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

INFORMATION STATEMENT

INITIAL PUBLIC OFFERING

HANOI CONSTRUCTION CORPORATION



AUCTIONEER

HANOI CONSTRUCTION CORPORATION

Address: 57 Quang Trung, Hai Ba Trung, Ha Noi
Tel: (84.4) 3943 9063 Fax: (84.4) 3943 9521

AUCTION ORGANIZATION

HANOI STOCK EXCHANGE

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

AUCTION ADVISORY ORGANIZATION

SAIGON SECURITIES INCORPORATION

Head Office: 72 Nguyen Hue, District 1, Hochiminh City
Tel: (84.8) 38242897 Fax: (84.8) 38242997
Hanoi Branch: 1C Ngo Quyen, Hoan Kiem District, Hanoi
Tel: (84.4) 39366321 Fax: (84.4) 39366311

TABLE OF CONTENTS

LIST OF TABLES.....	2
DEFINITION AND ABBREVIATIONS.....	3
I. INFORMATION OF THE EQUITIZED ENTERPRISE	4
1. Equitized Enterprise	4
2. Scopes of business	4
3. Main products and services	8
4. Total number of employees working for the Corporation after equitization.....	8
5. Value of the Corporation and the State’s capital contribution	8
6. Main assets of the Corporation	10
7. Organization structure of Parent Company – Hanoi Construction Corporation	17
8. List of parent company, subsidiaries and associates	20
9. Financial situation and results of operations in 3 years before equitization	22
10. The Corporation’s position compared to other enterprises in the industry	39
II. INVESTMENT PLAN AND DEVELOPMENT STRATEGY OF THE CORPORTION AFTER EQUITIZATION	43
1. Some primary information on the Corporation’s development strategy after equitization	43
2. Major economic indicators of investment plans and development strategies for 5 years following equitization.....	47
III. CHARTER CAPITAL, STRUCTURE OF CHARTER CAPITAL	53
IV. GENERAL INFORMATION OF THE AUTION.....	54
1. Auction method and settlement of shares for investors participating in the auction	54
2. Auction method and settlement of shares for employees.....	55
3. Utilization plan of the proceeds from the initial public offering.....	57
V. RISK FACTORS.....	59
1. Economic risks	59
2. Legal and regulatory risks	59
3. Financial risks	60
4. Specific risks	60
5. Risks of public offerings	61
6. Other risks	61
VI. PERSONS RESPONSIBLE FOR INFORMATION DISCLOSURE OF HANCORP	62
1. Equitization Steering Committee	62
2. Auction Organisation: HANCORP	62
3. Auction Advisory Organisation: Saigon Securities Incorporation (SSI)	63

LIST OF TABLES

Table 1: Hanoi Construction Corporation’s registered business fields	4
Table 2: List of number of employees working for the Corporation after equitization .	8
Table 3: Results of the Corporation value determination.....	8
Table 4: Classified lands under management of Hanoi Construction Corporation.....	10
Table 5: The use and management of lands after equitization	10
Table 6: List of land lots, location and value of land use rights calculated in the enterprise value.....	11
Table 7: List of some main valuable machinery and equipment of the Corporation according to result of the enterprise value determination	16
Table 8: List of some main valuable vehicles of the Corporation according to result of the enterprise value determination.....	16
Table 9: List of member companies of the Corporation	20
Table 10: Revenue and Income Structure in 3 years before equitization.....	26
Table 11: Production cost breakdown	30
Table 12: List of some main contracts in progress or signed but not yet implemented by Parent Company –Hanoi Construction Corporation	34
Table 13: Major financial indicators in 3 years before equitization.....	36
Table 14: Some financial indicators in 3 years before equitization	37
Table 15: Member companies after equitization	46
Table 16: Investment plan for 2014-2018 after equitization	47
Table 17: HANCORP investment demands after equitization.....	48
Table 18: Investment/divestment plans on subsidiaries and associates	51
Table 19: Recruitment plan during restructuring period to 2018.....	52
Table 20: Business plan 2014 – 2018.....	52
Table 21: Total estimated proceeds from the equitization	57

DEFINITION AND ABBREVIATIONS

Share auction	Public offering of shares of equitized state-owned enterprise, specifically shares of Hanoi Construction Corporation, 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 Hanoi Construction Corporation
HANCORP The Corporation	Hanoi Construction Corporation is a limited company under management of the Ministry of Construction.
SSI Limited Company	Saigon Securities Incorporation Ltd., Co.
JSC	Joint Stock Company

I. INFORMATION OF THE EQUITIZED ENTERPRISE

1. Equitized Enterprise

- Name in Vietnamese: Tổng công ty Xây dựng Hà Nội
- Name in English: Hanoi Construction Corporation
- Abbreviated name: HANCORP
- Head Office: No.57 Quang Trung, Nguyen Du Ward, Hai Ba Trung District, Vietnam
- Telephone: (84 4) 3943 9063
- Fax: (84 4) 3943 9521
- Website: www.hancorp.com.vn
- Logo: 
- Business Registration Certificate: 0100106338 issued for the first time by Hanoi Authority for Planning and Investment on 17/05/1996 and amended for the 9th time on 05/08/2013
- Charter capital: VND 1,200,000,000,000 (One thousand two hundred billion dong)

2. Scopes of business

According to the Business Registration Certificate No.0106000907 issued by Hanoi Authority for Planning and Investment for the first time on 17/05/1996, amended for the 9th time to No.0100106338 on 05/08/2013, the prevailing scopes of business of Hanoi Construction Corporation include:

Table 1: Hanoi Construction Corporation's registered business fields

No.	Name of Industry	Industry code
1	Construction of various types of houses	4100 (main)
2	Construction of railways and roads	4210
3	Construction of public works, details as followed: Construction of energy transmission and telecommunication networks; - Construction of water pipelines and water systems including: + Irrigation system (canal); + Water tank.	4220

No.	Name of Industry	Industry code
	<ul style="list-style-type: none"> - Construction of works of: + Waste water drainage systems; + Waste water treatment plants; + Water pump stations; + Energy Plant. - Drilling for water source 	
4	Construction of other technical civil engineering works	4290
5	Installation of electric system, in details: Installation of firefighting and fire prevention equipments	4321
6	Installation of water supply, sewerage, heating and air conditioning systems	4322
7	Installation of other construction systems	4329
8	Complete construction works	4330
9	Other specified construction activities	4390
10	Production of building materials from clay	2392
11	Production of cement, lime and plaster	2394
12	Production of concrete and cement and plaster products	2395
13	Cut to shape and finish stone	2396
14	<p>Production of products from other non-metallic minerals not yet classified in any categories, in details:</p> <ul style="list-style-type: none"> - Production of stone powder, abrasive or polishing stone and natural and artificial products including adhesive products on spongy surface; - Production of fiber and non-metallic sheets, clothing, hats, shoes, paper, twine, rope... - Production of abrasive materials and non-frame products from such materials with mineral materials or cellular - Production of soundproofing materials from minerals, such as production of rockwool, mineralwool, mineral fertilizer, clay and sound insulation material, thermal insulation and sound absorption materials; - Production of mineral products, such as: mica and other mica products, peat, charcoal (not electrical products); 	2399

No.	Name of Industry	Industry code
	<ul style="list-style-type: none"> - Production of products from asphat and similar materials, such as asphat adhesive, slag; - Carbon and graphite fibre and products from carbon fibre (excluding electrical equipments). 	
15	Exploitation of iron ores	0710
16	Exploitation of non-ferrous metals	0722
17	Exploitation of scarce metal ores	0730
18	Exploitation of stone, sand, gravel, clay	0810
19	Installation of equipment and industrial machinery	3320
20	Production, transmission and distribution of electricity	3510
21	Trading of machinery and equipment, and spare parts, in details: <ul style="list-style-type: none"> - Wholesale of mineral mining machinery, equipment and spare parts - Wholesale of machinery, equipment and spare parts (generators, electric motors, wires and other equipments used in electric circuit) 	4659
22	Retail sale of metal products, paints, glass and other installation equipments in construction at specialized stores	4752
23	Short-stay accomodation services, in details: <ul style="list-style-type: none"> - Hotels; - Villas or serviced apartment for short stay; - Guest houses, hostel for short stay. 	5511
24	Research and development of natural sciences and engineering works	7210
25	Human resources supply and management, in details: Supply and management of labour working overseas	7830
26	Dedicated design activities, in detail: Interior design activities	7410
27	Financial support services not yet classified in any industries. In details: Investment consulting services (excluding legal, financial, accounting, auditing, tax and securities consulting services)	6619
28	Warehouse and storage of goods	5210

No.	Name of Industry	Industry code
29	Other sport activities In details: Trading of sport services	9319
30	Trading of real estate projects, land use rights as owner or lesser, in details: - Real estate trading; - Operational management of apartment buildings.	6810
31	Composing, art and entertainment activities, in details: Trading of entertainment services (exclude dancing floor)	9000
32	Wholesale of building materials, installation of other construction machinery and equipments In details: trading of building materials	4663
33	Professional, scientific and other technological activities not yet classified in any industries In details: import – export of products the Corporation is trading	8299
34	Provision of services supporting other business activities not yet classified in any industries, in details: trading of firefighting and fire prevention equipments	4699
35	Wholesale of other products not yet classified in any industries, in details: trading of firefighting and fire prevention equipments	
36	Architectural and technical consultanting activities, in details: - Consulting service on preparation of bidding files, bidding assessment (excluding bidding pricing determination and construction pricing consultancy) - Preparation of construction investment plans (excluding preparation of total budget and construction cost estimates); - Management of construction investment plans (excluding construction cost management); - Structural design for civil and industrial projects; - Construction design planning; - Architectural design of projects. (For conditional business industries, the Corporation only	7110

No.	Name of Industry	Industry code
	conduct business when satisfies all conditions as required by prevailing laws).	

3. Main products and services

- Construction of housing products, public, technical, civil engineering works;
- Real estate investment and trading activities.

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

Table 2: List of number of employees working for the Corporation after equitization

	Number
Number of employees with graduate and post-graduate degrees	219
Number of employees with college and intermediate degrees	31
Number of employees with technical and vocational training	79
Other employees	45
Total	374

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

In accordance with Decision No.1139/QĐ-BXD dated 11/11/2013 on determination of Corporation value and the State's capital contribution in the Parent Company – Hanoi Construction Corporation and Technology Consulting and Import-Export Training Center (HANTECH) at 0h 01/01/2012, **total actual value of the Corporation is VND 5,151,840,812,657**, in which **actual capital contribution of the State at the Corporation is VND 1,394,423,309,541**.

Table 3: Results of the Corporation value determination

Unit: VND

Items	Enterprise value
A. Assets in use (I+II+III+IV)	5,151,840,812,657
I. Fixed assets and long-term investments	1,522,426,337,456
1. Fixed Assets	105,319,161,414
a. Tangible fixed assets	105,291,495,644
b. Financial lease	-
c. Intangible fixed assets (excluding land use rights)	27,665,770
2. Investment property	-
3. Long term financial investment	1,393,976,843,405
4. Construction in progress	560,150,000

INFORMATION STATEMENT
HANOI CONSTRUCTION CORPORATION



5. Long-term deposits	-
6. Long-term prepaid expenses (excluding goodwill)	6,026,161,095
7. Non-current receivables	15,534,021,542
8. Other non-current fixed assets	1,010,000,000
II. Current assets and short-term investment	3,467,613,167,308
1. Cash	78,050,248,509
a. Cash on hand	1,256,017,700
b. Cash in bank	76,194,230,809
c. Cash in transit	600,000,000
2. Short-term financial investment	4,439,250,000
3. Account receivables	1,419,422,445,870
4. Inventories	1,959,118,779,382
5. Other current working assets	6,582,443,547
III. Goodwill of the Corporation	160,504,107,893
1. Goodwill	10,182,078,939
2. Development potential	150,304,128,954
IV. Land use rights value	1,297,200,000
B. Unused assets	1,293,612,683
I. Fixed assets and long-term investment	1,293,612,683
1. Fixed assets	1,293,612,683
D. Assets formed from welfare and bonus funds	2,688,840,000
TOTAL ASSETS VALUE (A+ B+ C+ D)	5,155,823,265,340
In which:	
TOTAL ACTUAL ENTERPRISE VALUE (Section A)	5,151,840,812,657
E1. Actual debts payable	3,757,417,503,116
In which: Newly allocated land use right value payable to the State Budget	1,210,734,732,539
E2. Source for profession	-
TOTAL ACTUAL CAPITAL CONTRIBUTION VALUE OF THE STATE {A- (E1+E2)}	1,394,423,309,541

Source: Extract from Minute of Enterprise Value Determination

6. Main assets of the Corporation

6.1. Lands

As at 0h 31/12/2011, Hanoi Construction Corporation is managing total areas of 2,185,789.51 m², in which:

Table 4: Classified lands under management of Hanoi Construction Corporation

Classification of lands	Areas (m²)	Percentage
Lands allocated by the State	2,081,576.37	95%
<i>Lands for long-term use with land use fee</i>	762,203.38	35%
<i>Lands without land use rights fee</i>	1,319,372.99	60%
State lands for lease with annual lease payment	77,685.00	4%
Other lands	26,358.64	1%
Total	2,185,789.51	

Source: Report on declaration and proposal of plan on rearrangement and process of lands and properties used by Hanoi Construction Corporation, 2012

In particular, total land area which have been transferred or reclaimed is 1,094,003.20 m²; the remaining areas under management and use of the Corporation are 1,091,786.31 m².

