**	**8,037,198,445**	**2,549,544,467**	**2,451,570,155**

Source: Minute of Enterprise value determination- VVFC

8. List of parent company, subsidiaries and associates

The owner of Vietnam Water and Environment Investment Corporation is the Ministry of Construction.

As at 30/06/2013, Viwaseen Corporation has 14 subsidiaries, of which 12 companies operating in the field of water supply and sewerage construction, 01 trading and import – export company, 01 company operating in environment industry; 09 associates, of which 03 companies operating in the field of water supply and sewerage construction, 03 real estate trading companies, 01 company operating in hydropower industry, 01 company providing technical services and 01 company manufacturing ductile iron pipes.

Table 6: List of subsidiaries of the Corporation at 30/6/2013

Unit: VND Million

No.	Company Name	Charter Capital	VIWASEEN's capital contribution	% of capital contribution
I. Water supply and Sewerage				
1	Water Supply Sewerage Construction and Investment JSC (WASECO)	132,000	79,200	60.00%
2	Water Supply and Sewerage Construction JSC No.1 - VIWASEEN.1	10,000	5,278	52.00%
3	Water Supply Sewerage and Mechanical Construction JSC - VIWASEEN.2	10,000	5,278	52.00%
4	VIWASEEN.3 JSC	20,000	10,900	54.50%
5	Water, Electric and Mechanical Installation and Construction JSC - VIWASEEN.4	15,000	7,763	51.00%
6	VIWASEEN.6 JSC	15,000	8,700	58.00%
7	Drilling and Water Supply	9,300	4,743	51.00%

No.	Company Name	Charter Capital	VIWASEEN's capital contribution	% of capital contribution
	Sewerage Construction JSC (VIWASEEN.11)			
8	Water Supply Sewerage Construction JSC No.12 (VIWASEEN.12)	10,000	5,031	50.31%
9	Water Equipment Manufacturing, Construction and Installation JSC (VIWASEEN.14)	10,000	6,276	62.76%
10	Water Supply and Sewerage Construction JSC No.15 (VIWASEEN.15)	10,000	5,810	58.10%
11	Truong An – VIWASEEN Construction and Investment JSC	6,600	3,209	48.62%
12	VIWASEEN- Hue Construction and Investment JSC	60,058	20,720	34.50%
II. Trading and import - export				
13	VIWASEEN Manpower supply, Commercial and Tourism – VIWAMEX	10,000	5,100	51.00%
III. Environment trading				
14	VIWASEEN Phuong Huong Environment Development Investment JSC	10,000	5,100	67.86%

Source: Viwaseen Corporation, 2013

Table 7: List of associates as at 30/6/2013

Unit: VND Million

No.	Company Name	Charter Capital	VIWASEEN's capital contribution	% of capital contribution
I. Water supply and Sewerage				
1	Water Supply, Sewerage and Environment Consultancy JSC (WASE)	8,000	2,000	25.00%
2	VIWASEEN's Infrastructure Construction Investment JSC (VIWASEEN.7)	5,000	1,300	26.00%
3	Binh Hiep JSC	15,000	4,150	27.70%
II. Real estate				
4	PETROWACO Property Joint Stock Company (PETROWACO)	100,000	42,700	24.90%
5	PV OIL Phu Tho JSC	50,000	7,500	15.00%
6	Dong Duong – VIWASEEN Real Estate JSC	511,000	132,600	26.00%
III. Hydropower				
7	VIWASEEN - Tay Bac Hydropower JSC	150,000	36,000	28.00%
IV. Technical services				
8	Technology Services JSC (TSC)	5,000	1,300	20.00%
V. Production				
9	Dai Viet Ductile Iron Pipe (WAHSIN)	28,671	9,557	33.33%

Soure: Viwaseen Corporation, 2013

9. Financial situation and operational results in 3 years before equitization

9.1. Operational results

9.1.1. Yields of products/services over years

During development and expansion process, Viwaseen Corporation currently has 14 subsidiaries and 09 associates. This model has helped VIWASEEN and its subsidiaries and associates become the leading company and pioneer in the field construction and installation of water supply, sewerage and environment projects with the establishment of large-scale nationwide construction and installation chains of water supply, sewerage and environment projects providing products and services from **(1) construction design, consultancy, (2) construction and installation of water supply, sewerage and environment projects** (water plant, waste water treatment plant,…), **(3) production and trading of building material for water supply and sewerage construction to (4) production and trading of water** (raw water, clean running water) for industrial parks and households which is considered as key business activities in the following years in conformity with development orientation of the Corporation and estimated to bring long-term profits.

With 40 years of business operation since the predecessor companies of Viwaseen Corporation were established, Viwaseen Corporation is currently operating in the main industries as follows:

- Construction of water supply and sewerage projects;
- Industrial production including manufacturing and trading of raw water, potable water;
- Consultancy and design;
- Commercial trading of materials and equipment for water supply and sewerage;
- Other business activities.

a. Construction and installation of water supply, sewerage and environment projects

Vietnam Water and Environment Investment Corporation – VIWASEEN is known as the leading company with nearly 40 years of experiences in the field of water supply and sewerage construction which are also considered as traditional business activities along with the development of the Corporation. Thus, VIWASEEN have affirmed its prestige and brand through hundreds of construction projects in the field of water supply,

sewerage and environment in Vietnam. Currently, Viwaseen Corporation accounts for majority of market shares in the field of construction and installation of large – scale water supply plant in Vietnam.

The Corporation's construction projects are implemented in 2 forms:

+ **Engineering, procurement and construction (EPC):** VIWASEEN is responsible for the entire investment on construction projects, selection of appropriate technologies, preparation of detailed construction plan and implementation of construction and installation activities until completion and handover to main investors.

+ **Construction contracts:** the Corporation is only responsible for construction and installation of machinery and equipment for water supply and sewerage projects for many cities, industrial parks, and construction of various civil, irrigation projects... in accordance with approved construction and design procurement contracts.

As the leading company in the field of water supply, sewerage and environment, VIWASEEN has a team of experienced and professional engineers with experiences working with and applying modern construction machinery and equipment including excavator Kolbeco – 200, 5 – 10 ton orchestrated car, welding machine HDPE PT630 for pile assembly, electronic TS02-7 total station, groundwater extraction drill T2W.

Table 8: Some of major construction projects in the last 10 years

Project Name	Contract Value (in billion dong)	Implementation period	Descriptions	Actual Capacity
Completed Projects				
Capacity improvement of Nam Du Water Plant – Hanoi to 60,000 m^3/day & night	60	2005-2006	Drill construction wells, installation of technologies with capacity of 30,000 m^3/day & night (Phase 1), raw water pipe, 6,000 m^3 clean running water tank to increase	Capacity of 60,000 m^3/day & night Drill 08 deep wells 80 m Ductile Iron Raw water Pipe with dimension of D700, L=3,372m

Project Name	Contract Value (in billion dong)	Implementation period	Descriptions	Actual Capacity
			capacity of the water plant from 30,000 m^3 to 60,000 m^3/day & night.	
Capacity improvement of Cao Dinh Water Plant in Hanoi to 60,000 m^3/day & night	68	2005-2006	Drill construction wells, installation of technologies with capacity of 30,000 m^3/day & night (Phase 1), raw water pipe, 6,000 m^3 clean running water tank to increase capacity of the water plant from 30,000 m^3 to 60,000 m^3/day& night.	Capacity of 60,000 m^3/day & night Drill 08 deep wells 80m Ductile Iron Raw water Pipe with dimension of D600, L=5,977m
Water Supply System Project in Da Nang city – Phase 1 – Capacity of 120,000 m^3/day & night	218.9	2003-2007	Supply and installation of technologies and electricity for Cau Do Water Plant with capacity of 120,000 m^3/day & night.	Capacity of 120,000 m^3/day & night. SCADA Controlling System
KAWSP-C1 – Cau Nguyet Water Plant in Kien An, Hai	185.9	2006-2009	Supply of materials for newly construction Cau	Capacity of 40,000 m^3/day & night. SCADA controlling

Project Name	Contract Value (in billion dong)	Implementation period	Descriptions	Actual Capacity
Phong			Nguyet Water Plant with capacity of 40,000 m^3/day & night.	system. Transmission, distribution, service ductile iron pipes uPVC with dimension to D800, L=23,244m
B/05/ICB/PY3 – Supply of material for newly construction and improvement of water supply projects for Phu Yen province	85.8	2006-2008	Construct drilling wells and machinery, equipment, cast raw material pipes, technical pipes, construct and install treatment area with capacity of 28,000 m^3/day & night and clean running water pipe D600.	03 treatment areas with capacity of 28,000 m^3/day & night Ductile iron transmission pipe to D600, L= 13,360m and distribution pipes uPVC to D250,L= 280,100 m
iB/05/ICB/KG4 – Supply of materials, construct and improve water supply plants in Kien Giang	95	2006-2008	Construct drilling wells and machinery and equipment, cast raw material iron pipes, technical pipes, construct and install treatment areas with capacity of 20,000 m^3/day & night, clean	Treatment areas with capacity of 20,000 m^3/day & night Raw material and running water pipe with dimension to D700,L= 8,998 m

Project Name	Contract Value (in billion dong)	Implementation period	Descriptions	Actual Capacity
			running water distribution pipe D700.	
Investment & construction of Raw water system for Dinh Vu – Hai Phong Economic Zone	169	2007-2008	Cast raw water pump station with capacity of 45,000 m^3/day & night, construct raw water distribution pipes.	Treatment areas with capacity of 20,000 m^3/day & night (Phase 1) Ductile iron pipes and steel pipes D700,L=6,450m, HDPE Pipe to DN500, L=10,160m
Design, supply materials, accessories and cast iron pipes D400 Nguyen Duy Trinh of BOO Project in Thu Duc, Hochiminh city with capacity of 300,000 m^3/day & night (EPC)	68	2008- 2011	Design, cast pipe level I DN400; supply material, accessories, re-construct pavement	Ductile iron pipe to D400, L=11,568m
Water Sewerage System in Bac Ninh city	280	2007-2011	Construct rain water sewerage system; Interceptor sewer system; Water pressure pipes, box pipes; construct and install	BTCT pipe to D1,500,L=8,660m; HDPE pipe to D560,L=6,974m; Box pipe 4,000x2,500, L=1,400m; 06 booster pump

Project Name	Contract Value (in billion dong)	Implementation period	Descriptions	Actual Capacity
			machinery and equipment, technologies of pump stations	station with capacity of 2,300 m^3/h
QN/ICB/1 and QN/ICB/2- Construction of Main A water drainage system– Box pipes, Bau Ca Canal – Quang Ngai Subproject	99	2008-2011	Cast drainage box pipes in Bau Su, Nguyen Dinh Chieu, Phan Dinh Phung from Bau Ca to Hao Thanh, from Ho Nghia Chanh to Hao Thanh; Drainage pipes in Vo Thi Sau, Nguyen Dinh Chieu, Tran Quang Dieu, Truong Quang Trong…; construct and install pump station in Bau Ca	Box pipes from 2,000x2,000 to 4,000x2,000, L=2,345m Centrifugal concrete culvert to D1,500,L=6,386m
QN/ICB/2- Construct Main B water drainage system – Box pipes in Bau Ca canal – Quang Ngai Subproject	55	2008 -2011	Cast drainage box pipes in Bau Su, Nguyen Dinh Chieu, Phan Dinh Phung from Bau Ca to Hao Thanh, from Ho Nghia Chanh to Hao Thanh; Drainage pipes in Vo Thi Sau, Nguyen Dinh	Centrifugal concrete culvert to D1,500,L=6,386m

Project Name	Contract Value (in billion dong)	Implementation period	Descriptions	Actual Capacity
			Chieu, Tran Quang Dieu, Truong Quang Trong…; construct and install pump station in Bau Ca	
LC/ICB/1: Construct rain water and waste water drainage – Environmental and urban improvement Project in the Central – Lang Co Subproject	103	2008-2011	Construct rain water drainage and waste water drainage system	HDPE pipe with dimension of DN500mm, L=22,858 m, 4 waste water pump stations with capacity of 720 m^3/h
QN.1-1, rain water drainage system, and waste water collection system of the city including 02 system of level 2 and level 3 of the Environmental Sanitation Project in the Central – Quy Nhon subproject.	138	2008-2011	Improve and construct new main culverts Construct waste water collection system in Xuan Dieu, Ngo May, Hoang Quoc Viet, Phan Dinh Phung Construct culvert system at level 3 in Tran Phu and Le Loi Ward	Box culverts with dimension from 1,500x600 to 3,000x1,800 , L=4,505m uPVC culverts D200, L= 5,580m Automatic Interceptor sewer HDPE with dimension to D800, L=7,856m 4 waste water pump stations with capacity of 1,440 m^3/h

