

THE EQUITISATION STEERING COMMITTEE OF INITIAL PUBLIC OFFERING SALE OF THANG LONG CONSTRUCTION CORPORATION AND THANG LONG CONSTRUCTION CORPORATION RECOMMENDS INVESTORS TO CAREFULLY READ INFORMATION IN THIS DOCUMENT AND AUCTION REGULATION BEFORE REGISTERING AND PARTICIPATING IN THE OFFERING

OFFERING CIRCULAR

INITIAL PUBLIC OFFERING

THANG LONG CONSTRUCTION CORPORATION

AUCTION IMPLEMENTATION AND CONSULTANT ORGANIZATION

SAI GON – HANOI SECURITIES JOINT STOCK COMPANY

Head Office: 3rd Floor, Union Conference Center, No.1 Yet Kieu, Hanoi

Tel: (84-4) 3818 1888 Fax: (84-4) 3818 1688

Ho Chi Minh City Branch: 3rd Floor, Artex Building, No. 236 – 238 Nguyen Cong Tru, District. 1, Ho Chi Minh City

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ISSUING ORGANIZATION

THANG LONG CONSTRUCTION CORPORATION

Address: No. 72 Nguyen Chi Thanh Road, Lang Thuong Ward, Dong Da District, Hanoi City

Tel: 043 8343087 Fax: 0438345212



February 2014



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I. INFORMATION ABOUT THE INITIAL PUBLIC OFFERING

1. Issuing Organization

- Name of Company : **Thang Long Construction Corporation**
- Address : No. 72 Nguyen Chi Thanh Road, Lang Thuong Ward, Dong Da District, Hanoi City
- Tel : 043 8343087 Fax: 043 8345212
- Web : www.thanglonggroup.com.vn
- Charter Capital of Joint Stock Company : 300,000,000,000 VND
- Par value of share : 10,000 VND/share
- Total share : 30,000,000 shares

In which:

- ❖ *State owned Shares* : *10,500,000 shares, accounted for 35% of charter capital*
- ❖ *Preferred shares for employees* : *1,194,700 shares, accounted for 3,98% of charter capital*
- ❖ *Shares for strategic investors* : *6,000,000 shares, accounted for 20% of charter capital*
- ❖ *Investors through auction* : *12,305,300 shares, accounted for 41.02% of charter capital*

2. Initial Public Offering

- Number of offering shares : 12,305,300 shares, equals to 41,02% of charter capital
- Type of offering share : Ordinary share
- Form of the offering : Offering the first share of Enterprise with 100% of Equitization State capital as the method of auction through intermediate organization at Hanoi Stock Exchange
- The starting price : 10,000 VND/share
- Deposit : Equal to 10% value of total registered shares calculating the starting price



- The minimum number of shares which each investor is allowed to : 100 shares register
- The maximum number of shares which each investor is allowed to : 12,305,300 shares register

3. Offering Circular about organizations registering for purchasing shares

3.1 Location for providing Offering Circular, receiving registration, receiving deposit, distributing notes for participating, receiving the notes:

According to the regulation on Initial Public Offering of Thang Long Construction Corporation issued by Hanoi Stock Exchange

3.2 Time for applying for participation, paying deposit and receiving the notes:

As the time stipulated in the regulation

3.3 Conditions for registering participation

- (1) Having application form and hand in regulated time
- (2) Paying the full deposit of 10% of total of registered shares based on the starting price in registered time
- (3) Ensure full conditions to participate in investment, auction for purchasing shares in accordance with regulation at Decree No. 59/2011/ND-CP dated on 18/07/2011 of Government about transferring Company with 100% State capital into Joint Stock Company; Circular No. 196/2011/TT-BTC dated on 26/12/2011 of Ministry of Finance about guidance of selling first share and managing, using the collected amount from equitization of Enterprise with 100% State capital implementing the transfer into Joint Stock Company and other relevant legal documents
- (4) Having other relevant documents:

For domestic individuals:

- Presenting Identity Card, valid personal identity papers to compare
- Declaring detail, exact and clear address

For domestic organizations:

- If the legal representative does not directly register, the participant must have the valid letter of attorney of the legal representative of authorized organization participates. He also must carry Identity Card or valid personal identity papers when registering auction.
- Notarized copies, valid notarization of documents proving legal behavior of the organization (Business Registration Certificate, Establishment License...)

 For foreign individuals and organizations:

- Copy of Passport/Identity Card (in case of authorizing the right to participate in auction for Vietnamese people)
- Valid letter of attorney (if any)
- Certification of opening account at a payment supplier which is legally operating in Vietnamese territory
- For organizations: Besides above documents, notarized copies, valid notarization of documents proving legal behavior of its organization (Business Registration Certificate, Establishment License...), valid letter of attorney for the representative of the organization participating in auction (in case, this is not legal representative of that organization) are required.