Table 5: The use and management of lands after equitization

Land classification	Areas (m²)	%
Lands assigned by the State	965,482.31	45%
<i>Lands allocated for long-term use rights with land use fee</i>	30,284.58	1%
<i>Lands allocated without land use rights fee</i>	935,197.73	44%
Lands leased from the State with annual lease payment	74,228	3%
Other lands	21,595.2	1%
Lands being transferred/reclaimed	1,094,003.2	51%
Total	2,155,308.71	

Source: Equitization Plan of Hanoi Construction Corporation

INFORMATION STATEMENT
HANOI COSNTRUCTION CORPORATION



Table 6: List of land lots, location and value of land use rights calculated in the enterprise value

No.	Name and location of the land lots	Total areas of the land lots (m ²)	Total areas of the land lots allocated by the State (m ²)		Total areas of leasing lands with annual lease payment	Total areas of other land lots (m ²)	Period of land allocation and leasing	Purpose of current use of lands	Land use right value calculated in enterprise value (million dong)	
			With land use right payment							Without land use right payment
			Long – term	Definite term						
I	HANOI									
1	Land lot for Headquarter – 57 Quang Trung, Nguyen Du Ward, Hai Ba Trung District, Hanoi	886			886		30 year leasing period since 28/01/2003	For General Office of the Corporation	-	
2	Land lot for Diplomatic Corps Project in Hanoi – Xuan Dinh, Tu Liem, Hanoi	627,000	84,254.38		446,531.42	74,713	21,501.2	In accordance with Diplomatic Corps Area Project in Hanoi	1,096,051	
3	1 st + 2 nd Floor B3 Building at Thang Long International Village – Dich	1,302.4			1,302.4			Services	-	

INFORMATION STATEMENT
HANOI CONSTRUCTION CORPORATION

No.	Name and location of the land lots	Total areas of the land lots (m ²)	Total areas of the land lots allocated by the State (m ²)		Total areas of leasing lands with annual lease payment	Total areas of other land lots (m ²)	Period of land allocation and leasing	Purpose of current use of lands	Land use right value calculated in enterprise value (million dong)	
			With land use right payment							Without land use right payment
			Long – term	Definite term						
	Vong Ward, Cau Giay, Hanoi, including									
	- Area for lease			808.02				For lease		
	- Area as capital contribution in Lanmak Capital JSC			152				Capital contribution		
	- Areas for Head Office of Urban area and houses Services Enterprise			63				Office of Urban area services and houses enterprise		
4	1 st + 2 nd Floor B5 Building at Thang Long International Village – Dich Vong Ward, Cau Giay District,	1,302.4		1,302.4				Services	-	

INFORMATION STATEMENT
HANOI CONSTRUCTION CORPORATION



No.	Name and location of the land lots	Total areas of the land lots (m ²)	Total areas of the land lots allocated by the State (m ²)		Total areas of leasing lands with annual lease payment	Total areas of other land lots (m ²)	Period of land allocation and leasing	Purpose of current use of lands	Land use right value calculated in enterprise value (million dong)	
			With land use right payment							Without land use right payment
			Long – term	Definite term						
	Hanoi, including:									
	- Area for lease			542				For lease		
	- Areas allocated to Construction – Design – House Trading Advisory JSC			689				Allocated to Construction – Design – House Trading JSC		
	- Areas as capital contribution			140				Capital Contribution		
5	Land lots for Sport Center with symbol (H) at Thang Long International Village, Dich Vong Ward, Cau Giay, Hanoi	6,094.71			6,094.71			Construction of sport centers	-	
6	Land lots for Kindergarten (K Area) at Thang	406			406			Construction of education projects	-	

INFORMATION STATEMENT
HANOI CONSTRUCTION CORPORATION

No.	Name and location of the land lots	Total areas of the land lots (m ²)	Total areas of the land lots allocated by the State (m ²)		Total areas of leasing lands with annual lease payment	Total areas of other land lots (m ²)	Period of land allocation and leasing	Purpose of current use of lands	Land use right value calculated in enterprise value (million dong)	
			With land use right payment							Without land use right payment
			Long – term	Definite term						
	Long International Village – Dich Vong Ward, Cau Giay, Hanoi							(kindergarten)		
7	Land lot for 28 - floor building complex at Thang Long International Village–Dich Vong Ward, Cau Giay, Hanoi	11,068	2,426					Construction of Housing Complex	-	
					2,086		50 year leasing period since 02/02/2010	Construction of trade centers		
				6,556				Construction of internal roads		
8	Land lot for ECON Technical Foundation Company – HGCC – Ha Dong	5,000			5,000		10 year leasing period since 04/10/1997	Specified land, land as capital contribution in joint venture	-	
II	Ho Chi Minh City									

INFORMATION STATEMENT
HANOI CONSTRUCTION CORPORATION



No.	Name and location of the land lots	Total areas of the land lots (m ²)	Total areas of the land lots allocated by the State (m ²)		Total areas of leasing lands with annual lease payment	Total areas of other land lots (m ²)	Period of land allocation and leasing	Purpose of current use of lands	Land use right value calculated in enterprise value (million dong)	
			With land use right payment							Without land use right payment
			Long – term	Definite term						
1	Land lot for Head Office of the Corporation’s Branch in Ho Chi Minh city – No.11 D1 Road, Ward 25, Binh Thanh, Ho Chi Minh city	94				94	Long - term	For use of general office of the Corporation	1,297	
III	Dong Nai									
1	Land lot for Phuoc An – Long Tho Residential Area Project – Long Tho, Nhon Trach, Dong Nai City	1,504,760	675,523		829,237			In accordance with Phuoc An – Long Tho Residential Area Project	21,584	
	Total	2,155,308.71	762,203.38		1,292,521.55	82,685				

Source: Minute of Enterprise Value Determination

6.2. Machinery and Equipment

Table 7: List of some main valuable machinery and equipment of the Corporation according to result of the enterprise value determination

Asset Name	Quantity	Year in use	Revaluation		
			Historical cost	% remaining value	Remaining Value
Electric Substation	1	2001	359,600,570	20.0%	71,920,114
Elevator 1 - MISUBISHI	1	2007	748,615,714	56.6%	423,383,776
Elevator 2 - MISUBISHI	1	2007	748,615,714	56.6%	423,383,776
Japanese Roller Car 650kg	1	2011	55,000,000	94.0%	51,689,815
Diesel Generator	1	2011	108,481,364	93.0%	100,917,802

Source: Extract from Minute of Enterprise Value Determination

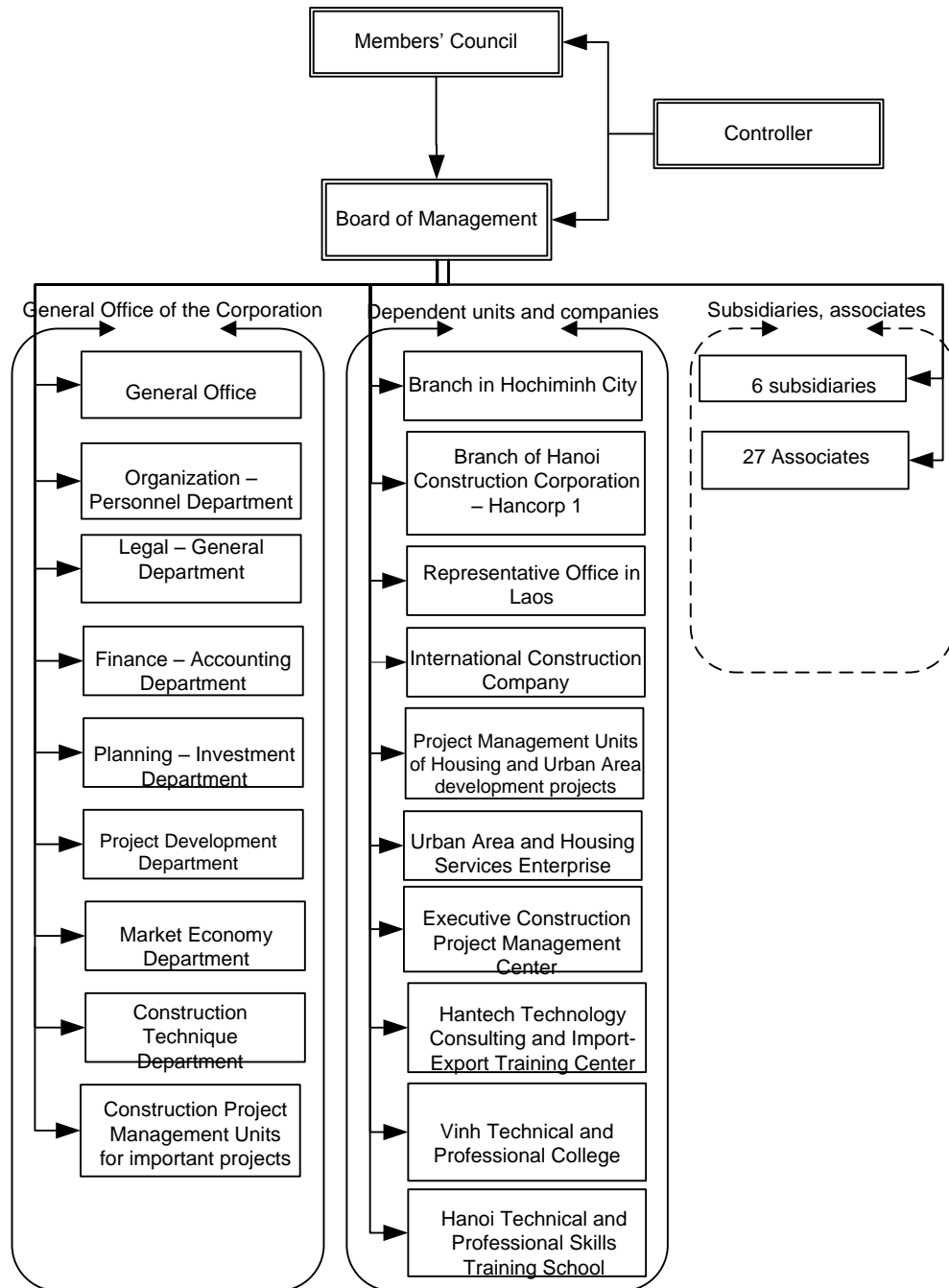
6.3. Vehicles

Table 8: List of some main valuable vehicles of the Corporation according to result of the enterprise value determination

Asset Name	Quantity	Year in use	Revaluation		
			Historical cost	% residual value	Remaining value
Car - ACURA MDX Sport	1	2010	2,709,493,692	85%	2,303,069,638
Car - Camry 2.4G BS 30X 8189	1	2010	1,093,000,000	81%	883,508,333
Car - Mercedes S350	1	2008	2,906,000,000	60%	1,743,600,000
Car - TOYOTA Camry 3.0V	1	2003	1,507,000,000	40%	602,800,000
Car – Land Cruiser 29N 6148	1	2002	1,923,000,000	30%	576,900,000
Car - TOYOTA COROLLA	1	2011	873,844,995	93%	812,675,845
SUV Toyota Fortuner	1	2011	974,467,273	91%	885,141,106

Source: Extract from Minute of Enterprise value determination

7. Organization structure of Parent Company – Hanoi Construction Corporation



Source: Hanoi Construction Corporation, 2013

Functions, responsibilities of departments and offices

Parent company – the Corporation is the focal unit operating and managing member companies as well as general operation of the entire Corporation. The followings are some of the main functions and responsibilities of departments and offices of the Parent Company – Hanoi Construction Corporation:

a. General Office of the Corporation

Conduct function to advise and assist Members' Council, General Director of the Corporation in the process of implementing the stated above responsibilities for some tasks, such as clerical work, storage, administration, information, health and other management activities including management of the use and lease of building at 57 Quang Trung – Hanoi, and arrangement of vehicles for business trip, acquisition of machinery and equipment serving for employees of the Corporation.

b. Legal – General Department

- Counsel and assist Members' Council and General Director in the inspection, supervision activities of the implementation of legal provisions related to business activities of the Corporation

- Prepare documents, internal regulations of the Corporation; inspect and supervise the implementation of internal regulation documents of the Corporation.