Project Name	Contract Value (in billion dong)	Implementation period	Descriptions	Actual Capacity
Contract No. 317/2010/HĐ-CT-DACG- Procurement No. 7: XL-1 Design and supply materials and machinery and equipment, construct 3 water booster pump stations in Can Gio, Hochiminh city (EPC)	131.2	2010-2012	Design, construct Level I pipe network; supply materials, machinery and equipment, reconstruct pavement.	06 glass coated steel pipes, and steel pipe with dimension of D800, D900 with L=4,392.9m; 03 booster pump station with SCADA controlling system and capacity of 1,700m^3/h
Contract TB12: Design and construct clean running water supply system in Tu Tan, Hoa Binh, Minh Khai and Tan Lap at Vu Thu, Thai Binh (EPC)	26	2010-2013	Design, supply and install machinery and equipment of the pipes Construct raw water collection and pump station Construct water treatment system Supply and install raw water pipes and clean running water pipe network	Water supply system with dimension of L=100,000m, and diameter from 32 to 150 mm.
Prepare pre-feasibility report and design Water Plant 69,000 m^3/day & night and implement Phase 1	69	2011-2013	Prepare pre-feasibility report and design Water Plan 69,000 m^3/day & night. Design and	Capacity of 5,000 m^3/day & night

Project Name	Contract Value (in billion dong)	Implementation period	Descriptions	Actual Capacity
– Design and Implement Water Plant 5,000 m^3/day & night at VSIP Hai Phong (EPC)			construct Water Plant 5,000 m^3/day & night Construct raw water pipe network based on selected water resources.	
Construct and install distribution water pipeline network from Kim Chung turnover Km14+200 of Road 5 construction project expansion.	172	2009-2012	Supply materials, machinery and equipment, construct and install water supply pipe network and construct technical manholes, and construct and install protection pipeline	Ductile iron and steel pipes from D800, D900, L=14,603m.
Projects in progress				
Vat Cach – Hai Phong Water Plant, Procurement	85	2011-2013	Supply of machinery and equipment of new Water Plant with capacity of 30,000 m^3/day & night	Capacity of 30,000 m^3/day & night

Project Name	Contract Value (in billion dong)	Implementation period	Descriptions	Actual Capacity
No.CP3 – Supply and install machinery and equipment of water drainage and treatment system for Vinh Yen city – Vinh Phu province.	296	2011-2013	Collection pipe network with L=13.8km; general culvert network 2,000x2,000, automatic gravity sewer; 05 raw water machinery and equipment; Waste Water Plant with capacity of 5,000 m^3/day & night.	uPVC, HDPE Pipes D500;L=11,700m; BTCT pipes to D1,800 and box pipes 2mx2m, L=22,400m SCADA controlling system Waste water plant system with capacity of 5,000 m^3/day & night
HY-WP- 01B: Design, construct, supply of materials, machinery and equipment, install and training for water supply system of Hung Yen – capacity of 10,000 m^3/day & night (EPC)	90	2010-2013	Design, construct and supply of machinery and equipment and training for water supply system of Hung Yen	Capacity of 10,000 m^3/day & night
Improvement and expansion of Water supply system Project in Hoi An – Quang Nam	120	2012-2014	Construct raw water pump station and water pipe network, water plant Hoi An.	Improve capacity of Water Plant from 6,000 m^3/day & night to 21,000 m^3/day & night
Procurement DH 1.13 – Construct rain water drainage	68	2011-2014	Construct Rain water drainage system and draining network	HDPE pipes to DN500;L= 4,229m, BTCT pipes to

Project Name	Contract Value (in billion dong)	Implementation period	Descriptions	Actual Capacity
system, draining network CX35A and CX78 of waste water drainage and water pump station No.2 Nam Ly Ward – Quang Binh			CX35A and CX78 Construct waste water collection system (including collection manholes) and water pump station No.2 at Nam Ly Ward	DN1,500; L= 2,754m, box pipes 2,000x2,000, pump station Q=150m^3/h, H=8m
SCWS/ICB: supply and construct Water Supply Project = Song Cong, Thai Nguyen	115	2012-2014	Supply materials, machinery and equipment; construct Water treatment Plant and transmission system.	Capacity of 20,000 m^3/day & night
Procurement No. NT1.4: Construct main water pump station in the South, pressure sewer line and transmission sewer line from main waste water treatment pump station in the South.	54.8	2012-2014	Construct main pump station in the South (operator center, machinery and equipment, other electrical works) and pressure and gravity culverts	Pump station including 4 submersible pumps Q=2,050m^3/h; H=20m Pressure culverts D1,000,L=1,351m Transmission culverts D1,500 ,L=1,485m

Source: Viwaseen Corporation, 2013

b. Industrial Production

Besides construction of water supply and sewerage projects, the Corporation also engages in some other business activities, including commercial trading of potable water and raw water at the Corporation – Parent company and member companies.

Taking advantage of being a specialized company in the field of construction and

installation of water supply and sewerage, the Corporation has also participated in water trading business since 2009 with the first project of raw water supply for Dinh Vu – Hai Phong Economic Zone with capacity in phase 1 at 20,000 m^3/day & night, estimated capacity in phase 2 at 45,000 m^3/day & night. At present, this project is operated and managed by VIWASEEN's branch in Hai Phong.

VIWASEEN.6 is currently providing clean running water for Nam Sach, Hai Duong with total production capacity of 10,000 m^3/day & night and also producing bottled still water in the water line in Nam Sach, Hai Duong under VIWASEEN brand name; Binh Hiep JSC, an associate of the Corporation, is supplying running water for Phan Thiet city with Ca Giang Water Plant at production capacity of 19,000 m^3/day & night. The Corporation anticipates to focus on promoting trading of running water in the following years with the investment in large-scale projects including Duong River Water Supply Project, Water Supply System for Dung Quat Economic Zone, Suoi Dau Water Supply Plant, Water Supply System for Dinh Vu – Cat Hai Economic Zone through direct investment or cooperation with other busines partners. The water production and trading business in the future will be projected as a key business with huge potential in the long run for the Corporation.

With regards to production of building materials in the field of water supply and sewerage, the Corporation also contributes capital on associate, namely Dai Viet Ductile Iron Pipe Limited Company (one of leading companies producing ductible iron pipes and accessories for large-scale water projects), and Water Equipment Manufacturing, Construction and Installation JSC (VIWASEEN.14).

c. Design, consultancy services

In addition to construction activity, VIWASEEN also provides a full package of services from desgin stage, supply of machinery and equipment to construction to installation stage.

One of the competitive strengths of VIWASEEN in comparison with other companies in the same sector is the possession of teams of experienced and professional engineers offering optimized construction ideas and solutions. For projects in the form of EPC, the Corporation also offers services from preparation of technical designs to construction stage. Besides provision of design for projects invested by the Corporation and domestic investors, VIWASEEN also implements construction activities and design

for large-scale projects funded by foreign organizations and investors.

Table 9: Main design and consultancy projects on water supply

Project Name	Funded by
1. Water supply and Environment sanitation project of 3 towns in Mekong Delta at Kien Giang, Bac Lieu, Dong Thap	Australia
2. Water supply Project in Thien Tan, Dong Nai with capacity of 100,000 m^3/day & night	Korea
3. Environment Improvement Project in Hochiminh city	World Bank
4. Water supply Project in Nhon Trach, Dong Nai, with capacity of 200,000 m^3/day & night	
5. Environment Improvement Project in Hochiminh city	Japan
6. The Third Water supply and Environment Project in Phu Yen, Tay Ninh, Binh Duong, Kien Giang, Ninh Thuan	ADB

Source: Viwaseen Corporation, 2013

d. Commercial trading of machinery and equipment in the field of water supply and sewerage

To optimize the full service packages delivered to customers and utilize its position as the leading company in the field of construction and installation of water supply and sewerage in Vietnam, VIWASEEN also engages in commercial trading of machinery and equipment for water suppy and sewerage through Import – Export and Trading Branch. This branch directly imports machinery and equipment for water supply and sewerage serving for projects constructed by the Corporation based on requirements of construction department, at the same time acts as focal unit importing machinery and equipment for other projects requested by its customers.

Machinery and equipment imported mainly from Germany, Japan, Thailad, Malaysia... are served for water supply, sewerage and environment with modern and innovative technologies, quality and efficiency guarantee.

e. Other business activities

Besides the main business activities related to construction, installation and design of water supply, sewerage projects, the Corporation is also participating in investment in potential real estate projects. At present, the Corporation is implementing projects including: (1) Houses for sale – Offices for lease – Commercial services Project in Trung

Van – Tu Liem (abbreviated as Trung Van Project) with total investment of VND 627 billion, (2) Viwaseen Ha Dinh Apartments for sale – Offices for lease Complex, and (3) An Thinh 6 Urban Area. In the near future, the Corporation anticipates to promote construction progress in Trung Van Project so as to complete and handover housing products in the first quarter of 2017. The Corporation is submitting conversion plan of Viwaseen Ha Dinh Apartment for sale – Offices for lease Complex into social housing apartment. An Thinh 6 Urban area Project is under completing process of legal documents and expected to become a large and profitable project for the Corporation.

It is expected that from 2014 these real estate projects will generate revenue for the Corporation.

9.1.2. Revenue structure for each group of products/services over years and consumption markets

Table 10: Net revenue by business activities

Unit: VND Million

Item	Year 2010		Year 2011		Year 2012	
	Amount	Percent-age	Amount	Percent-age	Amount	Percent-age
1. Net revenue	709,192	93.6%	392,617	89.9%	371,663	90.9%
- Construction contracts (construction and installation)	*434,968*	*57.4%*	*341,430*	*78.2%*	*333,245*	*81.5%*
- Provision of services (consultancy, design, industrial production, other services)	*12,088*	*1.6%*	*22,155*	*5.1%*	*20,215*	*4.9%*
- Sales (materials and equipment for water supply and sewerage)	*262,136*	*34.6%*	*29,032*	*6.6%*	*18,202*	*4.5%*
2. Financial revenue	42,941	5.7%	43,358	9.9%	36,122	8.8%
3. Other revenue	5,518	0.7%	802	0.2%	1,077	0.3%
Total	**757,651**		**436,777**		**408,861**	

Source: Audited Financial Statements of Parent Company – Viwaseen Corporation after tax finalization 2010, 2011, 2012

Due to impact of domestic economic downturn, reduction in public investment from

the Government, and increasing domestic competition in the field of water supply and sewerage in recent years, revenue of Viwaseen Corporation have been affected and recorded a decrease in 2011 and 2012 in comparison with revenue in 2010.

Revenue from construction contracts

Revenue from construction contracts accounts for large percentage in total revenue of Viwaseen Corporation. However, in 2011 and 2012, revenue from construction contracts recorded a decrease in comparison to 2010 mainly due to the reduction in public investment from the Government under effect of general domestic economic difficulties. Since 2013, the entire Corporation have promptly adjusted its procurement managament, concentrating on foreign funded water supply, sewerage and waste water and waste treatment projects... by Asia Development Bank (ADB), World Bank (WB)... Revenue of the Corporation did not reach levels in previous years during upturn, however higher economic efficiency was recorded, at the same time enhance corporate management activities, investment restructuring and restructure branches and member companies so as to catch up with business development pace when the recession comes to an end.

Revenue from provision of services

Revenue from provision of services include design and consultancy services for projects of the Corporation and other large-scale projects funded by foreign organizations, and industrial production comprising trading of raw water and other services with insignificant percentage. However, revenue from these services had doubled in 2011 and 2012 compared to 2010 mainly due to increasing sales volume of raw water after Dinh Vu – Hai Phong Water Plant went into stable operation.

Revenue from sales of goods

Revenue from sales of goods comprises trading and import – export of machinery and equipment for water supply and sewerage. In parallel with signing contracts as construction units for water supply and sewerage projects, the Corporation also signed machinery and equipment supply contracts for these projects. Therefore, revenue from sales of goods in 2011 and 2012 had also been affected by general conditions of domestic economy and reduction in public investment from the, leading to delay in finalization of expenditures incurred and a decrease in value.

Consumption markets

Infrastructure development and environment projects are priority projects of the State with more domestic and foreign capital concentration.