- Coordinate with departments and offices of Hancorp Corporation in establishing internal regulations, benchmarks and standards of economic contracts.

- Formalize legal documents serving for business activities of the Corporation, legal compliance management in business activities of the Corporation.

- Provide legal advisor to departments and member companies and units of the Corporation.

c. Organization – Personnel Department

Organization – Personnel Department is responsible for assisting Members' Council and General Director during the implementation process of the following tasks: personnel organization, organization of management and business activities, remuneration, emulation and discipline, technical and professional training and labor export..., inspection, settlement of complaints and denunciations..., military protection works and business renovation and development.

d. Finance & Accounting Department

Finance & Accounting Department is responsible for assisting Members' Council and General Director in the organization and implementation of all financial, accounting and bookkeeping works of the entire Corporation, at the same time inspect and supervise all financial activities of the Corporation in accordance with Charter of the Corporation and prevailing laws.

e. Project Development Department

Project Development Department is responsible for assisting Members' Council and General Director in the implementation, guidance and inspection in the following activities:

searching for new projects, managing urban area development projects and infrastructure development projects, trading real estate projects which the Corporation acts as main investor and some other activities assigned by General Director.

f. Market Economy Department

Market Economy Department is responsible for assisting Members' Council and General Director in the implementation, guidance and inspection of activities including promotion, economic contracts of the Corporation.

g. Construction Technique Department

- Construction Technique Department is responsible for assisting Members' Council and General Director in the implementation, guidance and inspection of the Corporation for its member companies with regards to following activities: managing construction activities, quality and products, managing construction equipment's, technologies and initiative of innovation, prevention and reduction of natural disasters, technical processes and regulations of the sector by the State related to business activities of the Corporation.

- Conduct occupational safety standards, fire prevention and occupational and environmental sanitation during implementation of business activities of the Corporation and member companies so as to improve working conditions, prevent occupational accidents and diseases, protect health of employees and implement policies in accordance with provisions of Labor Law and other related legal documents of the State on Labor Protection.

h. Investment Planning Department

- Investment Planning Department is responsible to advise and assist Members' Council and General Director in the establishment, implementation, guidance and inspection of the following activities: statistical plans, management and supervision of joint venture and investment activities of projects of the Corporation and its member companies in accordance with regulations of the State, management of machinery and equipment investment, industrial development projects, building material industry and specific investment in 02 intermediate schools, management of lands, head office and workshop serving for production and trading activities and other responsibilities.

- Act as focal unit implementing reporting system on business and investment activities to competent authorities; manage investment capital and advise related management levels about operation of subsidiaries and associates.

i. Construction Management Units of important projects

Construction Management Units of important projects are representatives of the Corporation acting as general contractor of important construction projects. Construction management units are responsible for managing and supervising construction progress,

quality, confirming construction volume, conducting finalization and settlement with subcontractors, acceptance of construction projects with main investors as well as other assigned responsibilities...

8. List of parent company, subsidiaries and associates

The Corporation has 33 member companies, in which: 06 joint stock companies with controlling capital contribution by the Corporation and 27 associates.

Table 9: List of member companies of the Corporation

No.	Company Name	Charter Capital (dong)	% capital contribution	Capital contribution value (dong)
I	Subsidiaries			
1	Hanoi Construction Joint Stock Company No.1	80,000,000,000	50.36%	58,766,838,000
2	Tay Ho Housing Development and Investment Construction Company	28,000,000,000	50.09%	14,025,800,000
3	Joint – Venture Company for Construction VIC	29,400,000,000	51.80%	16,366,000,000
4	Hancorp 2 Joint Stock Company	7,197,325,000	56.15%	3,706,000,000
5	Hancorp Construction Equipment and Material Joint Stock Company	40,000,000,000	80.00%	32,000,000,000
6	Hancorp Real Estate Services and Investment Joint Stock Company	30,000,000,000	60.00%	9,000,000,000
II	Associates			
1	West Lake International Joint Venture Company	230,736,000,000	25.00%	51,932,880,000
2	Phu My BOT Joint Stock Company	745,000,000,000	11.27%	83,990,800,000
3	Que Phong Hydropower Joint Stock Company	191,831,000,000	36.30%	81,837,070,000

INFORMATION STATEMENT**HANOI CONSTRUCTION CORPORATION**

4	My Duc Cement Joint Stock Company	600,000,000,000	45.00%	149,555,309,131
5	VIGIBA International Investment and Construction Joint Stock Company	180,000,000,000	29.44%	66,276,227,500
6	Lac Hong Investment Joint Stock Company	81,000,000,000	10.00%	8,100,000,000
7	Lanmak Property Investment Construction Joint Stock Company	70,000,000,000	27.00%	18,900,000,000
8	An Binh Star Joint Stock Company	550,000,000,000	14.00%	77,000,000,000
9	Sahabak Joint Stock Company	260,000,000,000	12.00%	11,195,479,720
10	Deo Ca Investment Joint Stock Company	1,077,000,000,000	45.00%	228,600,000,000
11	North Hanoi Development and Investment JSC	200,000,000,000	30.00%	3,000,000,000
12	Construction Development and Investment Joint Stock Company	208,097,020,000	19.75%	44,077,250,000
13	Water Electrical Mechanical Installation and Construction Joint Stock Company	30,000,000,000	30.00%	9,000,000,000
14	Joint-Stock Investment and Construction Company No.34	20,000,000,000	30.00%	6,054,750,000
15	Construction and Materials Trading Joint Stock Company	25,000,000,000	27.58%	6,896,100,000
16	Bach Dang Joint Stock Company	13,441,650,000	22.10%	2,970,600,000
17	Investment and Construction Joint Stock Company No.4	160,000,000,000	25.86%	44,800,950,000
18	Construction – Design –	5,125,000,000	36.00%	1,845,000,000

	House Trading Consultancy Joint Stock Company			
19	Construction Joint Stock Company No.2	30,000,000,000	28.07%	8,421,600,000
20	Trung Do Joint Stock Company	80,000,000,000	32.57%	32,630,130,000
21	Hanoi Concrete Construction Joint Stock Company	85,000,000,000	28.05%	23,841,000,000
22	Mechanized Construction Joint Stock Company	36,800,000,000	28.53%	10,500,000,000
23	Urban and Industrial Zone Construction Joint Stock Company	23,000,000,000	26.09%	6,000,000,000
24	Technology Development Construction Joint Stock Company	25,000,000,000	19.66%	4,916,000,000
25	Ho Chi Minh Museum Construction Joint Stock Company	80,000,000,000	39.33%	31,463,000,000
26	Engineering and Construction Joint Stock Company	9,500,000,000	29.95%	2,845,200,000
27	Vietnam Urban Area Investment and Construction Joint Stock Company	198,000,000,000	10.00%	3,000,000,000

Source: Hanoi Construction Corporation, 2013

Note: Value of capital contribution in subsidiaries and associates is the actual capital which the Corporation has already contributed.

9. Financial situation and results of operations in 3 years before equitization

9.1. Business performance

9.1.1. Product/service outputs over years

The Corporation is operating in the main following fields:

- Construction of civil engineering, industrial and infrastructure.
- Real Estate investment;

- Long term financial investment.

a. Construction activities

Hanoi Construction Corporation has developed to be a leader in construction business in Vietnam. Its brand name is now attached to many important national works such as: Ho Chi Minh Mausoleum, Ho Chi Minh Museum, Central Committee of the Communist Party of Vietnam’s meeting room, Office Of The National Assembly’s work place, Viet-So Cultural Place, Vietnam Central Circus, Vietnam National Convention Center,... as well as many civil engineering works (office, urban area, apartment complex,), industrial construction (factories, industrial zone ...) and infrastructure (road, electricity systems, water supply and sanitation systems). HANCORP’s products appear in most provinces and cities nationwide.

Construction business is considered the major business activities, contributes a major proportion to the revenue of parent company at an annual average of approximately VND 1,300 billion. The company’s major construction business involves the following activities:

Civil engineering	Industrial Construction	Infrastructure Construction
Work place, Offices, schools, hospitals	Energy engineering, electric power substation	Traffic structure
Centers for sports or cultural activities	Industrial engineering for construction materials	Industrial zones’ and urban areas’ infrastructure
Residential houses, apartment	Factories within industrial park	Electric engineering, electric lines, water supply and drainage
Business centers, hotels, stations, airports, headquarter buildings, offices, ...		Irrigation and water conservancy works

First established by the merger of several constructing groups, teams, and small enterprises, HANCORP has developed a synchronized business structure from architecture advisory, major input supply, equipment investment and construction management skills as well as the constructing skills of workers. Up to now, its 21 subsidiaries have been well-developed and are able to run independently, play their active roles in respective businesses, the Corporation only supports them in terms of sharing brand name, techniques, retrieving and tendering large-scale projects.

Besides, the construction business in parent company is enhanced and operated directly via the following units:

- Construction projects operation and management center

- Hanoi Construction Corporation's branch in Ho Chi Minh
- International Construction Company
- Hanoi Construction Corporation's branch – Hancorp 1
- 3 Project management units

Since 1990, Hanoi Construction Corporation has achieved 7 golden quality cups, 194 gold medals, and other certificates for high quality in different buildings and products awarded by Ministry of Constructions and Ministry of Science and Technology, among Top 20 most famous brands in Vietnam. The Corporation's other works have consistently been highly appreciated for good quality. In its construction activities, the Corporation always sets highest prioritization to quality and deadline, thereby, increasing quantity and value of winning bids.

With its renowned brand name and certified construction quality, the Corporation has won tender for buildings of higher complexity and is appointed to execute more Government sponsored projects. Annual revenue from construction grew at average 19%/ year from 2007 to recent year.

Regarding market size, although its projects are developed nationwide, HANCORP pays more attention to 2 largest markets: Hanoi and Ho Chi Minh, where there are more construction projects in terms of both scale and invested capital.

The Corporation has also stressed emphasis on training management team and technical employees. As on September 30th 2013, there are 389 employees working in parent company and dependent units, 42% of whom holds an undergraduate degree or above.

b. Real Estate Investment

With its experience and advantages in the field of construction, HANCORP has made a turning point by shifting to real estate investment business. This is considered a very successful step since real estate contributed the largest proportion of the Corporation's profit in recent years.

Starting from its strength in constructing civil engineering, the Corporation intends to focus on high-rise buildings and urban areas. HANCORP's projects mainly situate around Hanoi and provinces with high speed of urbanization. Regarding urban area projects, HANCORP advocates conducting business by completing infrastructures, then, parts the projects will be assigned to subcontractors and the rest will be finished and sold by the Corporation to develop its business independently.

Some selected projects finished or under execution by HANCORP include:

- 28-floor- building complex project in Thang Long International Village
- Technical Infrastructure investment projects Phuoc An – Long Tho residential area in

Nhon Trach, Dong Nai

- Infrastructure investment projects of Diplomatic Corps area in Hanoi
- Above-the-ground architecture projects of Diplomatic Corps area in Hanoi:
 - + Residential Apartment Building NO1-T8 project;
 - + NO1-T6&T7 project;
 - + Public area CC2 project;
 - + Public area CC3&4 projects;
 - + Villa area BT1-BT6 project;
 - + Residential house project NO1-NG;
 - + Residential house project NO2-NG;
 - + Public service – commerce building complex NO4A project.

Now, real estate investment projects are organized and managed directly at Parent company's office by Project Development Office and Project Management Department.

Although HANCORP took part in real estate investment 10 years ago and continues its business in the field ever since, most of its revenues and cash inflows came during 2009-2011, a prosperous period of real estate market. Therefore, HANCORP achieved great results in the field of real estate investment in 3 recent years. Current projects executed by HANCORP are high-rise residential buildings and some low-level houses in Hanoi and surrounding areas.

Market for apartments, in general, and in Hanoi, in specific, witnessed many changes. Outputs are more difficult to absorb than ever while the characteristic of high-end apartment and high-rise building demands continued execution until completion. Therefore, the Corporation attempts to extend progress of the project in next few years.

Low-level houses segment is less influenced by negative effects from the market. Liquidity is maintained over the past years, especially for projects at good location. Projects in Hanoi and with good location in other provinces still generate incomes for the Corporation's real estate business in upcoming years.

c. Long term investment activities

HANCORP holds a diversified long term investment portfolio. Its subsidiaries and associates involve operation in various business segments: construction, real estate, industrial manufacture, infrastructure business,... In specific, HANCORP invests in 33 companies involving 6 subsidiaries, 27 associates, and other long term investment. Total invested capital of the Corporation in these companies is VND1,182 billion, as of December 31st 2012.

Most of its subsidiaries and associates operate in building and construction business. Of which, some are renowned company in the industry, such as Construction No. 1 JSC, Investment and Construction No. 4 JSC, Ho Chi Minh Museum Construction JSC ... Revenue from construction of these subsidiaries and associates totaled over VND 7,000 billion/ year.

Besides construction as core business, the business operation also involves other different business fields including construction material manufacturing (Trung Do granite of Trung Do JSC), fresh concrete and concrete panel of Hanoi Concrete Building JSC ...

Except for those companies who are under investment period, thus haven't yet realize any revenue, parent company's investments in its subsidiaries and associates are economically efficient, annual dividends yielded 15% on average over the past years.

Alongside the tradition field of construction, some member companies take part in real estate business and realized significant revenue from real estate projects. Among such companies are Construction No. 1 Hanoi JSC, Trung Do JSC, Water Electrical Mechanical Installation and Construction JSC, Ho Chi Minh Museum Construction JSC, Mechanized Construction JSC... This real estate business contributed an average of 8% in the Corporation's consolidated revenue annually.

Most of the Corporation's investments in associates are investments in long term infrastructure projects. In which, investments with largest value include Deo Ca JSC – BOT Deo Ca project (valued VND 228 billion), My Duc cement JSC (VND 149 billion), BOT Phu My JSC – BOT Phu My Bridge project (VND 83 billion), Que Phong Hydro Power JSC (VND 81 billion). The Corporation plans to divest some of these long term investments to financially restructure its balance sheet, complement working capital as well as invest in subsidiaries with more efficient operation.

9.1.2. Revenue from each product/service over years

Revenue of Hanoi Construction Corporation is generated from (i) selling goods, (ii) infrastructure projects, (iii) offices for lease and associated services and (iv) construction.

Revenue structure of HANCORP by business activities over years marks a significant shift and variation in proportion. Details as followed:

Table 10: Revenue and Income Structure in 3 years before equitization

Unit: VND Millions

Items	FY 2010		FY 2011		FY 2012	
	Value	% Total	Value	% Total	Value	% Total
1. Net Revenue	2,226,193	96.65%	1,670,616	94.44%	1,590,161	94.49%

INFORMATION STATEMENT
HANOI CONSTRUCTION CORPORATION



(i) Revenue from construction contracts	1,369,166	59.44%	1,201,867	67.94%	1,334,851	80.21%
(ii) Revenue from urban area and residential houses infrastructure projects	845,798	36.72%	452,296	25.57%	227,728	12.74%
- <i>Diplomatic Corps Project</i>	755,455	32.80%	452,296	25.57%	-3,371	-0.19%
- <i>Phuoc An - Long Tho Residential Area</i>	90,343	3.92%	-	0.00%	-	0.00%
- <i>28 floor building project in Thang Long International Village</i>	-	0.00%	-	0.00%	209,980	11.74%
- <i>Villas in Thang Long International Village</i>	-	0.00%	-	0.00%	21,118	1.18%
(iii) Revenue from offices for lease and service	11,230	0.49%	16,300	0.92%	27,210	1.52%
(iv) Revenue from Goods sold	-	0.00%	153	0.01%	372	0.02%
2. Revenue from financial activities	75,773	3.29%	85,262	4.82%	76,816	4.37%
3. Other income	1,344	0.06%	13,042	0.74%	1,491	1.14%
Total Revenue and income	2,303,310		1,768,920		1,668,468	

Source: Audited financial statements of Parent Company 2010, 2011, 2012 – Hanoi Construction Corporation

Due to recent economic constraint in domestic market, government funded investment as well as private investment go down rapidly in past few years. Thus, HANCORP's revenue recorded unavoidable decline during 2011 and 2012 in comparison with 2010.

a. Revenue from construction activities

Construction is a traditional business field of Hanoi Construction Corporation. Revenue from construction contracts made up the largest proportion in total revenue. More specifically, revenue from construction made up 68% total revenue in 2011 and 80% total revenue in 2012.

Although it is affected by economic difficulties, given the advantages from brand name

and prestige in the market, the Corporation achieved certain growth in revenue and maintained the growth drivers through years. In 2012, revenue from construction activities grew by 11% at VND 1,334 billion.

b. Revenue from urban area and residential houses infrastructure projects

Infrastructure projects in urban area and residential housing area is among major business fields in the Corporation, generate significant amount of revenue every year. From 2010 and 2012, revenue from such infrastructure projects made up a 3-year-average of 25% of total revenue. However, due to the downturn of real estate business in Vietnam, the corporate's revenue in this field faces huge sliding trend. During current period, most of the revenue in this field is contributed by revenue from the infrastructure of Diplomatic Corps Project and 28-floor-building in Thang Long international village project. In 2012, Diplomatic Corps Infrastructure project recorded a write-off of VND 3.4 billion due to an adjustment in land use right recorded in previous years.

In years to come, the Corporation will continue to invest in the Diplomatic Corps area and functional sub-area such as public areas, apartments, villas ... to take full advantage of the project's potential and to enhance the real estate business of the Corporation.

c. Revenue from offices for lease and service

Office leasing business activities comprise mainly of leasing office in head quarter's office at No. 57 Quang Trung, Hanoi and the urban area design, construction and management consulting business in Thang Long international village. Despite its relatively small proportion in total revenue (approximately 1.52%) in 2012, the Corporation's revenue in this business segment grows rapidly by utilizing an additional land area for offices for lease and incorporating value-added service in Thang Long international village are. In specific, revenue from service and offices for lease grew by 45% from 2010 to 2011 and 67% from 2011 to 2012. In 2012, it recorded a revenue of more than VND27 billion.

d. Revenue from financial activities

Revenue from financial activities in Hancorp comprises of dividends and profits from long – term investments, interests from bank-deposits and from other receivables and realized difference in foreign exchange rates.

In 2012, revenue from financial activities recorded a VND78 billion surplus to the VND75 billion in 2011, due to a rise in interest rates in deposits. Regarding the VND 1,181 billion investment in subsidiaries, associates and other companies in 2012, the Corporation collected an amount of over VND63 billion from those investments' dividends and after tax profits, accounted for 82% total revenue from financial activities.

e. Other revenue and income

Other revenue includes revenue from transferring a contract, interests from overdue receivables in different projects, utility collected from leaser or renter, progress bonus. These incomes make up only a small revenue proportion.

9.1.3. Major raw materials, fuels and other inputs for production

Elements in inputs necessary for construction activities and construction material include:

- Building materials
- Labor
- Construction machinery

Dependent on the project scale and the structure of the building work, different construction materials are mixed in different procedures, quality, and product items in different ratios to meet the requirements of the work.

Building materials are the most volatile input in construction, which usually takes 2 to 3 years to complete each project. The price volatility in building materials places great influence on the progress of a project, requiring the contractors to adjust total investment in time with changes in material prices. However, the Corporation is experienced in cost estimation to control potential risks in inputs price variance during any bids. Due to the fact that it is typical to execute projects in geographically remote areas, contractors often make use of local suppliers to provide material, saving transportation cost and maximize the quality right at the work.

Labor often accounts for 15%-20% total construction cost of a project. During the last 5 years, labor costs in all groups such as civil engineering, industrial construction, communication and transportation work, irrigation work, and infrastructure work go up by 3 times the cost in 2006, the specific increase in 340.97%. This element, however, has a significant impact in the work's quality, efficiency and other general and management fees. Given the concretely experienced staff, the Corporation is able to secure a highest quality at lowest cost.

Construction machinery plays a key role in reducing labor costs and executing works of high complexity, which humans is not able to complete. Using modern machines in construction not only proves an ability to apply technology in production but also secure higher quality for the construction work. Upfront investment in construction machinery is often very costly due to the fact that the more complex, the more expensive the machine is, and that most machines are imported from US, Japan, Germany ... HANCORP and its members who directly associate with the work has placed concentration on investment in chains of road construction equipment, bored pile drilling equipment, concrete mixing station, concrete pump vehicle,.... to improve the efficiency and ensure high quality for the

construction.

9.1.4. Production costs

Table 11: Production cost breakdown

Unit: VND Millions

Items	Year 2010		Year 2011		Year 2012	
	Value	% Total	Value	% Total	Value	% Total
1. Cost of Goods Sold	1,893,870	95.43%	1,526,555	94.35%	1,521,763	93.26%
(i) COGS in Construction Contracts	1,354,230	68.24%	1,173,463	72.53%	1,319,543	80.87%
(ii) COGS in Infrastructure Projects	537,769	27.10%	350,315	21.65%	196,902	12.07%
- Diplomatic Corps Project	447,502	22.55%	350,315	21.65%	0	0.00%
- Residential Area Phuoc An – Long Tho Project	90,267	4.55%	0	0.00%	0	0.00%
- 28 floor building in Thang Long International Village project	0	0%	0	0%	191,361	11.73%
- Villas in Thang Long International Village	0	0.00%	0	0.00%	5,541	0.34%
(iii) Cost of service provided	1,871	0.09%	2,594	0.16%	5,066	0.31%
(iv) Cost of Goods	0	0.00%	183	0.01%	252	0.02%
2. Financial costs	21,859	1.10%	19,545	1.21%	51,492	3.16%
3. Selling costs	0	0.00%	15	0.00%	0	0.00%
4. Administration costs	68,379	3.45%	70,256	4.34%	58,418	3.58%
5. Other costs	361	0.02%	1,523	0.09%	97	0.01%
Total	1,984,469		1,617,894		1,631,770	

Source: Audited financial statements – Parent Company 2010, 2011, 2012 – Hanoi Construction Corporation

a. Cost of goods sold in construction contracts

Cost of construction contracts that the Corporation executed includes the costs associated with and finalized for carrying out the projects, in which member companies of HANCORP are sub-contracts.

The proportion of costs for construction contracts in total costs varies over years in accordance with the change in proportion of Sales from construction contracts in total sales contributed to the Corporation, which was 80.75% in 2012, increased from the 72.53%.

b. Cost of infrastructure projects

Cost of infrastructure projects include all initial investment costs of land use rights, land compensation and clearance costs, infrastructure costs and other related costs allocated in many years.

Correlated to the decrease in Sales, costs of infrastructure projects went down during 3 year period from 2010 to 2012. In 2012, costs of infrastructure projects recorded at VND 196.9 billion, accounted for 11.07% total cost of goods sold while in 2011, the cost was VND 350 billion, accounted for 21.65%.

c. Costs of service provided

The Corporation is provided offices for lease in the building at No. 57 Quang Trung, Hanoi, thus, the costs associated with this service involved mainly the depreciation costs of the building and the allocated management costs which made up a small percentage in total costs (0.32% in 2012).

d. Financial costs

Major contributors to financial costs during recent years were interests from short term commercial loans, loss from asset liquidation and loss in financial investments as well as difference in realized foreign exchange rates.

e. Corporate management costs

Management costs in the Corporation involves fuel/material costs, labor costs, and depreciation costs of fixed assets for management activities, taxes and fees, costs for provisions, out-source costs and other costs by cash. In which, labor costs makes up the largest proportion of approximately 65%, out-source costs makes up approximately 26% of total costs.

During 2012, the Corporation's management costs were 58.14%, decreased by VND12 billion from 2011's. The reasons for this decrease included changes in salary policy, and decrease number of staff to lower labor cost.

9.1.5. Level of technology

A major strength of Hanoi Construction Corporation is constructing industrial and civil

engineering work, technical infrastructure work ... among which high-rise buildings with basement are prominent.