Main consumption markets for products and services of the Corporation are spread out nationwide, including Kien Giang, Phu Yen, Thai Nguyen, Ninh Binh, Tuyen Quang, Ha Giang, Ha Nam, Nam Dinh Thanh Hoa, Ba Ria Vung Tau, Ha Tinh, Binh Duong, Nghe An, Phan Thiet, Binh Thuan...

Valuable customers of the Corporation are construction departments, project management units, water supply companies in the regions and urban environment companies.

Operational areas of the Corporation is being expanded. However, competition in this sector is increasing due to more companies engaging in the field of water supply and sewerage, therefore, to maintain its market share is the ultimate goal of the Corporation.

The main competitors of Viwaseen Corporation include domestic and foreign companies, such as Constrexim, COMA, VIWACOX and foreign construction companies such as Kukdong, Vince, Hitachi, Hanson, Warotec, Sujing...

9.1.3. Raw material inputs

Raw materials used for cosntruction, installation and industrial production include:

- Pipes: plastic pipes, cast iron pipes, steel pipes and concrete pipes;
- Building materials: steel, cement, sand, gravel, stone;
- Other machinery and equipment: pumps, valves, connections, water meters and other water supply and sewerage machinery and equipment.

Building materials are mainly purchased in domestic markets. Pipes are mainly produced and imported from Vietnam, China, Thailand, Malaysia, Taiwan.

Other machinery and equipment are imported from foreign manufacturers such as Siemen, Zenner, AVK, Ebro, AVG, OKM, Envicon, Actairs, Homa, Ritz, Grundfos...

Initial bidding prices are offered in Vietnam dong while raw materials for water supply and sewerage are mainly imported and quoted price in foreign currency. Therefore, the stability of main raw material resources depends on foreign exchange rate. For contracts in the form of EPC and unit price, business efficiency will be affected by raw material price volatility.

9.1.4. Production costs

Table 11: Structure of production costs

Unit: VND Million

Item	Year 2010		Year 2011		Year 2012	
	Amount	Percent-age	Amount	Percent-age	Amount	Percent-age
1. Cost of goods sold	689,508	92.3%	382,426	87.6%	356.992	87.4%
- Construction contract (construction and installation)	*431,698*	*57.8%*	*339,805*	*77.9%*	*327,250*	*80.1%*
- Provision of services (design consultancy, industrial production, other services)	*8,017*	*1.1%*	*14,506*	*3.3%*	*11,494*	*2.8%*
- Goods for sale (machinery and equipment in the field of water supply and sewerage)	*249,792*	*33.4%*	*28,115*	*6.4%*	*18,248*	*4.5%*
2. Financial expenses	26,043	3.5%	29,305	6.7%	31,887	7.8%
3. Administrative expenses	28,308	3.8%	24,343	5.6%	19,195	4.7%
4. Other expenses	3,304	0.4%	449	0.1%	308	0.1%
Total	**747,163**		**436,523**		**408,382**	

Source: Audited Financial Statements of Parent Company – Viwaseen Corporation after tax finalization 2010, 2011, 2012

Cost of construction contracts

Cost of construction activity accounts for majority proportion in total cost structure and its cost/revenue percentage increase gradually in recent years in correspondence with increasing percentage of revenue from construction in total revenue of the Corporation. Cost of construction activity comprise costs of materials, labour, operation of machinery and equipment, outsourcing and other related costs.

Cost of services rendered

Costs of services rendered include costs of consulting services, construction supervision, industrial production of raw material, running water provision and other services. Depreciation costs of Water Supply Plant in Hai Phong serving for provision of raw water and labour cost for design consulting experts account for majority of cost of

services rendered. It is noted that operational result of raw water supply is high with total cost of 27% revenue.

Costs of goods for sale

Cost of goods for sale fell sharply in 2011 and 2012 due to the decrease in trading, import – export of machinery and equipment for water supply and sewerage accordingly during recent economic difficulties. Major costs of goods for sale is acquisition costs of machinery and equipment for water supply and sewerage and other accompanied imported costs.

Financial expenses

Financial expenses of Viwaseen Corporation are mainly comprised of foreign exchange losses and interests on bank loans. In 2011 and 2012, interests on short-term and long-term bank loans increased in comparison to interests in 2010 due to common effect of the increase in interest rate in domestic banks.

Administrative expenses

Administrative expenses in 2011 and 2012 decreased compared to 2010 due to a reversal of doubtful debts which was book in previous years and a decrease in labour cost at approximately VND5.3 billion, while other expenses in cash, taxes and fees recorded a slight increase.

9.2. Level of technology

For water treatment technology, there are 2 levels including:

- Ground water treatment technology is to deoxidize iron (or manganese) by transient, exposure, fast gravity filtration and disinfection.
- Treatment technology of surface water from rivers, lakes, large lagoons include coagulation, sedimentation, rapid gravity filters, and disinfection.

The quality of water after treatment satisfies national standard or standards of the World Health Organization.

For construction technology, with many years of experiences and profession in construction of water supply and sewerage projects, Viwaseen Corporation had constructed many pipe systems for water supply and sewerage with large diameter of up to 2,000 mm. In particular, the Corporation had executed water supply pipe over rivers with diameter of 1,000 mm by open excavation for caisson sinking method. This is the modern technology requiring advanced techniques and machinery and equipment as well

as experienced and professional engineers with not very high costs incurred that not many companies can execute. Hence, the Corporation has also constructed many water treatment projects using non-plastered concrete, thereby helping increase quality of management activities.

In addition, the Corporation also has a team of experienced and skillful workforce capable of processing various types of steel pipes, stainless steel and cast iron pipes, HDPE pipes, other fittings including cone, coot right on construction sites, helping reduce construction costs and promote construction progress.

9.3. Research and development of new technologies

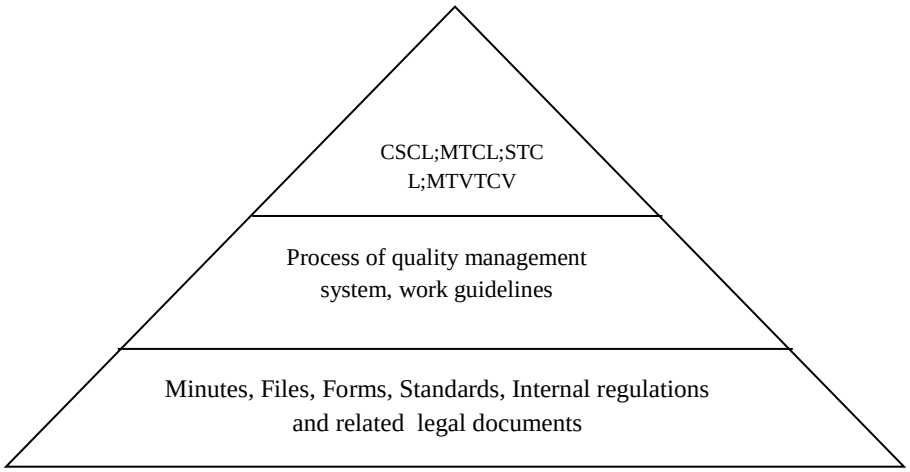
Besides construction and installation of water supply and sewerage projects, the Corporation is concentrating on promoting industrial production activity including supply of raw water, trading of running water and machinery and equipment in the field of water supply, sewerage. With the goal to 2020, coverage of running water supply in urban areas ranked at IV grade reaches 90% with water supply standard level of 120 liters/person/day and in urban areas ranked at V grade reaches 70% with water supply standard level of 100 liters/person/day. The strong investment in water trading activity is a long-term development strategy of the Corporation.

Through specialized department on science and technologies along with team of experienced and professional engineers, Viwaseen Corporation specifically focus on research and development of new technologies applied in its business activities, thus, seek for innovative technologies meeting increasing market demands.

9.4. Quality Management System

Viwaseen Corporation is applying and maintaining Quality Management System ISO 9001:2008 in all of its main business activities including construction and installation of water supply, sewerage and environment projects, trading, import – export of machinery and equipment for water supply, sewerage and environment.

Chart 2: Quality management system of Viwaseen Corporation



Recognizing the importance of provision of high quality products and services to create competitive advantage in the market, Viwaseen Corporation always desire to improve its quality management system so as to meet ISO 9001:2008 to ensure long-term sustainable development.

9.5. Marketing activities

Viwaseen Corporation regularly participates in trade fairs, exhibitions specialized in the field of water supply, sewerage, water technology, materials, architecture to branding, promoting trading activities with business partners and customers. In addition, with its high reputation, the Corporation also concentrates on advertisement promotion, direct contacts and research on demands of potential customers which are companies operating in the field of water supply and sewerage so as to offer appropriate services in an efficient manner nationwide.

9.6. Trademark, patent and copyright registration

At present, the Corporation has registered its trademark with name and logo at the Department of Intellectual Property in Vietnam territory:

Table 12: Certificate of trademark registration in Vietnam

Certificate of trademark registration	Decision No.	Issue Date
99091	6338/QĐ-SHTT	07/04/2008

Chart 3: Logo of Vietnam Water and Environment Investment Corporation

The Corporation's logo is designed with the theme "Three trees bunched up a high mountain", the theme color is blue and green. Overall outbound triangle is the combination of 3 triangles. Water wave image is the symbol of Water supply and sewerage field. The image of trees is in rising position with green V-shaped – a typical color of the environment field.

9.7. Major contracts in progress

Table 13: List of major contracts in progress in 2013

Unit: VND Million

Project Name	Location	Date	Value
1. Procurement QN-1.5A1: Level 3 Waste water collection project in the south of the city – Sanitation and environment subproject of Quy Nhon city	Binh Dinh	22/4/2011	47,148
2. QN1.3B – Flood control and rain water drainage system QN1.3B	Binh Dinh	26/4/2012	26,050
3. 27/2011/HĐXL Construction Contract – Vat Cach Hai Phong Water Supply	Hai Phong	11/11/2011	85,989
4. Procurement No.NT 1.4: Construct main water pump station and transmission sewer line from main pump station to waste water treatment station in the South.	Nha Trang	28/11/2011	54,865
5. Procurement No.CP3: Supply, install machinery and equipment, construct and operate Water drainage and waste water treatment system for Vinh Yen city	Vinh Yen	10/11/2011	296,059
6. Procurement No.DH1.8: Construct	Quang Binh	22/2/2011	46,980

Project Name	Location	Date	Value
general sewers for waste water collection and pump station No. 5, 8, 11 of Environment Sanitation in Dong Hoi city – Phase 2			
7. Procurement No.DH 1.13 – Construct Rain water drainage, draining network CX35A và CX78 and waste water drainage system and pump station No.2 at Nam Ly Ward.	Quang Binh	15/1/2012	67,507
8. Procurement of construction of dedicated warehouse at province level of Internal Affair Department of Quang Binh	Quang Binh	5/5/2011	41,753
9. Subcontract agreement No.HY-WP-01B: Design, construction, supply and installation of machinery and equipment & training for Water Supply System for Hung Yen, with capacity of 10,000 m^3/day & night	Hung Yen	10/1/2010	82,546
10. Pipe line in Huyen Quang Road – Bac Ninh	Bac Ninh	05/07/2012	36,433
11. Water Supply System in Hoi An – Quang Nam	Quang Nam	24/05/2012	114,715
12. Procurement No.1- SCWS/ICBL: Supply and construction – Water Supply for Song Cong town	Thai Nguyen	24/08/2012	116,894
13. Procurement No.TH1/DB1/NCB : Design – Construction of water drainage in Tien Loc town, Hau Lau, Thanh Hoa province	Thanh Hoa	21/6/2013	21,006
14. Procurement No.1,2 – Construction of	Tra Vinh	14/9/2013	83,907

Project Name	Location	Date	Value
water supply plant, raw water pipe lines and distribution network of Water Supply Plant for Duyen Hai town, Duyen Hai.			
15. Procurement No.BDWS05: Construction of water plant, transmission and distribution pipe lines and improve booster pump station MP3-2 of My Phuoc Urban Area Project	Binh Duong	20/12/2013	326,106
…			

Source: Viwaseen Corporation, 2013

9.8. Financial position and operational result in 3 years before equitization

Table 14: Some of financial and operational result information in 3 years before equitization