In its construction activities, HANCORP applies the most advanced technology in the market, such as:

- Bored pile work technology, barrette piles, cantilevered stem with footing and without footing.
- Top-down technique in basement construction
- Reinforced concrete high-rise wall construction by sliding formwork or climbing formwork techniques, of which a typical appliance was in constructing incline wall for a truncated pyramid shape in the main meeting room of National Assembly's Building.
- Construction technique for pre-stressed floor joist by reinforced concrete or bulk concrete.
- Appliance of table form technology, bubble desk, super desk, 3D, integrated scaffolding formwork by aluminum alloy shaped for piles – walls – joist – floor – stair cases in high-rise building construction.
- Steel-framed high-rise building and composite frame in steel and concrete.
- Building with smart devices

Given the appliances of these techniques along with the Corporation's prolonged the advantage in safe constructions and ISO high quality managements, Hanoi Construction Corporation is now among most reputed prime contractors for national priority projects and has been a selected bidder for many large-scale works which demand high complexity construction and artistic designs.

9.1.6. Research and development

To ensure its competitiveness in the market, the Corporation has been enhancing corporate management skills and professional knowledge for key staff members, especially for the staff members in younger generation through on-the-job training and re-training to select the most suitable employees for each position. Besides, the Corporation places emphasis on giving technical staff a professional refresher training and complementing workers' skills in applying new and advance technology to promote higher efficiency in production.

9.1.7. Product quality inspection process

Currently, the Corporation and all of its member companies apply quality management system ISO 9001-2011. The followings are member companies of HANCORP which apply ISO 9001 - 2011

No.	Units
1	Hanoi Construction Corporation – Parent company
2	Hanoi Construction JSC No.1
3	Hanoi Construction JSC No.2
4	Investment and construction JSC No. 4
5	Ho Chi Minh Museum construction JSC
6	Construction and Materials Trading JSC
7	Mechanized Construction JSC
8	Water Electrical Mechanical Installation and Construction JSC
9	Hanoi Concrete Construction JSC
10	Construction investment and development JSC
11	Engineering and Construction JSC
12	Technology Development Construction JSC
13	Urban and Industrial Zone Construction JSC
14	Joint-Stock Investment and Construction Company No. 34
15	Construction – Design – House Trading Consultancy JSC
16	Trung Do JSC
17	Joint – Venture Company for Construction VIC



Besides, the Corporation also achieved certificate for construction work’s quality

9.1.8. Marketing activities

Given the characteristic of construction and project investment business, the Corporation often reaches large-scale projects by participating in competitive tendering. Meanwhile, the Corporation plays an active role in introducing its construction ability and capacity to the public via printing, such as catalogue, website or CD, for example, with information about its legacy, human resource, technology, facilities and equipment, financial capacity, and

experience in constructional work. In most projects that the Corporation carried out, signboards with the Corporation’s image have always been placed in well-situated position.

In the business of investment in urban area’s infrastructure, the Corporation develops its products promotion and sale activities via real estate trade floors of member companies.

9.1.9. Trademark, Patent and copyright registration

By setting up a logo creation completion in 2003, Hanoi Construction Corporation selected a work piece to be its logo and attained a copyright certificate by National Office of Literature – Art Copyright, Ministry of Culture and Information on December 08th, 2005. The Corporation also registered a trademark numbered 77859 in territory of Vietnam at National Office of Intellectual Property of Vietnam in pursuant to 13150/QĐ-SHTT dated December 18th 2006.

9.1.10. Main contracts in progress or signed but not yet implemented

Table 12: List of some main contracts in progress or signed but not yet implemented by Parent Company –Hanoi Construction Corporation

No.	Project name	Project investor	Contract amount in value (VND)
Parent Company – Hanoi Construction Corporation			
1	EPC tender package, 2011 Prime contractor in designing, providing construction equipment for 15-floor- blocked building Vietnam National Hospital of Pediatrics	Vietnam National Hospital of Pediatrics	1,106,000,000,000
2	Administration building in Long An Obstetrics- Pediatrics specialty Hospital	Provincial Health office of Long An Province	651,789,689,000
3	Tender package No. 5 architecture works for the experimental urban railroad project in Hanoi (Nhon – Hanoi Station	Hanoi Urban Railroad Project Commission	613,651,967,000
4	Foundation base and the body work of low-floor residential housing area at Hanoi Park City project –	Vietnam International Township Development JSC	549,000,000,000

No.	Project name	Project investor	Contract amount in value (VND)
	Le Trong Tan – Ha Dong		
5	XL01.2011 Tender package Facility construction in Headquarter of The Supreme People’s Court Hanoi	The Supreme People’s Court	341,124,089,000
6	VNFI high grade commerce center and apartments complex building		181,813,000,000
7	General Hospital of Dien Bien province	Provincial Health office of Dien Bien Province	155,268,000,000
8	Technology central building of Mobifone Quang Ninh	Mobifone Quang Ninh	91,289,000,000
9	Construction works for major and supportive categories of Coalimex	Coalimex	91,986,000,000
10	Production control building construction – TKV mining chemistry company	TKV Mining Chemistry Company	85,900,000,000
11	Body structure construction for Central Committee of Communist party’s Office	Central Committee of Communist party’s Office	40,666,000,000

Source: Hanoi Construction Corporation, 2013

9.2. Financial situation and operational performance in 3 years before equitization

Table 13: Major financial indicators in 3 years before equitization

Unit: Millions VND

Items	Financial Statements - Parent Company				Consolidated Financial Statements		
	2010	2011	2012	3Q 2013	2010	2011	2012
1. Total Assets	3,163,644	3,608,454	3,610,214	3,801,165	13,804,866	16,481,786	15,978,192
<i>% YoY change</i>	<i>39.30%</i>	<i>14.06%</i>	<i>0.05%</i>	<i>5.29%</i>	<i>29%</i>	<i>19%</i>	<i>-3%</i>
2. Book value of The State's capital	779,089	903,039	929,099	946,532	992,515	1,120,436	1,125,964
3. Short-term loans and liabilities	281,377	361,709	422,325	413,944	1,718,911	2,370,652	2,392,232
4. Long-term loans and liabilities	18,446	-	-	-	802,837	1,268,790	986,007
5. Total number of employees (persons)	397	420	409	-	7,864	8,357	9,890
6. Total salary budget (VND millions)	31,966	32,609	32,246	-	329,627	384,790	486,113
7. Average salary (VND/person/month)	6.71	6.47	6.57	-	3.49	3,84	4,10
8. Total revenue	2,303,310	1,768,920	1,668,468	739,763	9,135,945	9,372,869	9,648,866
<i>% YoY change</i>	<i>2.607%</i>	<i>-23%</i>	<i>-6%</i>	<i>-56%</i>	<i>448%</i>	<i>3%</i>	<i>3%</i>
9. Costs of goods sold	1,893,870	1,526,555	1,521,763	643,828	7,880,523	8,310,626	8,949,145
10. Other indirect costs	90,599	91,339	110,007	76,619	569,544	679,405	619,537
11. Operating profit	318,841	151,026	36,698	19,316	685,878	382,838	80,184
12. Profit after tax – Parent company	248,719	129,354	31,083	18,816	289,939	131,772	17,913
<i>% YoY change in Profit after tax</i>	<i>71%</i>	<i>-48%</i>	<i>-76%</i>	<i>-39%</i>	<i>833%</i>	<i>-55%</i>	<i>-86%</i>
13. Profit after tax/ State's capital ratio	31.92%	14.32%	3.35%	1.99%	29.21%	11.76%	1.59%

Source: Audited financial statements, Audited consolidated financial statements 2010, 2011, 2012– Hanoi Construction Corporation

During the period from 2010 to 2012, the Corporation maintained a Total Assets growth rate at parent company of 19% per annum (3 – year-average), highest growth rate reached 39.30% in 2010 and went down at 14.06% and 0.05% in following years. In 2010 and 2011, the key drivers for asset growth rate were accumulated profits in two preceeding years, which funded the investment in the Corporation’s subsidiaries and associates, as well as in the production and business activities as shown in the 47% increase in Inventories during 2011. Meanwhile, other items in assets and liabilities did show any significant changes in 2012.

The Corporation’s business results recorded a prominent achievement in 2010 by the revenues and profits realized from projects that the Corporation developed business and construction works in previous years. These revenues are responsible for the significant changes in the Corporation’s bottom lines as well as assets’ size. In recent years, the Corporation does not have any new big projects. It was because of the downturn in overall economy, more specifically the real estate and construction business, and postponing new projects was the Corporation’s policy to adjust to market conditions, refrain from potential losses and stay stable for sustainable development in its business.

Table 14: Some financial indicators in 3 years before equitization

Item	Financial statements – Parent Company			Consolidated Financial statements		
	Year 2010	Year 2011	Year 2012	Year 2010	Year 2011	Year 2012
Solvency Ratio						
Short-term solvency ratio	0.90	0.89	1.14	1.11	1.15	1.17
Quick ratio	0.62	0.55	0.71	0.56	0.44	0.47
Capital Structure						
Loans/Total Assets	0.09	0.10	0.12	0.09	0.10	0.12
Loans/Equity	0.38	0.40	0.45	2.54	3.25	3.00
Debt/Total Assets Ratio	0.75	0.75	0.74	0.83	0.85	0.86
Operational Capacity						
Inventory Turnover	2.88	1.97	1.68	2.71	1.30	1.20
Net Revenue/Total Assets	0.41	0.49	0.44	0.73	0.61	0.58
Profitability						
Profit after tax/Net Sale	11.17%	7.74%	1.95%	3.24%	1.43%	0.19%
Operating profit/Net Sale	14.28%	8.35%	2.22%	7.47%	3.82%	0.43%
Profit after tax/Equity	31.92%	14.32%	3.35%	29.21%	11.76%	1.59%
Profit after tax/Total Assets	7.86%	3.58%	0.86%	2.10%	0.80%	0.11%

The Corporation's Loans/Total Assets ratios did not show any significant changes over years and solvency was guaranteed. The Corporation's profitability reached a peak in 2010 and went down slightly during later years due to the fact that profits in 2011 and 2012 did not conform to profit achievement in 2010.

9.3. Key factors affecting production and trading activities of the Corporation in reporting years

Unfavorable factors

- In two most recent years, our economic was challenged with many difficulties, GDP growth rate slew down, at 5.03% in 2012 down 0.86% from the 5.89% recorded in 2011. Together with the grow rate, the country inflation did not evolve as expected and domestic consumer price index CPI sometimes jumped up over 10% then held back at 6.81 in 2012. Moreover, our banking system also experienced the hardest time, after a booming period the result of which was high rate of bad debts, requiring aggressive restructuring in the system. These factors, together with expansionary monetary policy and the afterwards of a booming period has a great impact on the real estate market in which supply does not meet demand and industry players are not able to raise fund for the business.

- In an itinerary to restructure the banking system to decrease bad debts, currently at high level, State Bank of Vietnam has issued more regulations to fasten lending in real estate business, thereby, lowering demand in the market as well as client's financial ability significantly. HANCORP, as a key player in this market, also finds it harder to fund its many projects in the future.

- Government spending is cutting off to reduce pressure on government's budget, thus, the Corporation should expect less construction contracts in large-scale projects to maintain efficiency and profitability recorded in previous years.

- Under the equitization process of the Corporation and its member companies including both subsidiaries and associates, all of which will operate under Law on Enterprises, the Corporation, as a whole, will encounter some confusion and considerably other issues in management and operation. Given those years running under the policies of a state-owned enterprise, organizing production and management may not avoid some initial troubles.

Favorable factors

- Vietnam is under a period of continuous development, and our political institution is appreciated for stability. However, the infrastructure is incomplete and under investment to build up gradually. During recent years, despite huge effects caused by GDP slowdown, low per capita income and a dull real estate market along with other general economic conditions, Vietnamese government has timely applied integrated policies to remove

obstacles, more in specific, promoting production activities, restructuring banking system and restore business in the real estate field. In IMF's report, total gross domestic product of Vietnam in 2013 will maintain at 5.3% or higher level, a rise from 5.03% in 2012. Meanwhile, real estate market recognizes signs of warming up in 2013, when transaction shows some increases.

- Hanoi Construction Corporation is a fully established company, consolidating more than 50 member companies and has concrete experience in constructing national priority projects with high quality and in a timely manner. The Corporation is recognized in construction business segment as one of the most prestigious companies in Ministry of Construction, with skillful and high professional standard human resource, a well-equipped facility to carry out complicate construction work. These factors make up the reputation of HANCORP trademark in the market, which becomes a huge advantage for the Corporation in steering activities, especially for large-scale and government sponsored priority projects.

- Recently, along with its core business – construction work, the Corporation is conducting business in real estate business with increasing investment. HANCORP's projects situates in strategic location and possess high potential when our economy and the real estate market, specifically, recover in upcoming years. According to a research by Ministry of Construction, from now to 2020, estimated demand in construction work for residential houses in urban is approximately 50 million m² per year. Therefore, in the long run, demand for residential houses, especially, apartments is huge, creating a room for the growth of real estate market and business.

- The equitization of Hanoi Construction Corporation is in a plan to equitize all state-owned enterprises in Ministry of Construction to reorganize and reinforce its control and management, enhance efficiency in investment and promote the restoration procedure of these Corporations. Also, the Corporation is finishing its plan for a long run business strategy to concentrate in major business segments, which include construction, investment, real estate with a specific route to restructure its investment in subsidiary and affiliate companies.

10. The Corporation's position compared to other enterprises in the industry

10.1. The Corporation's position compared to other enterprises in the industry

a. HANCORP is the leading Corporation in the construction industry of industrial, civil engineering work and technical infrastructure

Established in early 1980s, upon an incorporation of different state-owned small enterprises in construction and factory in concrete production ran for years prior to the incorporation, Hanoi Construction Corporation has continuously been participating in the construction work of large-scale projects, nation prioritized projects and is recognized

among leaders in the business of constructing industrial, civil engineering work, technical infrastructure ... Since establishment, the Corporation experiences continuous expansion and development, which make it now a well-stood participant in the market. The sale revenue from construction activities in parent company stays firm above VND1,000 billion a year, total assets in 2012 were over VND3,600 billion. For the consolidated Corporation, Total Assets reached approximately VND16,000 billion, revenues of over VND9,000 billion/ year (3 most recent years). In terms of size and scale, only a few state-owned companies are comparable to HANCORP.

The Corporation has marked its contribution in many major national constructions such as National Assembly's Office, Viet-So Cultural Places,... These works demand not only technical skills but also high artistic designs and HANCORP has always been a top choice for main contractor in such projects.

In terms of techniques, HANCORP holds an unrivaled advantage in construction of high-rise and super high-rise building with multi-level basement. The Corporation is the only contractor to apply the sliding formwork or climbing formwork techniques in construction of high rise reinforced concrete wall. One of the Corporation's representative achievements to reaffirm the Corporation's capacity was the incline wall with truncated pyramid shape in the main Meeting Room of National Assembly's Building. This is a high - level technique that no other competitors have ever applied or has the ability to apply in construction.

In terms of modern construction technology application, HANCORP applied bored pile work technology, barrette piles, Top-Down technique in basement construction, all of which need absolute safety requirement, solid ability in organizing construction work. Therefore, by successful application of technology in its construction activities, HANCORP becomes a reliable contractor and prestigious constructor in the industry.

b. Skillful workforce and solid management experience

There are 389 employees working at parent company's office and in dependent units, in which 229 people hold graduate and post-graduate qualifications, accounted for 40.24% of total employees and 30% of the employees have more than 10 years of experience. In specific, the average years of experience in management board is 24 years. The Chairman of the Corporation has been in the government sector for 31 year, of which 10 years in his career was in HANCORP. The CEO has been working in the Corporation for 17 consecutive years. Those figures are to prove that the Corporation's management and workforce have high professional standards as well as solid experience in the industry to meet the Corporation's working capacity and market demand.

c. Member companies participate in a wide range of business fields and support

each other in operating activities

HANCORP has 33 member companies, of which 6 were its subsidiaries and 27 were its associates. These companies operate in different business sectors such as building materials production or trading, construction, architecture, investment in real estate or industrial projects nationwide. They play an active role in support the parent company in material inputs, construction work, and project investment in general. Given the coherence between member companies, HANCORP expands its trademark and well-set its reputation in construction and project investment business.

10.2. Development prospects of the sectors

Although Vietnam is facing a difficult time with many unsolved issues related to bad debts in the banking system and the freeze in real estate market, according to estimates of many big research organizations Vietnamese economy will still record a growth in 3 main sectors including agriculture, production and services.

In the context of tightening credit policy and slowing export in traditional export markets, Vietnamese GDP is estimated at 5.2% in 2013 (IMF). With the loosening credit policy for real estate sector and lowering interest rates for loans and mobilization by the State Bank in the second quarter 2013, domestic enterprises will have more development opportunities, especially enterprises engaging in real estate and construction sectors in the second half of 2013.

Besides, demands and potential development of the real estate and building materials sectors from now to 2020 are considered very large. According to the National Housing Development Strategy to 2020, average housing area per person has to reach 25 m²/ person. However, when comparing urban population growth in 2020, with the estimates of approximately 45% of total population (equivalent to 43 million of persons) at the age of getting married and current housing quality in Vietnam, it is evaluated that demands for housing products are real and most Vietnamese people cannot afford the current housing prices of many real estate projects. According to estimates of the Ministry of Construction, from now to 2020, approximately 50 million m² of housing areas needs constructing in urban areas every year. This proves that in the long term, demands for housing products in urban areas and opportunity for real estate development and construction remains strong.

Besides, along with the growth in population and the expansion of the economy, infrastructure investment will be a main point of the country development policy to create a premise for other business segments to develop. Especially, the demand for building new houses and improving public building will rise rapidly. Part of the reason was due to an increasing demand from human, the other part was due to the fact that some public works such as electric station, road, schools and hospitals are built a long time ago, thus they can

no longer afford current usage of the people's livelihood and the operation of our economy efficiently.

10.3. Evaluation on the conformity of development orientation of the Corporation with the orientation of the sector, the State's policies, and global trend

With the development strategy after equitization in general and production business plans in particular, if the Corporation manages to achieve every business target in every year with flexible and effective management, proactive responses to any changes to minimize unfavorable impacts, optimize any opportunities from the markets and current business capacity, the business plans after equitization will become more feasible. It is evaluated that the investment plans and strategy of the Corporation after equitization are in conformity with the orientation of the sector, the State's policies and global trend.

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

1. Some primary information on the Corporation's development strategy after equitization

1.1. Objective of the equitization

The objective of the equitization, along with restructuring the organization of the company, is to develop Hanoi Construction Corporation to become a competitive Vietnamese company in the field of construction

The Corporation with appropriate operation structure will focus on major business fields and utilize its resource to improve production efficiency and competitive advantages.

1.2. Requirements of the equitization

Equity mobilization from employees of the Corporation, domestic and foreign investors to invest in developing the Corporation.

Increase consciousness and management positioning associated with responsibilities, works and rights as shareholders, create new motives for employees, shareholders to improve efficiency in management and production controlling, earnings of employees and shareholders and contribute in developing the national economy.

Ensure the sustainable and stable development of HANCORP and member companies after equitization.

Ensure the harmony in benefits among the State, the Corporation, the investors and employees.

Respect requirements of information disclosure and transparency in accordance with market rules.

1.3. Form of equitization

Form of equitization: Keep the initial percentage of the State's charter capital in the Corporation, and issue additional shares to increase charter capital.

1.4. General information of the Corporation after equitization

- Vietnamese name: Tổng công ty Xây dựng Hà Nội - CTCP
- English name: Hanoi Construction Corporation – Joint Stock Company
- Abbreviated name: HANCORP
- Head Office: 57 Quang Trung Street, Hai Ba Trung District, Hanoi
- Tel: (84-4) 3943 9063
- (84-4) 3943 9521

- Fax:
- Website: www.hancorp.com.vn
- Logo: 
- Legal form: Joint stock company

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.

1.5. Scopes of business after equitization

Main business activities

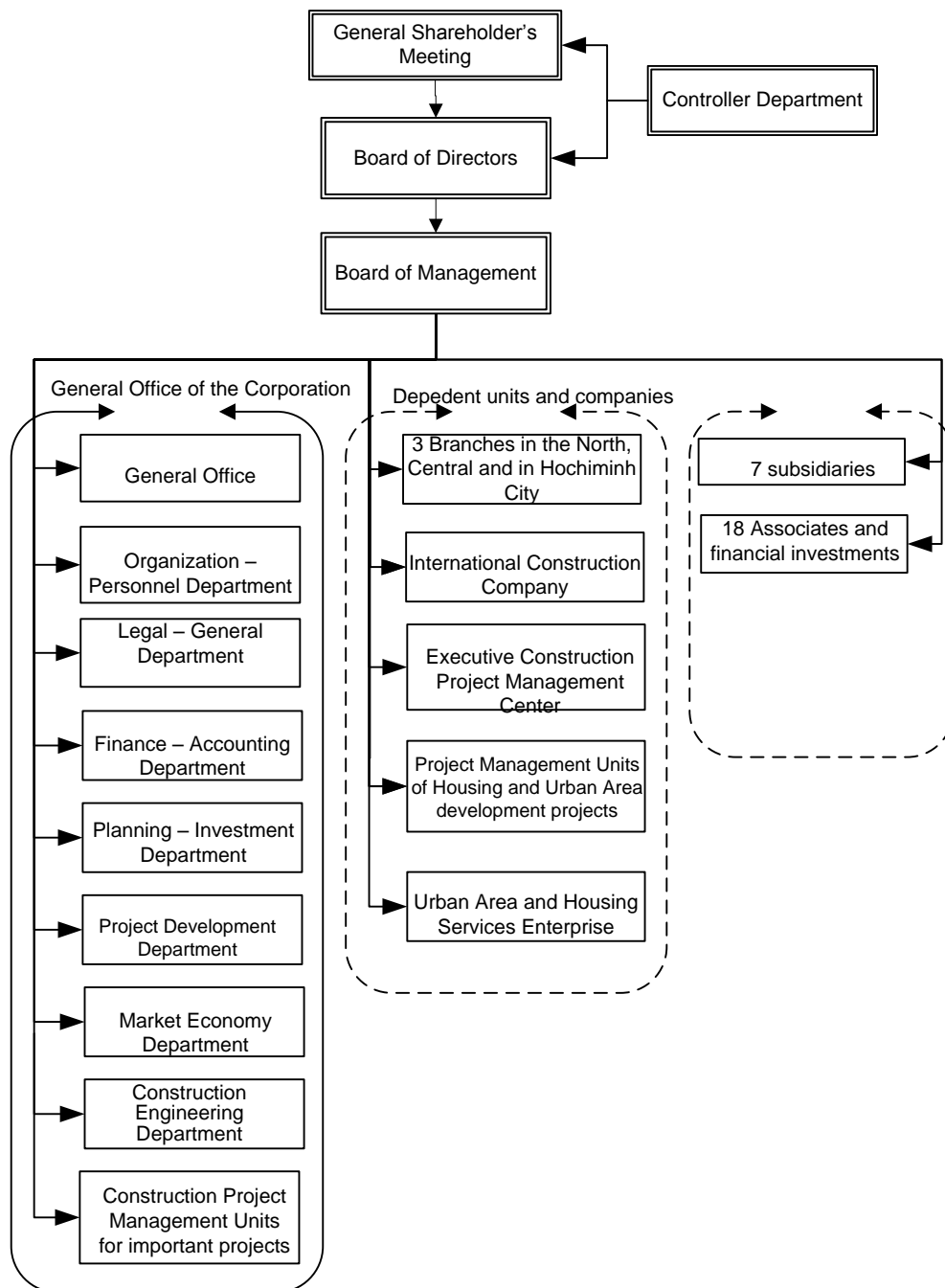
- Construction contractor and EPC contractor (including engineering, procurement and construction) for residential and industrial facilities, traffic infrastructure, irrigation, hydroelectricity, electronic transformer and electronic line, urban infrastructure and infrastructure of industrial park.
- Investment on infrastructure of industrial park, urban area, residential areas and office for lease.

Related business activities

- Producing, trading, import-exporting building materials, engineering materials, etc.
- Consultation on application design and transfer of technology, labour exports to foreign countries in definite term.
- Other sectors, business activities in accordance with laws and regulations.

Details of the Corporation's business activities will be listed in Hanoi Construction Corporation's charter.

1.6. Organization structure of Parent Company after equitization



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

Board of Directors: Board of Directors 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.