Unit: VND Million

Items	Financial Statements of Parent Company				Consolidated Financial Statements		
	Year 2010	Year 2011	Year 2012	First 9 months of 2013	Year 2010	Year 2011	Year 2012
1.Total Assets	1,144,228	1,078,585	1,174,041		2,394,130	2,495,703	2,457,286
2.The State's capital	518,355	514,890	515,966		560,720	556,721	548,810
3.Short-term liabilities	302,288	215,169	243,570		1,333,175	1,332,525	1,395,775
4.Long-term liabilities	31,050	122,474	116,429		318,096	415,515	369,544
5. Doubtful debts	-	-	-		-	-	-
6.Total number of employees	317	305	320				
7.Total salary budget (million dong/month)	36	40	39				
8.Average salary million dong/person/month	3.9	4.5	4.7				
9.Total net revenue	709,192	392,617	371,663		1,586,578	1,693,636	1,571,648
10. Cost of goods sold	689,508	382,426	356,992		1,428,383	1,482,796	1,403,526
11. Other indirect expenses	57,655	54,097	51,390		149,008	204,206	188,232
12. Operating profit					47,238	51,156	34,667

Items	Financial Statements of Parent Company				Consolidated Financial Statements		
	Year 2010	Year 2011	Year 2012	First 9 months of 2013	Year 2010	Year 2011	Year 2012
13. Profit after tax	10,487	255	481		33,802	35,287	26,548
14. Profit after tax/State's capital ratio					15,427	20,990	16,001

Source: Audited financial statements of Parent Company after tax finalization 2010, 2011, 2012; consolidated financial statements – Viwaseen Corporation

Table 15: Some main financial indicators in 3 years before equitization

Indicators	Unit	Parent Company			Consolidation		
		2010	2011	2012	2010	2011	2012
Operational capacity							
Receivable turnover	Times	3.18	1.97	1.94	2.23	2.4	2.17
Inventory turnover	Times	2.72	1.63	1.76	2.29	2.38	2.3
Asset turnover	Times	0.61	0.34	0.33	0.66	0.69	0.63
Working capital turnover	Times	6.61	3.68	3.95	9.34	8.25	8.76
Solvency ratio							
Short-term solvency ratio	Times	1.16	1.27	1.13	1.19	1.2	1.14
Payout ratio	Times	0.65	0.72	0.64	0.62	0.61	0.6
Cash ratio	Times	0.05	0.03	0.03	0.08	0.06	0.05
Leverage ratio							
Debts/Total assets ratio	Times	0.65	0.66	0.7	2.93	3.14	3.22
Debts/Owner's capital ratio	Times	0.29	0.31	0.31	0.69	0.7	0.72
Leverage ratio	Times	2.23	2.16	2.19	2.23	2.16	2.19
Interest coverage ratio	Times	1.51	1.03	0.99	1.65	1.01	1.02
Profitability ratio							
Gross profit/Net revenue ratio	%	2.78%	2.60%	3.95%	9.97%	12.44%	10.69%
Profit after tax/Net revenue ratio	%	1.48%	0.06%	0.13%	2.13%	2.08%	1.69%
ROA (Profit after tax/Assets ratio)	%	0.92%	0.02%	0.04%	1.41%	1.41%	1.08%
ROE (Profit after tax/Equity ratio)	%	2.04%	0.05%	0.09%	6.01%	6.34%	4.84%
Equity structure							

Indicators	Unit	Parent Company			Consolidation		
		2010	2011	2012	2010	2011	2012
Debts/ Equity	Times	0.55	0.52	0.56	0.69	0.7	0.72
Debts/Owner's capital	Times	1.21	1.1	1.28	0.21	0.21	0.21
Owner's capital/Equity	Times	0.45	0.48	0.44	0.81	0.76	0.79
Short-term debts/Total Debts	Times	0.95	0.77	0.81	0.19	0.24	0.21
Long-term debts/Total Debts	Times	0.05	0.23	0.19	0.69	0.7	0.72
Growth rates							
Asset growth rate	%	2%	-6%	9%	4.20%	4.20%	-1.50%
Revenue growth rate	%	24%	-45%	-5%	6.80%	6.80%	-7.30%

Source: Audited financial statements of Parent Company after tax finalization 2010, 2011, 2012; consolidated financial statements – Viwaseen Corporation

Estimated operational result of the Parent company – the Corporation and some of the main items are stated as follows:

Item	Year 2013
Revenue	431,854
Costs of goods sold	393,232
Other indirect expenses	51,607
Financial revenue	13,965
Profit before tax	980

Source: Viwaseen Corporation, 2013

9.9. Factors affecting business operation of the Corporation in the reporting year

Advantages:

- Being the first leading company in the field of constructio and installation of water supply, sewerage of Vietnam with nearly 40 years of experiences *(design, construction of water supply plants, waste water treatment plant, installation of water supply, sewerage system and technological tranfer...)*, VIWASEEN has a strong team of experienced and professional workforce with graduate and post-graduate degrees at domestic and overseas universities and having long-term working commitment with the Corporation.
- VIWASEEN has many years of construction, delivering optimized construction solutions for many projects. Reputation of the Corporation is accompanied with hundreds of water supply and sewerage projects for many cities, industrial parks, urban areas nationwide, including many important national projects.
- In the process of formation and development, the Corporation and its member units and companies have been continuously establishing, strengthening VIWASEEN brand name and prestige in the market and earning trust from domestic and foreign investors and contractors. The Corporation always commits to a good quality standard in its construction activities which has been confirmed through many large-scale and important national projects, such as Sewerage and environmental sanitation Project in Hanoi, Lang Co Town – Thua Thien Hue, Quang Ngai City, Quy Nhon city; Water Supply Project in Can Gio – Ho Chi Minh city...
- The Corporation also has many years of experiences working with foreign business partners through many projects funded by ODA loans from many countries and organizations including Japan, Germany, World Bank, Asia Development Bank (ADB)... and non-refundable aid projects funded by Australia, Japan, Finland...
- Despite the negative impact of general economic downturn leading to the reduction of public investment from the Government, water supply and sewerage projects with foreign funds from WB, ADB... are still managed properly with quick disbursement and high value contracts matching the Corporation's core business operation. Therefore, it is considered to be a huge advantage for the Corporation so as to continue development and implementation in the following years.

- The Corporation has received many forms of support from the State, such as credit interest aid for short-term and long-term bank loans, tax exemption, reduction, deferment...

Disadvantages:

- The fierce competition among companies of the same sector.
- Strong volatility of raw material prices, interest rate in the past years have had significant effect on profits of the Corporation.
- Reduction in public investment and the freeze in real estate market are one of the reasons why some of major projects have not been implemented as planned although investment has been partially mobilized for the projects.
- New regulations in Bidding Law and related guidance contribute to restrain construction market of the Corporation due to conflict of interests among member companies of the Corporation and the Ministry of Construction.
- Financial situation has not been really strong enough, capital structure is only sufficient for construction activities but insufficient for long-term development investment in large-scale projects.
- Difficulties in capital recovery of implemented construction projects have impact on operational result of the Corporation.

10. The Corporation's compatitive position with industrial peers

10.1. The Corporation's position in the sector

VIWASEEN is considered as the leading state-owned enterprise in Vietnam in the field of water supply, sewerage and environment with nearly 40 years of experiences in construction, installation of water supply, sewerage, waste water treatment system and environment, technical infrastructure for industrial parks, investment in production and commercial trading, import – export of machinery and equipment, construction fitting for water supply, sewerage and environment projects (from 19875 – 2012); 30 years of experiences in construction design and consultancy for development projects of housing products, urban areas, industrial parks, tourism areas, water supply, sewerage and environment projects and urban technical infrastructure (from 1982 – 2012).

Construction and Installation

- This is the traditional business activities associated with the development of the Corporation. VIWASEEN has affirmed its brand name through hundreds of construction

projects in the field of water supply, sewerage and environment nationwide. Hence, VIWASEEN has consistently received many support and satisfaction from domestic and foreign customers, investors as well as international bidders participating in many projects in Vietnam.

- In order to achieve current success, the Corporation has been continuously developing its human resources, machinery and equipment serving for construction and installation activities along with the establishment of professional services and application of innovative technologies in construction, installation and supervision activities for each project involved.
- Together with many business partners including large foreign contractors from Germany, Japan, and Australia… VIWASEEN has implemented successfully many large-scale and important water supply, sewerage and environment projects with complicated structure in many provinces of Vietnam. In addition, VIWASEEN also engages in construction of many infrastructure, transportation, irrigation projects, ports and hydro-power projects.

Industrial Production

- VIWASEEN is focusing on development of industrial production activities of which the most important business activity is supply and trading of raw water, running water and bottled still water. It is considered as a very potential business since demands for clean running water supply and raw water treatment at industrial parks, urban areas are increasing significantly; especially regarding projects constructed by the Corporation, the construction cost incurred is low while consumption situation remains stable and record high profitability. Investment projects for industrial production activities are stated as follows:

❖ Water Plant Project in Nam Sach, Hai Duong; Water Plant in Suoi Dau, Khanh Hoa; Water Plan in Binh Hiep, Binh Thuan, Dinh Vu Water Supply Project (serving for Dinh Vu Industrial Park);

❖ Still Water Production Plan, Bottled Mineral Water in Hai Duong;

❖ Construction investment in Centrifugal Concrete Pipe Factory in Nha Trang and Tuyen Quang;

❖ Iron Cast Pipe and Fitting Project with capacity of 10,000 tons/year in Bien Hoa, Dong Nai.

Design, consultancy and scientific research

- VIWASEEN also offers design consultancy services in the field of water supply and sewerage. 02 member companies of the Corporation operating in this field include Water Supply, Sewerage and Environment Consultancy JSC (WASE) in Ho Chi Minh City and Branch of environment engineering and construction consultancy in Hanoi.
- VIWASEEN has participated in many scientific research's carrying practical features, such as research on gravity-fed water supply systems for rural and mountainous areas, research on waste water treatment system in urban areas…

Trading and import – export of machinery and equipment

- Import – export activity is one of the strengths of the Corporation. In recent years, VIWASEEN has concentrated on developing efficiently the import-export of machinery and equipment for water supply, sewerage. Starting from small-scale contract providing machinery and equipment for water supply projects in many provinces in Vietnam, entrusted contract for ODA projects, projects funded by ADB with value of USD10 million, up to now VIWASEEN is capable of implementing import-export contracts with higher value.
- With the commitment to expanding and diversifying products and services, the Corporation will focus on import – export of machinery and equipment for domestic market in many more areas, as well as export potential products made in Vietnam to international markets.

10.2. Development prospects of the sector

Vietnam is on the path of strong economic development and industrialization process, in which urban area development plays an important part. Urban areas are considered as motivation for infrastructure development, at the same time facilitate management activities and reduce unfavorable impact on environment. An uran area which is designed and operated in good manner will bring many more advantages for society in general and for the construction industry and environment as well.

At present, the State has issued many laws including Law on Environmental Protection, Law on Water resources, decrees, and decisions on national orientation and strategy and national standards for water supply, sewerage and environment. This is the legal basis for the implementation of National Framework for development of urban areas for the period from 2011 – 2015 and 2016 -2020 of the Ministry of Construction.

Based on the urbanization process in Vietnam in the past 25 years and projection to 2020, the Prime Minister approved "Master orientation plan for urban development to 2020" in Decision No.10/1998/QD-TTg dated 23/1/1998, in which determines construction and development orientation in all urban areas nationwide and specific regions. Vietnam currently has approximately 754 urban areas and is estimated to have nearly 1,000 urban areas up to 2025.

According to the stated above development orientation, criteria of technical infrastructure will be required to be constructed in compliance with construction standards nad prevailing law in Vietnam as follows:

- Clean water supply coverage at urban areas from level III and above reaches 90% with standard water supply of 100 liters/person/day & night; urban areas rate level V reaches 50%.
- Rate of water supply loss is around 25% for urban areas rated level IV and above and new water supply system for below 30% for urban rated level V having old water supply system.
- Expand service area of rain water drainage reaching 70% - 80%. Eliminate frequent flood conditions in rainy seasons in urban areas rated level II and above.
- Construct waste water collection sewers and waste water treatment plant for urban rated level III and above with capacity to collect and treat 40% - 50% waste water in accordance with prevailing standards.
- All of the industrial parks brought into operation will have separate waste water treatment system in accordance with standards. At urban areas rated level IV and villages, 30% waste water will be treated.