Some changes in Functional Departments post-equitization:

- Transfer Hanoi Technical and Professional vocational College and Vinh Technical and Professional vocational College to Ministry of Construction
- Convert Center for Technology Consulting and Import-Export training to a one member Limited Liability Company owned by HANCORP

1.7. HANCORP’s ownership structure in member companies after equitization

According to the Restructuring Project of Hanoi Construction Corporation approved by the Ministry of Construction, the Corporation will contribute capital to the following member companies:

Table 15: Member companies after equitization

Member companies with over 50% of charter capital held by the Corporation	
1	Hanoi Construction JSC No.1
2	Tay Ho Construction And Housing Investment Joint Stock Company
3	Ho Chi Minh Museum Construction JSC
4	Construction JSC No.2
5	Hanoi Real Estate Services and Investment JSC
6	HANCORP 2 Construction JSC
7	Technology Consulting and Import-Export Training One member Limited Liability Company (*)
Member companies with 36% and more of charter capital held by the Corporation	
1	Construction-Design-House Trading Consultancy JSC
2	Investment and Construction JSC No.4
3	Water Electrical Mechanical Installation and Construction JSC
4	Hanoi Concrete Construction JSC
5	Trung Do JSC
Member companies with below 36% of charter capital held by the Corporation	
1	Vietnam International Construction Company
2	Mechanized construction joint stock company
3	Urban and Industrial Zone Construction JSC
4	Construction and Materials Trading JSC
5	Technology Development Construction Company
6	Bach Dang JSC
7	Joint-Stock Investment and Construction Compnay No.34

8	Engineering and Construction JSC
9	West Lake International Joint Venture Company
10	Construction Development and Investment Corporation
11	VIGIBA JSC
12	Lanmak Property Investment Construction JSC
13	Deo Ca Investment JSC

(*): Center for Technology Consulting and Import-Export Training is to be converted to Technology Consulting, Training and Import-Export One member Limited Liability Company owned by HANCORP

2. Major economic indicators of investment plans and development strategies for 5 years following equitization

2.1. Investment Plan:

First and foremost, HANCORP will continue to implement approved and ongoing projects. Investment into urban development projects is the focus, playing an important role in the company's business and production activities in the next 5 years. Detailed plan is as following:

Table 16: Investment plan for 2014-2018 after equitization

Unit: Billions VND

	2013	2014	2015	2016	2017	2018
Investment Plan	216	1,341	1,903	2,334	1,910	1,346
- Investing into housing and urban development	142	1,136	2,144	2,314	1,890	1,326
- Payment from State of Vietnam to embassies infrastructure to reimburse for land use rights	-	-	(300)	-	-	-
- Investment into infrastructure development projects	74	189	40			
- Investment into construction equipment procurement projects	-	10	10	10	10	10
- Investment into other sectors	-	7	10	10	10	10

Source: HANCORP, 2013

Table 17: HANCORP investment demands after equitization

Unit: Billions VND

TT	Investment	Total Investment	Estimated Time
I	Investment in urban area and housing development projects	8,138.94	2013 - 2018
	Phuoc An residential area	5.00	
1	Unit no.2 housing	2.50	2013 - 2015
2	Unit no.3 housing	2.50	2013 - 2015
	Diplomatic Corps area	7,808.94	
1	CC2	97.89	2014 - 2016
2	CC3, CC4	70,00	2014 - 2016
3	N01-T8 Complex	858.37	2014 - 2017
4	N01-T6 & T7	2,900.00	2014 - 2018
5	N01-NG	390.18	2015 - 2017
6	N02-NG	287.60	2015 - 2017
7	Residential housing for public service	708.60	2014 - 2016
8	BT1 - BT3 villa	973.22	2015 - 2018
9	BT4 - BT6 villa	1,823.08	2015 - 2017
10	Expected settlement amount to reimburse for land use	(300)	2015
II	Investment in infrastructure development projects	228	
1	Infrastructure – Diplomatic Corps	134	2013 - 2014
2	Two routes passing through the Diplomatic Corps	15	2014
3	Phước An, Long Thọ residential area infrastructure	80	2013 - 2015
III	Investment into construction equipment procurement projects	50	
1	Construction equipment	50	2013 - 2018
IV	Investment into other sectors	47	2013 - 2018

Source: HANCORP – 2013

Detailed information regarding investment projects:

i. Residential Area Project in Long Tho – Phuoc An, Nhon Trach District, Dong Nai province:

- Size of project: 150.65 ha for 17,000 to 18,000 residents

- Function of the project: Phuoc An – Long Tho residential area, as part of the new city Nhon Trach, is the center and residential area of Nhon Trach city, which was approved by the Prime Minister in 1996 to construct housing areas, public works, commercial services and to complete urban infrastructure linked to the area.

- Legal status of the project:

+ Decision No.938/QD.CT.UBT dated 31/03/2003 by Chairman of People’s Committee of Dong Nai province approving the detailed planning ratio 1/500 of the Residential Area at Long Tho and Phuoc An , Nhon Trach district, Dong Nai province.

+ Decision No.3537/QD.CT.UBT dated 01/10/2003 by Chairmn of People’s Committee of Dong Nai province transferring the land use right to HANCORP to implement the residential area infrastructure construction project at Long Tho and Phuoc An s, Nhon Trach district.

+ Decision No. 1294/QD.CT.UBT dated 04/04/2005 by Chairman of People’s Committee of Dong Nai province approving the detailed planning ratio 1/500 of the Residential Area at Long Tho and Phuoc An , Nhon Trach district, Dong Nai province.

- Progress: Project’s infrastructure was finished by HANCORP and transferred to the investors.

ii. Diplomatic Corps Project at Xuan Dinh , Tu Liem District, Hanoi

- Size of project: 62.7 ha for about 9,700 residents

- Function of project:

TT	Land use	Area (m²)	Percentage
A	Construction of Embassies, foreign countries’s representative offices and international organization	202,954	32.37%
B	Construction of high-rise buildings and public works	135,103	21.55%
C	Construction of technical infrastructure, social infrastructure	288,943	46.08%
	Total	627,000	100.00%

- Legal status of project:

+ Decision No.415/QD-TTg dated 11/04/2001 by Prime Minister approving Diplomatic Corps infrastructure construction Project in Hanoi

+ Decision No.46/2006/QD-UB dated 10/04/2006 by Hanoi People’s

Committee approving detailed planning with ratio 1/500 of Diplomatic Corps at Xuan dinh , Tu Liem District, Hanoi

- + Decision No.47/QD-UBND dated 10/04/2006 by Hanoi People’s Committee issuing Construction Management Charter according to detailed planning with ratio 1/500 of Diplomatic Corps at Xuan dinh , Tu Liem District, Hanoi
- + Dispatch No.1983/TTg-CN dated 04/12/2006 by Prime Minister adjusting Diplomatic Corps infrastructure construction Project in Hanoi
- + Decision No.368/QD-UBND dated 22/01/2010 by Hanoi People’s Committee approving Planning Adjustment with ratio 1/500 of Diplomatic Corps at Xuan Dinh Commune, Tu Liem District, Hanoi.
- + Decision No.369/QD-UBND dated 22/01/2010 by Hanoi People’s Committee issuing Construction Management Charter according to detailed planning with ratio 1/500 of Diplomatic Corps at Xuan dinh , Tu Liem District, Hanoi
- Progress of project: Project’s infrastructure was completed by HANCORP and some components was transferred.
- Summary of some components of the project:

N01-T8 Housing Project	N01-T6 & T7 Housing Project
<p>Investment scale: 01 high-rise residential apartment complex with 34 floors including housing, 02 basements and technical infrastructure :</p> <ul style="list-style-type: none"> - Area of use: 1,217 m²; - Area of infrastructure investment: 2,898 m² <p>Total investment : 953.74 Billions VND</p> <p>Progress : N01 – T8 Housing Project in Diplomatic Corps was started and bored pile construction was completed and total investment numbers about 100 Billions VND.</p>	<p>Investment scale: 02 high-rise residential apartment complex with 28 floors including housing, 02 basements and technical infrastructure:</p> <ul style="list-style-type: none"> - Area of use: 4,079 m² - Area of infrastructure investment: 9,711.7 m² <p>Total investment: 2,900 Billions VND</p> <p>Progress: Infrastructure was completed.</p>
N01-NG Housing Project	N02-NG Housing Project
<p>Investment scale: High-rise residential apartment complex with 15 floors including housing, basement and technical infrastructure:</p>	<p>Investment scale: High-rise residential apartment complex with 15 floors including housing, basement and technical infrastructure:</p>

<ul style="list-style-type: none"> - Area of use: 5,000m²/complex - Area of infrastructure investment: <p>Total investment:</p> <ul style="list-style-type: none"> - N01 – NG area: 390 Billions VND <p>Progress: Infrastructure was completed</p>	<ul style="list-style-type: none"> - Area of use: 5,000m²/complex - Area of infrastructure investment: <p>Total investment:</p> <ul style="list-style-type: none"> - N02 – NG area: 287 Billions VND <p>Progress: Infrastructure was completed</p>
BT1-BT3 Project	BT4-BT6 Project
<p>Scale of investment: Diplomatic Corps villa complex including 41 villas and technical infrastructure:</p> <ul style="list-style-type: none"> - Area of use: 19,393 m² - Area of infrastructure investment: <p>Total investment: 1,019 Billions VND</p> <p>Progress: HANCORP started constructing technical infrastructure</p>	<p>Scale of investment Diplomatic Corps villa complex including 56 villas and technical infrastructure:</p> <ul style="list-style-type: none"> - Area of use: 36,328 m² - Area of infrastructure investment: <p>Total investment: 1,910 Billions VND</p> <p>Progress: HANCORP started constructing technical infrastructure</p>
Residential housing Area for public service – Diplomatic Corps	
<p>Scale of investment: 23 floor twin towers including 240 apartments and 16 villas. Transferred to the State including 80 apartments and 6 villas.</p> <p>Total investment: 708.6 Billions VND</p> <p>Progress of project: HANCORP started constructing technical infrastructure of project</p>	

2.2. Investment/divestment plans on subsidiaries and associates

Table 18: Investment/divestment plans on subsidiaries and associates

Unit: Billions VND

No.	Investment/Divestment Plan	2014	2015	2016	2017	2018
1	Capital contribution to subsidiaries and associates	-	94.2	-	-	-
2	Divestment in subsidiaries and associates	206	351	-	-	-

Source: HANCORP, 2013

2.3. Recruitment Plan

Recognizing the importance in human resources development, the Corporation has built a recruitment plan upon those projects that have been approved and implemented to guarantee the feasibility of its business plan after equitization.

Table 19: Recruitment plan during restructuring period to 2018

Item	2014	2015	2016	2017	2018
Estimated number of employees	374	385	392	431	447

Source: HANCORP, 2013

2.4. Business plan after equitization from 2014-2018

Table 20: Business plan 2014 – 2018

Unit: Billions VND

Item	2014	2015	2016	2017	2018
1. Investment plan	1,341	1,903	2,334	1,910	1,346
2. Charter capital	1,900	1,900	1,900	1,900	1,900
3. Total number of employees	374	385	392	431	447
4. Total salary budget	29.58	31.83	33.86	39.04	42.91
5. Average salary (VND millions/person/month)	6.6	6.9	7.2	7.55	8.00
6. Total revenue	1,872	3,040	3,476	3,956	5,884
7. Total costs	1,620	2,750	3,162	3,630	5,522
8. Profit before tax	166	205	228	242	277
9. Profit after tax	136	167	190	202	231
10. Allocation to funds	20	25	28	30	35
11. Dividend ratio	6%	7%	8%	9%	10%
12. Dividend payment	114	133	152	171	196
13. Profit after tax/charter capital ratio	7.18%	8.78%	9.99%	10.62%	12.16%
14. Earning per share (EPS) (VND/share)	718	878	999	1,062	1,216

Source: HANCORP, 2013

III. CHARTER CAPITAL, STRUCTURE OF CHARTER CAPITAL

The Corporation proposes estimated structure of charter capital, owning percentage of the State, number of public offering shares after equitization as followed:

Charter capital: VND1,900,000,000,000 (One thousands and nine hundred billions Vietnam dong) equivalent to 190,000,000 shares;

Par value: VND10,000 /share (Ten thousands Vietnam dong per share)

Description	Number of shares	Value in VND millions	Percentage % of charter capital
1. Shares held by the State	139,400,000	1,394,000	73.37%
2. Shares offered to employees	857,700	8,577	0.45%
- <i>Shares offered for employees based on number of working years</i>	316,800	3,168	0.17%
- <i>Additional shares offered for employees based on committed working year and for highly-qualified employees</i>	540,900	5,409	0.28%
3. Shares offered to other investors	49,742,300	497,423	26.18%
Total	190,000,000	1,900,000	100%

IV. GENERAL INFORMATION OF THE AUCTION

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

1.1. Auction form

- Number of shares offered: 49,742,300 shares
- Types of shares: Common shares
- Par value: VND10,000/share
- Starting price: VND10,200/share
- Auction method: Public auction of shares at Hanoi Stock Exchange

1.2. Auction participants and number of shares registered to buy

- Auction participants: Foreign and domestic organisations, individuals satisfying conditions as required by the Regulation of the initial public offering of HANCORP.
- Minimum number of shares subscribed to buy: 100 shares
- Maximum number of shares subscribed to buy: 49,742,300 shares
- Quantity subscribed to buy: Multiple of 100 shares
- Deposit: 10% total value of shares subscribed to buy at starting price

1.3. Timeline and location

- Time schedule and location of disclosure of information, auction subscription, deposits, distributing tickets to attend the auction: Following provisions of Regulations of initial public offering of HANCORP.
- Time schedule for share subscription at auction agents: Following provisions of Regulations on initial public offering of HANCORP.
- Time schedule when the Agents receive tickets to attend the auction: Following provisions of Regulations on initial public offering of HANCORP.
- Time schedule for share auction: Following provisions of Regulations on initial public offering of HANCORP.
- Location of share auction: Hanoi Stock Exchange – No.2 Phan Chu Trinh, Hoan Kiem, Hanoi
- Term for settlement of purchasing shares and receipt of refunded deposits: Following provisions of Regulations of initial public offering of HANCORP.