Detailed objectives to 2020

- Clean running water supply coverage and loss rates at urban areas are stated as follows:

Table 16: Clean running water supply coverage percentage

Type of urban areas	Clean running water supply coverage percentage	Water supply standard	Quality of water	Rate of loss in water supply
Level IV and above	90%	120 liters/person/day & night	In accordance with Regulated standards	Below 18%
Level V	70%	100 liters/person/day & night	In accordance with Regulated standards	25%

Source: Orientation of Overall Urban area development plan to 2020

- Expand service areas of waste water system to 80%. Eliminate flood condition at urban areas rated from level IV and above.
- Urban areas rated from level III and above will have waste water collection system and waste water treatment system; increase percentage of collected and treated waste water in accordance with regulated standards to 60%
- Urban areas rated level IV, V and trade villages: 40% of waste water is treated in accordance with regulated standards.
- Urban areas rated from level IV and above have waste water collection and treatment, percentage of collected and treated waste water reaches 70% - 80%, waste water after treatment satisfy regulated standards.
- Urban areas rated level V: 50% waste water is treated in accordance with regulated standards. Trade villages have concentrated or separate water treatment plants with frequent operation, standard of waste water to environment meets regulated standards. Reuse 20% - 30% waste water for watering plants, cleaning roads and other demands in urban areas and industrial parks.

10.3. Assessment on the conformity of development orientation of the Corporation

Conducting operation in accordance with general development orientation of the Corporation in the period from now to 2015 and detailed solutions to implement development plan of raw water and waste water treatment system in urban areas, as well as establish a detail schedule for some of the projects of the Corporation, VIWASEEN sets its business priority in investment, construction, management and development raw

water, waste water treatment systems in key urban areas. Regarding policies for the water supply and sewerage sectors, VIWASEEN plans to mobilize capital from domestic and foreign units, organizations and individuals, the Corporation's current capital and development capital of the Corporation to invest and construct water supply, drainage and treatment systems. In addition, the Corporation has intention to establish revolving funds for water supply and treatment to create more capital to support and invest in water supply development projects at small urban areas and residential areas.

III. INVESTMENT PLAN AND DEVELOPMENT STRATEGY OF THE CORPORATION AFTER EQUITIZATION

1. Objectives of the equitization

- Socialize working capital, increase capital for production and trading activities of the Corporation.
- Improve level of technologies, management methods, specialize investment and construction activities in the field of water supply and sewerage.
- Improve efficiency and competitiveness of VIWASEEN in the context of global economic integration.
- Improve utilization efficiency of the State's capital in the Corporation.

2. Requirements of the equitization

- Ensure the sustainable development of VIWASEEN after equitization.
- Ensure the stability, and no significant changes in business operation of the Corporation.
- Guarantee the economic harmony among the State, the Corporation, shareholders and employees.
- Conduct business in a transparent manner according to market rules.

3. Form of the equitization

Based on actual characteristics and conditions of Viwaseen Corporation and regulations at Paragraph 1, Article 4, Decree No.59/2011/ND-CP dated 18/07/2011 by the Government on transformation of 100% state-owned enterprise into the form of joint stock company. VIWASEEN proposes equitization form **is to keep current level of the State's capital at the Corporation, issue addition shares to increase charter capital.**

4. Legal status

The Corporation has legal status in compliance with Vietnamese legal system from the date of Business Registration Certificate, conducting independent accounting system, owning a company seal, opening bank account in accordance with regulations, organizing business and operating under Corporation's Regulation and Corporate Law No. 60/2005/QH11 dated 29/11/2005.

5. General information of the Corporation after equitization

- Name in Vietnamese: Tổng công ty Đầu tư nước và môi trường Việt Nam - Công ty cổ phần

- Name in English: Vietnam Water and Environment Investment Corporation – Joint Stock Company
- Abbreviation: VIWASEEN
- Head Office: 52 Quoc Tu Giam, Dong Da, Hanoi
- Telephone: +84 (0)4 3747 4748
- Fax: +84 (0)4 3843 1346
- Email: info@viwaseen.com.vn
- Website: www.viwaseen.com.vn
- Logo:

6. Scopes of business

After equitization, the Corporation's business strategy still **remains and concentrates on the effective activities** including construction and investment in the field of water supply, sewerage, waste and environment while **promotes investment on construction of urban areas, houses, offices and trade centers at the land lots under management of the Corporation,** trading of industrial products. In details, the scopes of business of the Corporation are anticipated to include the followings:

a. Main business activities

- Construction investment and trading of water supply, sewerage, wastewater treatment and sanitation systems; pollution treatment and other waste management activities;
- Construction, EPC general contractor of water supply, sewerage, sanitation projects and infrastructure of urban areas, and other industrial and civil projects;
- Investment and trading of infrastructure of industrial parks, urban areas, houses, offices for lease and commercial services;
- Provision of consultancy, design consultancy services for water supply, sewerage, wastewater treatment and sanitation systems; topographical, hydrogeological and hydrological survey, civil, industrial, irrigation and hydro-power projects, ground water reserve estimation, construction supervision, and equipment installation of water plant and sewerage system and environment projects.

b. Related business activities

- Construction of transportation, irrigation projects, power transmission line and electrical substation under 35KV; drilling for exploration and exploitation of underground water, stake drilling and handle, reinforce foundation of the projects;
- Commercial trading, import and export of machinery and equipment serving for water supply, sewerage, wastewater treatment and environmental projects;
- Production of cement, products from cement and metal accessories; production of pipes, plastic hoses, other plastic installation devices; production of structural steel products and electrical equipment for construction works, machinery and equipment serving for water supply, sewerage, wastewater treatment and environmental projects; waste collection and disposal of non-toxic waste;
- Conduct of scientific research, technological application and transfer, vocational training in the field of water supply, sewerage and environment.

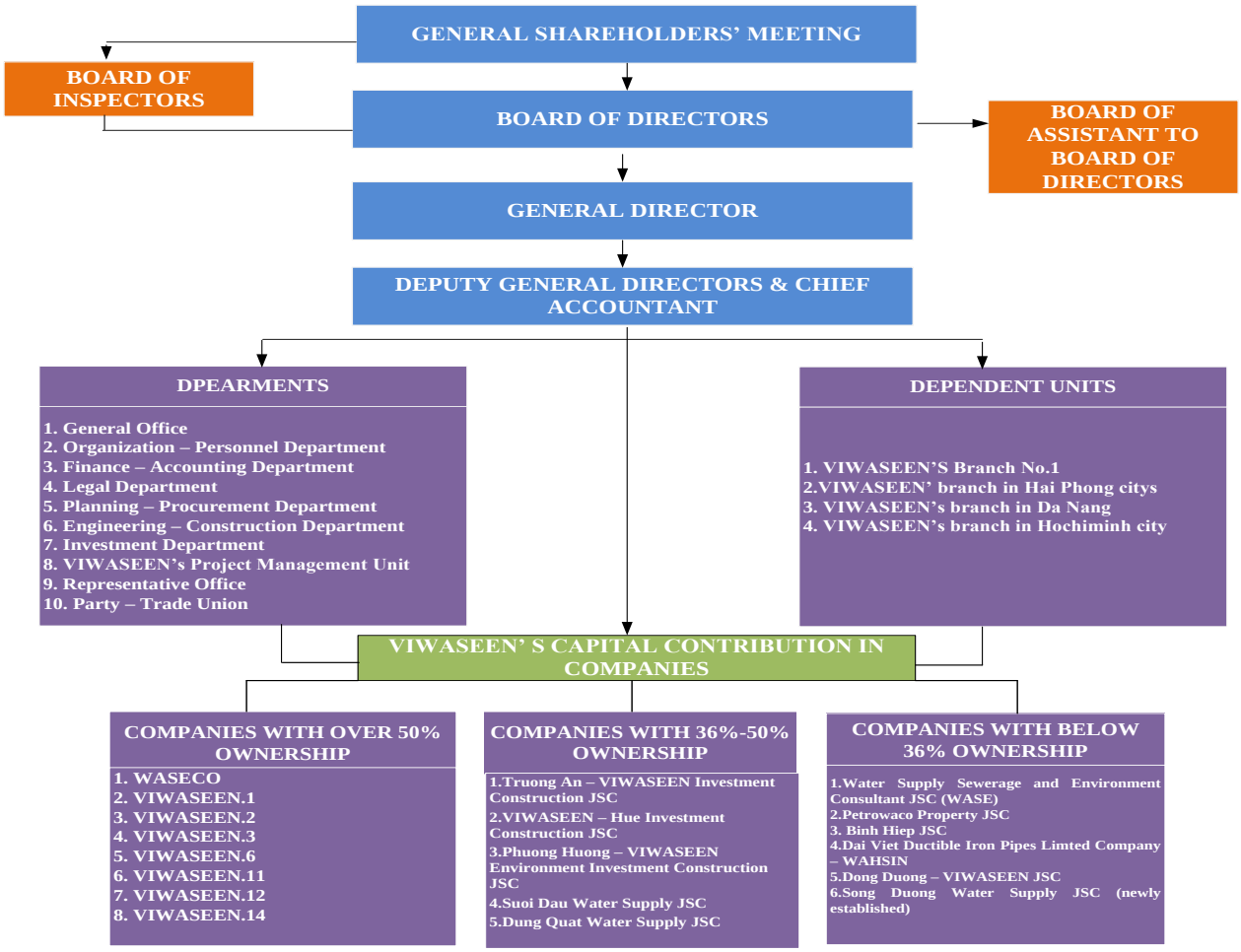
c. Other business activities approved by competent authorities

7. Organization structure after equitization

After equitization, VIWASEEN will operate in the form of a joint stock company as prescribed above.

Following objectives for the period from 2013 to 2015, VIWASEEN will restructure its business according to the model stated in Chart 4:

Chart 4: Organization structure of the Corporation after equitization



General Shareholders' Meeting: General Shareholders' Meeting is the highest management body of the Joint Stock Company.

Board of Directors: Board of Directors appointed by General Shareholders' Meeting is the management body of the company, reserving all the rights to decide and exercise rights and obligations of the company which are not subject to authorization of General Shareholders' Meeting on behalf of the company.

Inspection Committee: Inspection Committee appointed by General Shareholders' Meeting is responsible for inspecting all business, controlling and management activities of the company on behalf of the shareholders.

General Director: General Director is responsible for managing daily business activities of the company under supervision of the Board of Directors and accountable to the Board of Directors and legal jurisdictions with respects to undertaken rights and obligations.

Departments, divisions and dependent units: Perform proper functions, business activities assigned.

8. VIWASEEN'S ownership structure in memeber companies after equitization

a. Dependent units and companies

- Re-organize some of the branches; reduce number of dependent branches of Parent Company - the Corporation to 04 branches.
- In the following period, transform operation of some branches into form of One member Limited Company.

Table 175: List of the Corporation's branches after equitization

No.	Branch Name	Address	Function
1	Construction Branch No.1	52 Quoc Tu Giam, Dong Da, Hanoi	Execute construction of civil engineering, industrial and agricultural projects, transportation, irrigation projects, water supply, sewerage and environment projects, power lines and electric substation…
2	VIWASEEN's Branch in Hai Phong city	Vong Hai Residential Area, Hung Dao, Duong Kinh District, Hai Phong city	Construction investment and trading, construction and installation of water supply, sewerage and environment projects; installation of urban technical infrastructure; Implementation management of construction investment projects; Manpower training for water supply, sewerage and environment; investment and construction consultancy of construction projects; Assembly and installation of steel structure and electric technical equipment; Real estate investment
3	VIWASEEN's Branch in Da Nang city	Land lot No. B1-327, TBĐK01/1, 20 Group, Khue Trung, Cam Le District, Da Nang city	
4	VIWASEEN's Branch in Hochiminh city	No.10 Pho Quang, P2, Tan Binh District, Hochiminh city	

No.	Branch Name	Address	Function
			and trading of housing products and offices for lease…

b. Companies with over 50% charter capital held by the Corporation

Table 18: List of companies with over 50% ownership held by the Corporation

Unit: VND Million

No.	Company Name	Address	Charter Capital	% ownership
1	Water Supply Sewerage Construction and Investment Joint Stock Company - (WASECO) *Projected to merge with Viwaseen.15 JSC*	No.10 Pho Quang, P2, Tan Binh District, Hochiminh city	140,000	Above 51%
2	Water Supply and Sewerage Construction JSC No. 1 (VIWASEEN.1)	No. 56/85 Ha Dinh, Thanh Xuan, Hanoi	10,000	52%
3	Water Supply, Sewerage and Mechanical Construction JSC (VIWASEEN.2)	No. 56/85 Ha Dinh, Thanh Xuan, Hanoi	10,000	52%
4	VIWASEEN.3 JSC *(Estimated to merge with VIWASEEN.4 JSC)*	Km 14+500 1A Highway, Lien Ninh, Thanh Tri, Hanoi	30,000	Above 51%
5	VIWASEEN.6 JSC	3rd Floor H10 Building, Thanh Xuan Nam, No.2 Lane 475, Nguyen Trai Road	15,000	58%
6	Drilling and Water Supply Sewerage Construction JSC -	No.10 Pho Quong, Ward 2, Tan Binh	9,300	51%

No.	Company Name	Address	Charter Capital	% ownership
	VIWASEEN.11	District, Hochiminh city		
7	Water Supply and Sewerage Construction JSC No. 12 - VIWASEEN.12	No.11 Vo Thi Sau Str., Vinh Truong Ward, Nha Trang city, Khanh Hoa Province	10,000	51%
8	Water Equipment Manufacturing, Construction and Installation JSC - VIWASEEN.14	Tan Bien Ward, Bien Hoa city, Dong Nai	10,000	62,76%

c. Companies with 36% to 50% charter capital held by the Corporation

Table 19: List of companies with 36% to 50% charter capital held by the Corporation after equitization

Unit: VND Million

No.	Company Name	Address	Charter Capital	% ownership
1	Truong An - VIWASEEN Construction and Investment JSC	No.66 Nui Truc Lane, Giang Van Minh Str., Ba Dinh, Hanoi	6,600	48.62%
2	VIWASEEN - Hue Construction and Investment JSC	No.5 Ly Thuong Kiet, Hue city, Thua Thien Hue Province	60,000	36.00%
3	VIWASEEN - Phuong Huong Environment Investment and Development JSC	My Thach 2 Hamlet, Chu Se Town, Chu Se, Gia Lai	10,000	36.00%
5	Suoi Dau Water Supply,	Nha Trang – Khanh	80,000	40.00%

No.	Company Name	Address	Charter Capital	% ownership
	Sewerage Construction and Investment JSC	Hoa		

d. Companies with below 36% charter capital held by the Corporation

Table 20: Companies with below 36% charter capital held by the Corporation

Unit: VND Million

No.	Company Name	Address	Charter Capital	% Ownership
1	Water Supply Sewerage and Environment Consultant JSC (WASE)	No.10 Pho Quang, Ward 2, Tan Binh District, Hochiminh city	8,000	25.00%
2	PETROWACO Property Joint Stock Company	52 Quoc Tu Giam, Van Mieu, Dong Da, Hanoi	100,000	24.90%
3	Binh Hiep Joint Stock Company	No.137 Le Hong Phong Road, Phan Thiet city, Binh Thuan	15,000	27.70%
4	Dai Viet Ductile Iron Pipes Limited Company - WAHSIN	No.2 4A Road, Bien Hoa II Industrial Park, Dong Nai	28,671	33.00%
5	Dong Duong – VIWASEEN JSC	Hanoi	511,000	26.00%
6	Song Duong Water Supply JSC (*newly established)*	Hanoi	400,000	25.00%
7	Dung Quat Water Supply JSC *(expected to newly establish)*	Dung Quat Industrial Park – Quang Ngai	120,000	33.30%

9. Information of investment plans and development strategies after equitization

9.1. Product development plan and markets

a. Construction and installation activity

Promote core business activities with orientation associated to market demands

Construction and installation activities for water supply and sewerage are determined as the core business activities of the Corporation after equitization, solutions for promoting these activities are summarized as follows:

- Change managment methods and continue to improve quality of procurement activities, search for new business opportunities, in which concentrates on procurement projects funded by foreign organizations like World Bank, Asia Development Bank (ADB)...
- Assign jobs related to market exploitation to key leaders and staff associated with responsiblities for each management officer, key staff. Organize and collaborate procurement activities within the entire Corporation, allocate to member units and companies management responsibilities related to local investment projects.
- Conduct works related to contractor assignment and acceptance in order to manage construction activities and enhance corporate management so as to improve business efficiency of each member company and the Corporation.
- Promote application of advanced technologies in construction and installation, improve construction management process to reduce labour costs as well as enhance competitiveness for bidding activities.
- Establish and conduct fully quality management plan, manage construction progress suitable for each projects based on general management process in accordance with quality management standard ISO-9001:2008.
- Establish appropriate and transparent business plans, concentrating manpower, machinery and equipment and capital to stimulate progress of construction projects, especially key national projects, manage the implementation of signed contracts in good manner, focus on construction progress and prepare documents for construction finalization and settlement, especially for projects funded by foreign organizations with high profitability.

b. Design and consultancy activity

Promote prevailing advantage in design activities to expand customer base

- Promote prevailing advantage, enhance investment in intelligence property to development design and consultancy services, general contractor and construction of water supply, sewerage, environment and urban technical infrastructure.

- Activly participate in EPC contracts so as to promote advantage of the Corporation, create more jobs and earnings for member companies and units of the Corporation.
- Expand scopes, level and scale of consultancy services, not only served for water supply, sewerage and waste water treatment projects but also for civil construction, industrial, irrigation, hydropower, transportation, telecommunication projects, sport centers, entertainment, agriculture projects, power lines and electricity substations, assembly and installation of structure and mechanical and electrical equipment for domestic and foreign construction projects.

c. Trading, import – export of machinery and equipment for water supply and sewerage

Focus on trading activities of goods appropriate with core business serving for makret and internal demands

Focus on commercial trading, import – export of machinery and equipment and fitting for water supply, sewerage and environment projects as foundation to develop construction investment in domestic projects, and serve for construction and installation activities; promote trading activities, support market expansion for traditional products and services, promote brand name of the Corporation in global market.

- Along with the construction and installation for water supply and sewerage projects, trading of machinery and equipment for water supply and sewerage are also promoted to carter projects implemented by the Corporation as well as provide services for other customers so as to satisfy increasing demands in the field of water supply, sewerage and environment.

d. Development investment activity

In the field of development investment in water supply and sewerage projects, commercial trading of machinery and equipment will be enhanced during good market conditions

- Development orientation of Viwaseen Corporation to 2015 is to balance out development investment value with the concentration on construction and installation activities. This is not only an objective but also a business strength of VIWASEEN.
- Development investment in water supply, sewerage projects with low costs, high and stable revenue and profit for the Corporation. Investment in real estate projects in the land lots managed by the Corporation which have been implemented in recent years, so

as to not only create more working space for the Corporation and member companies, and housing space to improve living standards for employees, but also bring higher profits for the Corporation. Therefore, VIWASEEN will execute some main following solutions:

+ Focus on solving any problems related to procedures to early implement investment projects including Dinh Vu – Hai Phong Water Supply Plant (Phase 2), Suoi Dau – Nha Trang, Dung Quat – Quang Ngai Water Supply Plant.

+ Solve any current financial issues to accelerate construction progess of projects including Trung Van Houses for sale, offices for lease Project, Ha Dinh affordable housing products for low-income earners, continue to execute construction investment plan in Lien Ninh land lot and 52 Quoc Tu Giam land lot; at the same time complete legal procedures for the investment in An Thinh 6 Project.

- Continue to prepare and implement acquisition plan of machinery and equipment, especially consider investment plan on construction machinery and equipment matching with business plan for contracts with high machinery and equipment utilization costs.

9.2. Financial solutions

- Establish and implement financial plans, expenditure – cost management plans associated with construction progress, finanlization and settlement progress, matching with each contract based on general management process to balance cash flows of each contract and of the whole business activities.
- Concentrate neccessary manpower to implement activities related to finanlization and settlement of completed works, actively execute capital recovery responsibility, implement financial plans on monthly, quarterly basis so as to ensure sufficient working capital for business activities.
- Continue to promote capital recovery activities, conduct good debt management, construction cost in progress, attach responsibility of capital recovery to each individual assigned.
- Enhance inspection and supervision of financial management at dependent branches of Parent Company – the Corporation.
- Enhance and promote relationship with credit institution to ensure ability to arrange capital for business and investment activities.

- Implement in a good manner cost-saving solution which is considered as a criteria to evaluate performance of work done...

9.3. Marketing and brand promotion plans

- Actively promote and affirm VIWASEEN brand through quality of projects nationwide.
- Develop human resource strength with high qualification and profession and many years of working experiences in the field of water supply, sewerage and environment, and of advanced specialized machinery and equipment to become a superior competitive advantage compared with other competitors in the markets.
- Participate widely in procurement packages in the field of water supply, sewerage and environment in particular, as well as in other construction fields like irrigation, transportation, civil engineering works...
- Maintain good relationship and promote marketing activities with other investors, provinces and cities in Vietnam so as to catch up promptly with increasing demands of infrastructure development in the field of water supply, sewerage and environment.
- Establish standards on customer information system, complete customer database bank, standardize product quality policy, services policy to guarantee and protect prestige of the Corporation with customers.

9.4. Technological research

- Organize research on technological development to promptly apply advance technologies in the field of water supply, sewerage and enviroment.
- Focus on research on new technologies through fast and efficient transfer of innovative technologies
- Promote research of application of environment treatment technologies to apply into specialized design, construction and installation activities, therefore creating competitive advantage in construction of environment treatment works for member companies; use electronic products, internal information network in the entire Corporation to execute efficient, fast and exact business management activities; exploit and use information technologies to collect information and promote image of the Corporation.

9.5. Human resources development plan

The Corporation establishes long-term human resources development strategy with main contents including:

- **Recruitment policy**: Employees are recruited meeting development demands of the Corporation, ensuring sufficient requirements of qualifications and working capability, ethics, teamwork skills and working under strict procedures in accordance with position of recruitment; prioritize recruitment of highly qualified experts in the field of water supply, sewerage and environment
- **Training policy**: Organize training programmer for employees in conformity with development strategy of each period and long-term development plan of the Corporation, in which set priorities in training management capability, machinery and equipment operation and pipeline network operation skills. Contents of the training programmer concentrate on contemporary management skills, professional skills and problem solving skills based on position and career development paths of employees; establish standards of worker levels for production and trading of clean water.
- **Compensation policy**: Ensure transparency, salary and bonus policy associated to working efficiency and quality in order to create motives for employees to promote initiatives, encourage them to work more efficiently with better quality and higher responsibilities, create more competition spirit without any sense of egalitarian; diversify types of benefits and expand beneficial related to high qualified experts; ensure remuneration of employees at expert level equal to ones in developing countries of the region.

9.6. Investment plans after equitization

a. Capital needs for investment after equitization

Table 21: Investment plan for the period from 2014 to 2018

Unit: VND Million

No.	Investment Project	Total investment value	2014	2015	2016	2017	2018
Projects by Viwaseen Corporation as main investors							
1	Water Supply System for Dinh – Phase 2	95,000	50,000	45,000	-	-	-
2	Clean Running Water Supply for Dinh Vu – Cat Hai Economic Zone	100,000	50,000	50,000	-	-	-

3	Housing Investment Project in Ha Dinh	670,000	20,000	230,000	300,000	120,000	-
4	Trung Van Houses for sale and offices for lease and commercial services Complex Project	628,000	250,000	208,000	70,000	-	-
Subtotal		**1,493,000**	**370,000**	**533,000**	**370,000**	**120,000**	**0**
Capital contribution projects							
No.	**Company name**	**Total capital contribution**	**2014**	**2015**	**2016**	**2017**	**2018**
5	Capital contribution to establish Dung Quat Water Supply JSC for investment and construction of "**Water Supply System for Dung Quat Economic Zone**"	40,000	15,000	15,000	10,000	-	-
6	Capital contribution to establish Suoi Dau Water Supply JSC for investment and construction of **"Suoi Dau Water Plant Project"**	32,000	15,000	7,000	-	-	-
7	Capital contribution to establish Song Duong Water Supply JSC for investment and construction of **"Song Duong Water Supply System Project"**	100,000	-	-	34,000	33,000	33,000
Subtotal		**172,000**	**30,000**	**22,000**	**44,000**	**33,000**	**33,000**
	Total investment value		**400.000**	**550.000**	**414.000**	**153.000**	**33.000**

b. Detailed information of investment projects

i. Construction investment project of Raw water supply system for Dinh Vu – Hai Phong Industrial Park (Phase 2)

- Objective of the project:

Supply raw water for business activities of companies in Dinh Vu – Hai Phong Industrial Park.

- Investment scale:

Construct Raw Water Supply System from Da Do River, Hung Dao, Kien Thuy to DAP Fertilizer Plant in Dinh Vu – Hai Phong Economic Zone with capacity of 45,000 m^3/day & night.

- Phase 1: capacity of 20,000 m^3/day & night (completed)
- Phase 2: increase capacity to 45,000 m^3/ day & night.