- 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.

1.4. Parties related to the Auction

❖ Issuing Organisation

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

❖ Advisory organization on Equitization Plan and the Initial Public Offering

SAIGON SECURITIES INCORPORATION

Head Office: 72 Nguyen Hue, District 1, Hochiminh City

Tel: (848) 38242897 Fax: (848) 38242997

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 evaluating Organisation

VIETNAM VALUATION AND FINANCE CONSULTANCY COMPANY

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

Tel: 080 44186 Fax: 04. 38472271

Website: www.vvfc.vn

2. Auction method and settlement of shares for employees

The objective of share offering for employees is to connect 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, only full month 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.

Total number of shares of HANCORP satisfying conditions to buy shares with preferential prices are **316,800 shares**.

ii. Additional share offered for key employees who have long-term working commitment and high qualified experts

Employees in the list of frequent staffs at the date of publishing corporate evaluation value, who the entity needs to employ and who have long-term commitment (at least 03 years) to work for the Corporation (from the date of initial Business Registration Certificate), will be subject to buy additional 200 shares/committed working year, but not exceeding 2,000 shares/employee.

For employees who are experts or are highly skillful, requirements for additional share offered include:

- Those who work in indirect area to satisfy either:
 - + Master degree qualification or above in related field
 - + Bachelor degree qualification or above for those who are leader or managers, at least equivalent to head of departments of the Corporation
- Direct working staffs who have technical level from level 6 and above

Those who satisfy such criteria shall be subject to buy additional 500 shares/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 according to commitment working year and for high qualified employees of HANCORP are **540,900 shares**.

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 HANCORP, the price of share equals the lowest successful bidding price.
- Payment method of shares bought by employees are regulated by HANCORP.

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

3.1. Estimated proceeds from the initial public offering

The form of equitization 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 equitization 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 59/2011/ND-CP dated 18/07/2011, in which the difference from additional share issued is retained in the joint stock company with the corresponding portion of additional shares issued in charter capital structure.

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

The proceeds from the equitization of the Corporation by additional shares offering will be held in the Corporation in order to invest in housing and residential area development mentioned in section II.8 and II.9 above.

Table 21: Total estimated proceeds from the equitization

No.	Content	Number of shares	Amount In face value (VND millions)	Expected Paid-in capital (VND millions)
1	Estimated proceeds from additional share issuance		506,000	10,057
1.1	Public offering	49,742,300	497,423	9,948
1.2	Shares offered to employees	857,700	8,577	108
	<i>Shares offered to employees at preferential price</i>	<i>316,800</i>	<i>3,168</i>	<i>0</i>
	<i>Additional shares to highly-</i>	<i>540,900</i>	<i>5,409</i>	<i>108</i>

No.	Content	Number of shares	Amount In face value (VND millions)	Expected Paid-in capital (VND millions)
	<i>qualified employees</i>			
2	Use of Paid-in capital			3,411
2.1	Estimated equitization cost			2,082
2.2	Labor surplus resolvment cost			49
2.3	Cost of offering shares at preferred price to employees			1,229
3	Retain proceeds in the Corporation			6,646

Note: Calculation is estimated on the following assumption:

- Investors buy all the amounts of public offering shares.
- The lowest successful bidding price is estimated at starting price of VND10,200/share.

The utilization plan of the proceeds from the initial public offering will be allocated to investment on building material production improvement projects and real estate investment projects of the Corporation as described at Section II. Investment Plan and Development Strategy of the Corporation after equitization.

V. RISK FACTORS

1. Economic risks

The development and risks of an economy are often evaluated by some principle economic indicators such as GDP growth rate, inflation rate, interest rate, exchange rate ... When the economy is under a development stage of a cycle, macro-economic elements are under close control and demands rise rapidly to promote production and business activities of Corporations. However, when the economy is under recession, the economy bears unfavored elements such as high interest and inflation rates, volatile exchange rates, low GDP growth rate together with a decrease in consumer demands which will impede the development and operation of many companies' operations and businesses.

During the period from 2002 to 2011, Vietnam was always appreciated as a new economy with full of hope and potential growth in Asia region, GDP growth rate averaged at approximately 7.2% per year (GSO). However, as affected by global economic recession starting in USA in 2008, Vietnam recorded a gradual decrease in economy growth rate. In 2012, Vietnam GDP was only 5.03% and is expected to rise to 5.2% in 2013 by the application of an integrated and aggressive improvement and restructuring policy. According to recent statistic, GDP growth within 3rd quarter of 2013 was estimated at 5.14%, inflation rate was held back at 6.5%, interest rates were closely regulated by State Bank of Vietnam, industrial manufacturing activities were prioritized to develop, favorable measures were apply to activate consumption, inventories was decreased. Credit growth have created more opportunities for enterprises and companies to raise fund for operation along with the restructuring process in banking system, resolving burden of bad debts for the government. However, companies still encounter many difficulties during operation as the real estate market doesn't show any significant signs of warming up, transaction volume was at low level; meanwhile, banks are tightening lending policy and enhancing risk hedging method, which does not allow stronger buying power. Therefore, many companies have been dissolved or delayed operation.

To sum up, under current macroeconomic conditions, business entities of the economy are facing many difficulties, especially entities operating in the field of manufacturing, construction and real estate.

2. Legal and regulatory risks

Being a state-owned enterprise converted into joint stock company, HANCORP will not operate 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. Also, HANCORP will be regulated by other legal documents of securities and stock exchange as it

becomes a 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.

3. Financial risks

Change in interest rate has a huge impact to financial activities of the company. With huge demand for long term capital to fund real estate and construction projects, HANCORP is heavily affected by commercial lending rate not only in term of profit but also the company's equity use plan. In addition, HANCORP also exposes to credit risks from internal receivables, internal payables from partners in its business activities.

4. Specific risks

4.1. Risks of inputs into business activities

HANCORP is contracted and it subcontracts the deals to member units, subsidiaries and affiliates. Therefore, the quality and progress of each project would depend heavily on the subcontractors, who are not directly under HANCORP's control. This means HANCORP would not be able to monitor all construction activities as well as resolve arising issues and potential risks. With 7 subsidiaries và 18 joint ventures, managing business activities of all these units requires lots of human resources and management to ensure profitability of each business, avoid conflicts of interest between member units since most of them operate in the same industry.

4.2. Risks of technological innovations

Construction is an industry with constantly changing technologies. Modern construction projects require high quality materials that meet safety and aesthetic requirements. With each of those new technologies, prizes favors pioneers. As a result, the market demands a high level of flexibility from companies in the industry. HANCORP focuses on research, training and technology transfer to keep pace with latest technological innovations. However, many technologies request major investment while there is significant limitation for HANCORP to raise fund from out-source investor. Thus, rapid and continuous changes in technology uncover many hidden risks to HANCORP

4.3. Risks of competition

The construction market in Vietnam attracts many private as well as state-owned enterprises. For example, some of the state owned Corporations are Song Da Corporation, Development Investment Construction J.S. Corporation, Infrastructure Development and Construction Corporation (Licogi), Housing and Urban Development Corporation (HUD) or some others who just finished or are still under equitization, such as Vietnam Construction and Import-Export Joint Stock Corporation (Vinaconex) (equitized) and Viglacera Corporation. Owing to their large scale, these Corporation continuously do research and

development to initiate in new technologies to improve their competitive advantages. In addition, some Corporation have advantages in integrating a synchronized business line: Viglacera Corporation, for example, has building material production business that plays an active role in servicing its construction business. Other joint stock companies are smaller in scale but are very competitive in production capacity and well adapted to the market. They are also remarkable competitors to HANCORP.

5. Risks of public offerings

Public offerings of shares by the Corporation are subject to prevailing condition of the stock market and macroeconomy in general. Negative signs of those conditions adversely affect judgement of investors and new securities - absorbing capacity of the market.

6. Other risks

Besides some specific risks associated with the construction activities, investment and real estate business, HANCORP as well as other entities will be affected by risks due to Acts of God. Force majeure, epidemic diseases ... are inevitable risks that can cause damage to assets, people and business operation of HANCORP and other entities.

VI. PERSONS RESPONSIBLE FOR INFORMATION DISCLOSURE OF HANCORP

1. Equitization Steering Committee

Mr. Tran Van Son	Deputy Minister of Ministry of Construction – President of Equitization Steering Committee
Mr. Nghiem Sy Minh	Chairman of Member’s Council – Deputy Head
Mr. Dang Van Long	Head of Business Management Department of Ministry of Construction - Member
Mr. Tran Thanh Ha	Head of Finance – Planning Department of Ministry of Construction - Member
Mr. Ha Manh Hoat	Deputy Head of Organization and Personnel Department– Member
Mr. Pham Van Duc	Deputy Head of Corporate Finance Office of Ministry of Construction - Member
Ms. Pham Thi Minh Thuan	Deputy Head of Finance – Planning Department of Ministry of Construction - Member
Mr. Bui Xuan Dung	Acting General Director – HANCORP - Member

2. Auction Organisation: HANCORP

Mr. Nghiem Sy Minh	Acting Chairman of Member’s Council – HANCORP
Mr. Bui Xuan Dung	Acting General Director – HANCORP - Member
Mr. Ngo Xuan Bac	Member of Member’s Council – HANCORP
Mr. Dao Xuan Hong	Deputy General Director – HANCORP
Mr. Nguyen Minh Cuong	Deputy General Director – HANCORP
Mr. Duong Ngoc Quang	Chief Accountant – HANCORP
Mr. Do Anh Tuan	Controller – HANCORP
Mr. Pham Tu Linh	Head of Personnel Organization Department – HANCORP
Ms. Le Khac Tuat	Head of Investment Planning Department – HANCORP
Ms. Phung Quang Tuyen	Head of Construction Technique Department– HANCORP
Ms. Phan Thi Mai Lan	Head of Project Development – HANCORP
Ms. Pham Thuy Ha	Head of Market Economy Department – HANCORP
Ms. Hoang Viet Anh	General office Manager – HANCORP

Mr. Dang Huong Minh Head of Legal – General Department – HANCORP

Mr. Nguyen Ngoc Thac Chairman of the Union – HANCORP

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

3. Auction Advisory Organisation: 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.1/2013/UQ-SSI dated 21/03/2013.

This Information statement is an intergral part of initial public offering documents with the preparation by Saigon Securities InCorporation, Hanoi Branch on the basis of the advisory contract with Hanoi Construction Corporation. We assure that the analysis, evaluation and choice of words and expressions in this Information Statement have been made in a reasonable and prudent manner upon the information and data provided by Hanoi Construction Corporation.

ON BEHALF OF EQUITIZATION STEERING COMMITTEE
HANOI CONSTRUCTION CORPORATION
HEAD OF ENTERPRISE MANAGEMENT DEPARTMENT – MINISTRY OF
CONSTRUCTION

DANG VAN LONG
HANOI CONSTRUCTION CORPORATION
ACTING CHAIRMAN OF ACTING GENERAL CHIEF ACCOUNTANT
MEMBER’S COUNCIL DIRECTOR

NGHIEM SY MINH BUI XUAN DUNG DUONG NGOC QUANG

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