- Progress of the project: Phase 1 of the project was completed and has been brought into operation since 2009. At present, the Corporation is preparing investment expansion in phase 2 of the project.

ii. Clean Water Supply System Construction Project for Dinh Vu – Cat Hai Economic Zone

- Investment scale:

Establish Clean water and potable water supply system for Dinh Vu – Cat Hai Economic Zone, with capacity of 75,000 m^3/day & night; phase 1: 15,000 m^3/day & night, water supply for the regions:

- Trang Cat Urban area – Industrial Park (790 ha).
- Nam Dinh Vu 1 Industrial Park (1,354 ha).
- Nam Dinh Vu 2 Industrial Park (658 ha).
- Dinh Vu Industrial Park (944 ha).
- Cat Hai Island (4,000 ha).
- Total investment value (estimated at Phase 1): VND 105 billion;
- Progress of the project: At present, the Corporation is completing required documents for investment location and investment permit.

iii. Ha Dinh Houses for sale Project at 56-58 Ha Dinh Street, Thanh Xuan, Hanoi

- Investment scale:

Invest in 01 Apartment and offices for lease complex with total construction areas (excluding basement + technical floor) of 60,193 m^2

- Offices for lease and apartment complex: 21 floors + 02 basements, 01 technical floor, 01 attic
- Aparment area: 04 16 floor blocks + 1 basement, 01 attic;

- Total investment value: VND743.624 billion;
- Progress of the project: Construction permits of the project has been issued. At present, the Corporation is implementing legal procedures to transform into affordable social houses for low-income earners in accordance with prevailing laws.

iv. Houses for sale, offices for lease and commercial service complex in Trung Van, Tu Liem, Hanoi

- Investment Scale:

Investment in construction of 02 apartment blocks with total construction areas (excluding basement + technical floor): 57,455.7 m^2 including:

- Offices for lease, trade centers: 25 floors + 02 basements, 01 technical floor and 01 attic.
- Apartments : 19 floors + 02 basements, 01 technical floor và 01 attic.

- Total investment: VND627.825 billion;
- Progress of the project: Legal procedures, site clearance, khoan cọc nhồi of the projects have been completed in accordance with prevail laws and regulations. The project has mobilized approximately VND100 billion from customers buying houses and from commercial offices for lease. Investment period of the projects is expected to last 39 months and to complete and handover housing products in the first quarter of 2017.

v. Water Supply System for Dung Quat Economic Zone expansion with capacity of 50,000 mh System for Dung Quat Economic Zone expansion with capacity of 50,000 m^3/day & night

- Investment scale:

- Phase 1 (to 2015): Construct water treatment and level 1 transmission pipeline network with capacity of 50,000 m^3/day & night;
- Phase 2 (to 2020): Increase capacity of the water supply system to 150,000 m^3/day & night;
- Phase 3 (to 2025): Increase capacity of the water supply system to 300,000 m^3/day & night;

- Total investment value (phase 1): VND 397.170 billion
- Progress of the project: The Project's location has been approved by Quang Ngai People's Committee. Currently, the Corporation is preparing detailed project proposal and working closely with Department, agencies to complete the construction permit. The

Corporation will contribute capital to establish new Dung Quat Water Supply JSC with expected percentage of 33.33% charter capital, equivalent to VND40 billion.

vi. Suoi Dau Water Plant, Nha Trang city, Khanh Hoa province

- Investment scale:

– Water collection works and raw water pipeline DN700, L=2.5km

– Treatment Plant: Investment in construction of clean water supply system with capacity of 50,000 m^3/day&night including 2 phases:

+ Phase 1: capacity of 25,000 m^3/day& night
+ Phase 2: capacity of 25,000 m^3/day& night

– Water transmission pipelineD400-D600, L= 22km

- Total investment value (phase 1): VND299 billion
- Progress of the project: Suoi Dau Water Plant Project has been approved by the Ministry of Construction regarding guideline for Viwaseen Corporation to contribute capital to establish Suoi Dau Water Supply JSC to implement the project. At present, the Corporation is completing procedures related to the investment registration and establishment of the joint stock company and continue to finish contents of investment construction plan in accordance with prevailing laws and regulations. The Corporation plans to contribute VND32 billion equivalent to 40% charter capital of Suoi Dau Water Supply JSC.

vii. Song Duong Water Supply System

At present, the Government has appointed the Corporation as main investor of Song Duong Water Supply System with capacity of 300,000 m^3/day & night to 2020 and orientation to increase to 600,000 m^3/day & night in phase 3.

- Objective of the project:

– Establish inter-regional and inter-provincal water supply systems bringing long-term water supply stability for Hanoi and Bac Ninh, Hung Yen.

– Establish and improve comprehensive water supply system with appropriate technical infrastructure meeting socio-economic development objectives of Hanoi and its surrounding provinces.

– Contribute to manage and exploit in stable and sustainable manner and protect water resources.

- Contribute to improve living standards of Hanoi and its surrounding provinces, especially in areas lacking or without water supply services.

▪ Investment scale

- Phase 1: 150,000 m^3/day & night (to 2015).
- Phase 2: increase capacity to 300,000 m^3/day & night.
- (Orientation in phase 3: increase capacity to 600,000 m^3/day & night).

▪ Total investment value (excluding interests during construction period):

- Phase 1: VND 4,147,130,000.000
- Phase 2: VND 1,256,742,000,000

▪ Progress of the project: At present, the Corporation is coordinating with Hanoi Water Corporation (HAWACO) and japanese partners to implement the project and establish Song Duong Water Supply JSC. The Corporation expects to contribute 25% charter capital equivalent to VND 100 billion.

viii. An Thinh 6 Urban Area Project

In addition to the stated above project, the Corporation is preparing and developing design adn construction plan, completing legal procedures for An Thinh 6 Urban Area Project. An Thinh 6 Urban Area Project has been approved in Decision No. 2628/QD-UBND dated 21/7/2008 by Ha Tay People's Committee. However, due to changes in administrative boundaries, the Corporation is adjusting overall 1/500 detailed construction plans of the An Thinh 6 project so as to conform with general construction plan with vision to 2050 approved in Decision 1259/QD-TTg dated 26/7/2011 by the Prime Minister. With construction areas of 210 ha, and expected population to 2050 at 24,800 persons, the project is expected to be one of the symbolize projects of the Corporation in the future.

10. Recruitment plan

Recruitment plan of the Corporation in 5 years after equitization are expected as follows:

Table 22: Recruitment plan

Year	2014	2015	2016	2017	2018
Number of employees (person)	50	50	100	80	80
Growth rate (%)	15%	13%	23%	15%	13%

Source: Viwaseen Corporation, 2013

11. Financial information of business plan of Parent Company – Viwaseen Corporation for the period from 2014 - 2018

Table 23: Some main items of business plan of Parent Company – Viwaseen Corporation for the period from 2014 – 2018

Unit: VND Billion

Item	2014	2015	2016	2017	2018
1. Investment plan	400,0	555,0	414,0	153,0	33,0
Industrial Production	*100,0*	*95,0*	*0,0*	*0,0*	*0,0*
Investment in associates	*30,0*	*22,0*	*44,0*	*33,0*	*33,0*
Real estate projects	*270,0*	*438,0*	*370,0*	*120,0*	*0,0*
2. Charter capital	800,0	800,0	800,0	800,0	1.000,0
Owner's capital	849,2	861,6	895,7	910,3	1.135,3
3. Total number of employees	344	394	444	544	624
4. Total salary budget	17,8	22,2	27,7	35,9	45,7
5. Average salary (VND million/person/month)	4,3	4,7	5,2	5,5	6,1
6. Total net revenue	855,9	1.036,7	1.350,8	1.473,2	1.663,7
7. Total expenses	804,1	972,1	1.250,4	1.366,2	1.537,2
8. Profit before tax	51,8	64,6	100,4	107,0	126,4
9. Profit after tax	51,8	59,4	88,9	94,5	110,6
10. Allocation to funds	1,0	7,8	9,0	13,7	14,5
11. Dividend ratio	5,5%	6,0%	8,0%	9,0%	9,0%
12. Dividend paid-out	44,0	48,0	64,0	72,0	90,0
13.Profit after tax/Owner's capital ratio	6,5%	7,9%	9,9%	12,3%	12,6%
14. Earnings per share (EPS) (dong/share)	647	743	1.111	1.182	1.106

Source: Viwaseen Corporation, 2013

IV. CHARTER CAPITAL AND STRUCTURE OF CHARTER CAPITAL

1. Basis of charter capital determination

- Published result on value of the State's capital contribution on Parent company – Viwaseen Corporation in accordance with Decision No.632a/QD-BXD dated 28/6/2013.
- VIWASEEN's capital needs including working capital and investment in projects and investment in subsidiaries and associates after equitization in order to achieve bussiness plan for the period from 2014 to 2018.
- Stock market condition at the date of equitization.

2. Charter capital and structure of charter capital

Charter capital of Viwaseen Corporation after conversion into form of joint stock company is VND 800,000,000,000 (Eight hundred billion dong), equivalent 80,000,000 shares (Eighty million shares) with par value of VND 10,000 per share:

Table 24: Estimated structure of charter capital

No.	Subject	Value	Number of shares	Percentage
1	The State's capital	571,000,000,000	57,100,000	71.38%
2	Shares offered for employees	4,195,000,000	419,500	0.52%
	Shares offered with preferential prices	2,985,000,000	298,500	0.37%
	Additional shares offered	1,210,000,000	121,000	0.15%
3	Shares offered in IPO	224,805,000,000	22,480,500	28.10%
	Charter capital	**800,000,000,000**	**80,000,000**	**100.00%**

Note:

Total value of shares offered is VND 229,000,000,000 (Two hundred twenty nine and billion dong), equivalent to 22,900,000 shares, with par value of VND 10,000 per share, in which:

- Number of shares in the initial public offering (IPO) is **22,480,500 shares**, equivalent to **28.10%** charter capital.
- Number of shares offered for employees: 419,500 shares (equivalent to 0,52% charter capital)
  + Shares offered with preferential price: 298,500 shares

+ Addition shares offered on basis of working year commitment: 121,000 shares

- The State's capital is estimated at the joint stock company is 57,100,000 shares, equivalent to 71.38% charter capital.

V. GENERAL INFORMATION OF THE AUCTION

1. Auction method and settlement of shares for investors participating in the auction

1.1. Form of the auction

▪ Number of shares offered	22,480,500 shares
▪ Types of shares:	Common share
▪ Par value:	10,000 dong/share
▪ Starting price	10,200 dong/share
▪ Auction method:	Public auction of shares at Hanoi Stock Exchange

1.1. Auction participants and number of shares subscribed to buy

▪ Auction participants:	Foreign and domestic organizations, individuals satisfying conditions as required by the Regulation of the initial public offering of Viwaseen Corporation.
▪ Minimum number of shares subscribed to buy:	100 shares
▪ Maximum number of shares subscribed to buy:	22,480,500 shares
▪ Quantity subscribed to buy:	Multiple of 100 shares
▪ Deposit:	10% total value of shares subscribed to buy at starting price

1.2. Time schedule and location

- Time schedule and location of disclosure of information, auction subscription, deposits, distributing tickets to attend the auction: Following provisions of Regulations ofn initial public offering of Viwaseen Corporation.
- Time schedule for share subscription at auction agents: Following provisions of Regulations on initial public offering of Viwaseen Corporation.
- Time schedule for share auction: Following provisions of Regulations on initital public offering of Viwaseen Corporation.
- Location of share auction: Hanoi Stock Exchange – No.81 Tran Hung Dao, Hoan Kiem, Hanoi.

- Term for settlement of purchasing shares and receipt of refunded deposits: Following provisions of Regulations of initial public offering of Viwaseen Corporation.
- The Corporation offer single share auction, depend on shares successfully auctioned to adjust charter capital (if any) to convert the Corporation into operation as a joint stock company.

1.3. Parties related to the auction

The Auction Organization

HANOI STOCK EXCHANGE

Address: No. 02 Phan Chu Trinh Street, Hoan Kiem District, Hanoi
Tel: (84-4) 39412626 Fax: (84.4) 39347818
Website: www.hnx.vn

The Auction Advisory Organization

SAIGON SECURITIES INCORPORATION –HANOI BRANCH

Hanoi Branch: 1C Ngo Quyen, Hoan Kiem District, Hanoi
Tel: (84.4) 39366321 Fax: (84.4) 39366311
Website: www.ssi.com.vn

Consulting and corporate evaluation Organization

VIETNAM VALUATION AND FINANCE CONSULTANCY COMPANY

Address: No.03 Thuy Khue, Ba Dinh District, Hanoi

1.4. Auction method and settlement of shares for employees

The objective of share offering for employees is implemented according to policy of the State in order to connect employees with VIWASEEN, at the same time appreciate contribution of employees and create stimulation for employees with the development of the Corporation after equitization.

a. Principle of working year calculation for determination of number of shares offered for employees

i. Shares offered for employees satisfying conditions to buy with preferential price

Period of time calculated in share offering with preferential price for employees is total actual time (in full 12 months, no odd months counted) that the employee works for the State until the date of publishing the corporate evaluation value. This period of time does not include actual time which has been previously calculated to buying shares with preferential price in the equitized corporate; the actual working period calculated for

retirement benefits; the actual working time calculated for one time social insurance receipt.

The actual working time for the State of employees which is calculated to buying share with preferential price until the date of publishing corporate evaluation value, comprise:

- Actual time working for a 100% state-owned enterprise; an administrative organization of the State, an army unit from which the employees receive salary from the State budget.
- Period of time that the employees receive salary from a 100% state-owned enterprise, the State budget (training, business trip period…), receive social insurance benefits (sick leave, pregnancy leave, industrial accident, occupational disease);

Working time in the form of committing to fixed amount of products and works in which a 100% state-owned enterprise pays salary and social insurance costs for employees in compliance with regulations.

Share price is equal to 60% of lowest successful bidding price.

Total number of shares offered for employees satisfying conditions to buy shares with preferential price of Viwaseen Corporation are **298,500 shares**.

ii. Additional shares offered for employees based on working year commitment and high qualified employees

Employees in the list of frequent key staff at the date of publishing corporate evaluation value which the entity needs to utilize, having long-term commitment working for the entity with at least 03 years of working commitment for the Corporation (from the date of initital Business Registration Certificate), will be subject to buy additional 200 shares/committed working year, but not exceeding 200 shares/employee.

Specifically, employees which are high qualified experts including key management levels from head, deputy head, manufacturing team leader, deputy team leader and above, supervisors, Youth Union Secretary of the Corporation and dependent companies, will be subject to buy additional 500 shares/01 committed working year, but not exceeding 5,000 shares/employee

Preferential prices of additional shares for employees are determined as lowest successful bidding price after the initial public offering.

Total additional shares for employees based on working year commitment and for

high qualified employees of Viwaseen Corporation are **121,000 shares.**

Total shares offered for employees including shares with preferential price and addition shares based on working year commitment of Viwaseen Corporation is 419,500 shares (equivalent to 0,52 charter capital).

b. Share price determination

In accordance with Decree No.59/2011/ND-CP, share price offered for employee is determined as follows:

- For employees satisfying conditions to buy with preferential price, the price of share offered equals to 60% lowest successful bidding price.
- For additional shares offered for employees according to commitment working year and for high qualified employees of Viwaseen Corporation, the price of share equals the lowest successful bidding price.

2. Utilization plan of the proceeds from the initial public offering

2.1. Estimated proceeds from the initial public offering

The form of equitisation is to hold the State's capital, issue additional shares to increase charter capital equivalent to total par value of additional shares which are retained in the Corporation, the share plus is utilized for settlement of equitisation costs and payment for employee redundancy in accordance with prevailing regulations. The remaining balance (if any) will be processed in compliance with point b, item 2, article 42 of the Decree No.59/2011/ND-CP dated 18/072011, in which the difference from additional shares issued is retained in the joint stock company with the corresponding portion of additional shares issued in charter capital structure.

2.2. Utilization plan of the proceeds from the initial public offering

The proceeds from the equitization of the Corporation by additional share offering will be retained in the Corporation for purposes of investment and development in potential projects (Part 9.6, Section III stated above).

Table 25: Estimated amount received from the share auction

Unit: VND

No.	Content	Number of shares	Amount (VND)
1	Estimated charter capital	80,000,000	800,000,000,000
2	Shares issued to increase charter capital	22,900,000	229,000,000,000
3	Shares issued/charter capital ratio	28.63%	28.63%
4	Estimated amount received from additional shares issued		232,362,120,000
4.1	Shares offered in IPO	22,480,500	229,301,100,000
4.2	Shares offered for employees	419,500	3,061,020,000
-	Shares offered for employees with preferential price (price equal to 60% of lowest successful bidding price)	298,500	1,826,820,000
-	Additional shares offered for employees based on working year commitment (price equal to lowest successful bidding price)	121,000	1,234,200,000
5	**Amount retained in the Corporation**		**229,000,000,000**
6	Remaining balance for payment of equitization expenses and redundant staff policy [(4)-(5)]		3,362,120,000
7	Estimated expenses for equitization process		1,544,775,000
8	Estimated expense for redundant staff policy		305,650,016
9	Remaining amount [(6)-(7)-(8)]		1,511,694,984
10	Retained at VIWASEEN [(9)*(3)]		432,722,689
11	Submit to Corporate arrangement and development fund [(9)-(10)]		1,078,972,295

Note:

Estimates are calculated based on following assumptions:

- Subjects eligble to buy shares will buy all of the shares offered.
- Lowest successful bidding price is estimated equal to estimated starting price of **10,200 dong/share.**

VI. ESTIMATED RISKS FACTORS

1. Economic risks

Normally, conditions of domestic economy with its fundamental factors including GDP growth, inflation rate, interest rate, foreign exchange rate… will always have impact on the development of every economic element. When the economy is in cyclical upturn, macroeconomic stablitity and increasing demands will drive further growth for every economic entity. On the contrary, when the economy is stepping into recession period, increasing interest rate and inflation rate, foreign exchange rate volatility and lowering GDP growth will become a significant adverse impact on business activities of economic entities.

Before 2011, Vietnam was always considered as a new potential emerging economy in Asia with average GDP growth rate of 7%. However, the global financial crisis in 2008 – 2009 had caused a deep pain to the development of Vietnamese economy in particular and to the global economy in general. In 2012, GDP of Vietnam only reached 5.03% and is estimated at 5.3% in 2013 owing to great efforts from the Government to restructure the whole economy. According to the latest statistics, in the second quarter of 2013, GDP is anticipated at 4.9% which is considered as a satisfactory result in the context of economic difficulties thanks to recent positive signs in the industrial production with the decline in level of inventory, consumer price index (CPI) under control at 2.4%, no significant interest rate volatility due to good management in order to promote credit growth for economic entities. Nonetheless business activities of economic entities are still facing many difficulties because of the freeze in the real estate market although many measures have been applies, as a result many companies have been dissolved or moderately operate.

Viwaseen Corporation with its strength in construction and installation in water supply, sewerage projects has also been affected by the cuts in public investment from the Government leading to a decrease in demands for infrastructure construction and development. On the contrary, industrial production activities including trading of raw water and running water have not beared any significant impact and been operated with clear development orientation in the long run.

2. Legal and regulatory risks

Being a state-owned enterprise converted into joint stock company, the operation of VIWASEEN will not be regulated in compliance with Decree No.09/2009/ND-CP by the Government with respects to financial management regulations and State capital management for state-owned enterprise but will be regulated under Corporate Law 2005 and other related regulations. Hence, VIWASEEN will be regulated by other legal documents of securities and stock exchange when having converted into Public listed company. Law and other legal documents in this field are in completing stage, any changes in policies may incur at any time and when it incur, adversely impact may affect business performance and management of an entity.

In order to manage these legal and regulatory risks, the Corporation regularly update changes in the prevailing legal system which are considered to have impact on the operation of the Corporation, therefore giving appropriate business plan.

3. Specific risks

3.1. Settlement risks

Regarding construction and installation activities, construction period normally lasts for a long time, finalization, hand-over of each completed construction part while capital disbursement is often low, processes to complete construction document and agreement on financial finalization consume a lot of time. Therefore, the Corporation needs sufficient working capital to maintain operation and settle due debts.If the Corporation does not have appropriate financial plan, it will face liquidity issue.

3.1. Human resources risks

The main business activities of the Corporation are construction and installation for water supply, sewerage projects containing high mobility, hard-working and dangerous characteristics. Therefore, a skillful and high qualified labor force is the most important factor for the Corporation. However, this skillful and experienced labor force is subject to risk of loss side other companies in the same sector will try to recruit. So besides appropriate benefits and human resources policy, VIWASEEN need to prepare clear development and training plans to ensure business stability and development in the future.

3.2. Risks of raw material price fluctuation

Iron, steel and other building material and fuel account for large percentage in

production and installation costs for water supply and sewerage projects. Therefore, price vitality of any types of iron, steel and main building material as well as fuel, oil will have impact on revenue and profit of the Corporation. In addition, the instability in the supply of raw material inputs will affect construction progress of the Corporation.

3.3. Market risks

Vietnam accession to World Trade Organization (WTO) will create more opportunities as well as challenges which require the whole construction sector to improve competitive advantage and develop in accordance with international standards and practices. The opening of market will create higher competition for prevailing construction companies in the market. Companies funded by foreign organization with strong financial resources and advanced management model will become the real competitors to domestic companies. To limit these risks, VIWASEEN regularly improve its competitiveness by investment in innovative machinery and equipment to enhance professionalism in construction and installation activities and maintain its prestige with customers by quality of construction works implemented by the Corporation.

4. Risks of the initial public offering

Public offerings of shares by the Corporation are subject to the conditions of Vietnamese market, instable volume and transaction value at low level. In addition, negative signs of macro economy can have impact on investor sentiment and the absorption ability of the market.

5. Other risks

Besides the above specific risks of building material production and real estate business, Viwaseen Corporation as well as other entities will be affected when facing inevitable risks. Force majeure, epidemic diseases … are inevitable risks that will cause damage to assets, people and business operation of VIWASEEN and other entities.

VII. VIWASEEN MAIN PERSONS RESPONSIBLE FOR INFORMATION OF VIWASEEN CORPORATION

1. Equitization Steering Committee

No.	Full Name	Position
1	Mr. Tran Van Son	Deputy Minister of Construction – Chief of the Committee
2	Mr. Duong Van Phuc	Chairman of Members' Council of the Corporation – Deputy Chief of the Committee
3	Mr. Le Kha Manh	General Director - Member
4	Mr. Dang Van Long	Head of department – Deputy Head of Enterprise development and Doi Moi Department - Ministry of Construction – Member
5	Ms. Pham Thi Minh Thuan	Deputy Head of Finance – Planning Department of Ministry of Construction - Member
6	Mr. Ha Manh Hoat	Deputy Head of Organization and Personnel Department –Member
7	Mr. Hoang Van Thu	Head of Corporate Finance Department - Member

2. Equitized enterprise: Vietnam Water and Environment Investment Corporation

No.	Full Name	Position
1	Mr. Duong Van Phuc	Chairman of Members' Council –Viwaseen Corporation
2	Mr. Le Kha Manh	Member of Members' Council, General Director – Viwaseen Corporation
3	Mr. Nguyen Tat Thang	Member of Members' Council – Viwaseen Corporation

No.	Full Name	Position
4	Mr. Thieu Quang Quyen	Member of Members' Council, President of Trade Union - Viwaseen Corporation
5	Mr. Nguyen Duc Hung	Deputy General Director – Viwaseen Corporation
6	Mr. Pham Ngoc Tu	Chief Accountant – Viwaseen Corporation
7	Mr. Le Minh Duc	Member of Board of Internal Control - Viwaseen Corporation
8	Mr. Le Xuan Tien	Head of Organization – Personnel Department - Viwaseen Corporation

We assure that information and data in this Information Statement are in accordance with the fact that we are aware of or have investigated and collected properly.

3. Auction Advisory Organization: Saigon Securities Incorporation (SSI)

Ms. Nguyen Ngoc Anh Position: Head of Investment Banking North

Authorization of Chairman of the Board cum Chief Executive Officer of Saigon Securities Incorporation No. 01/2013/UQ-SSI dated 21/03/2013.

This Information statement is an integral part of initial public offering documents with the preparation by Saigon Securities Incorporation, Hanoi Branch on the basis of the Consulting Contract with Viwaseen Corporation. We assure that the analysis, evaluation and choice of words and expressions on this Information Statement have been made in a reasonable and prudent manner under the information and data provided by Viwaseen Corporation.

ON BEHALF OF EQUITIZATION STEERING COMMITTEE
VIETNAM WATER AND ENVIRONMENT INVESTMENT CORPORATION
HEAD OF ENTERPRISE MANAGEMENT DEPARTMENT – MINISTRY OF CONSTRUCTION

DANG VAN LONG

VIETNAM WATER AND ENVIRONMENT INVESTMENT CORPORATION

GENERAL DIRECTOR	CHIEF ACCOUNTANT
LE KHA MANH	PHAM NGOC TU

AUCTION ADVISORY ORGANIZATION
SAIGON SECURITIES INCORPORATION BRANCH IN HANOI
HEAD OF INVESTMENT BANKING – NORTH

NGUYEN NGOC ANH