3.4 Regulation on paying deposit and purchasing shares:

Investors can pay in cash at registered locations for auction or transfer into accounts of auction agencies announced in the ***Auction Regulation***

3.5 Limit to number of registered shares for participating in auction:

- ***For domestic investors:*** Each investor is allowed to purchase with the minimum volume of 100 shares and the maximum volume of **12,305,300** shares equal to the total number of offer shares.
- ***For foreign investor:*** Each investor is allowed to purchase with the minimum volume of 100 shares and the maximum volume of **12,305,300** shares equal to the total number of offer shares.

4. Organizing auction session, paying for shares and refunding deposit

❖ *Time for organizing auction session:*

The time is stipulated in the ***Auction Regulation***

❖ *Location for organizing auction:*

HANOI STOCK EXCHANGE

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

❖ *Time for paying for shares and refunding deposit:*

- Time for paying for shares: Stipulated in the ***Auction Regulation***
- Payment Method: Investors can pay in cash at registered locations for auction or transfer into bank accounts announced in Auction Regulation
- Time for refunding deposit: regulated in the ***Auction Regulation***
- Location: At registered locations for auction.



5. Consultation Organization: SAI GON – HANOI SECURITIES JOINT STOCK COMPANY

Head Office:

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Ho Chi Minh City Branch:

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Tel: 08. 3915 1368 Fax: 08. 3915 1369

II. LEGAL BASIS RELATED TO THE OFFERING

- Decree No. 59/2011/ND-CP dated on 18/07/2011 of the Government about transferring 100% State Own Enterprises into Joint Stock Company;
- Circular No. 196/2011/TT-BTC dated on 26/12/2011 of Ministry of Finance about the guidance for initial public offering and managing, using the collected money from equitization of Enterprise with 100% State Own Enterprises into Joint Stock Companies;
- Pursuant to Document No. 2447/TTg-DMDN dated on 28/12/2011 of Prime Minister about the approval of plans of arrangement, renewal of State Own Enterprises of Ministry of Transport;
- Pursuant to Decision No. 49/QD-BGTVT dated on 08/01/2013 of Ministry of Transport about the approval of the list of enterprises to be equitized.;
- Pursuant to Decision No. 929/QD-TTg dated on 17/7/2012 of Prime Minister about the approval of State Own Enterprises restructuring Project concentrating on Economic Cooperation, State Corporation in the period from 2011 to 2015;
- Pursuant to Decision No. 91/2010/ND-CP dated on 20/8/2010 of Government regulating policies for redundant employees when re-arranging State Own One Member Limited Liability Companies;



- Pursuant to Decision No. 1420/QD-BGTVT dated on 19/6/2012 of Ministry of Transport about the approval of the Restructuring Project on Thang Long Construction Corporation;
- Pursuant to Decision No. 3049/QD-BGTVT dated on 03/10/2013 of Ministry of Transport about the approval of the enterprise's value of Thang Long Construction Corporation to be equitized;
- Decision No. 23/QD-TTg dated on 06/01/2014 of the Prime Minister's approval of the method of equitization and transferring Parent Company - Thang Long Construction Corporation into Joint Stock Company;
- Decision No 120/QD-BGTVT dated on 13/01/2014 of Ministry of Transport about the approval of the starting price.
- Pursuant to Contract No. 1526/2013/SHS-HĐTV dated on 04/12/2013 between Sai Gon – Hanoi Securities Joint Stock Company and Thang Long Construction Corporation about consultant services for auction;
- And other relevant legal documents

III. PEOPLE TAKE MAIN CHARGE OF CONTENTS OF OFFERING CIRCULAR

1. Steering Committee of Equitization:

- **Mr. Nguyen Cong Tai** Title: Chairman of Member Council of Thang Long Construction Corporation- Head

The Offering Circular was written by the Equitization Enterprise and the Consultant Organization and approved by the Steering Committee of Equitization.

2. Equitization Enterprise: THANG LONG CONSTRUCTION CORPORATION

- **Mr. Phan Quoc Hieu** Title: General Director
- **Mr. Le Van An** Title: Chief Accountant

We ensure that information and data in this Offering Circular suitable for reality that we are known, or investigated, collected reasonably for investors to be able to assess about assets, financial situation, business result and prospect of Thang Long Construction Corporation before registering auction for purchasing shares

3. Consultant Organization: SAI GON – HANOI SECURITIES JOINT STOCK COMPANY (SHS)

- **Mr. Vu Duc Tien** Title: Deputy Director General
(According to the Letter of Attorney No.



*08/2013/UQ-TGD dated on 02/03/2012 of the
General Director of Sai Gon – Hanoi Securities
Joint Stock Company)*

The Offering Circular was made by Sai Gon - Hanoi Securities Joint Stock Company based on the consultant contract with Thang Long Construction Corporation. We ensure that the analysis, assessment and choice of words in this Offering Circular to be carefully implemented based on information and data provided by Thang Long Construction Corporation.

IV. DEFINITIONS, ABBREVIATED NAMES ARE USED IN THE OFFERING

Words or phrases are abbreviated in the Offering:

- Equitization Enterprise : Thang Long Construction Corporation **Or** Parent Company - Thang Long Construction Corporation
- Corporation : Thang Long Construction Corporation
- TLG : Thang Long Construction Corporation
- MOT : Ministry of Transport
- MC : Member Council
- BC : Building construction
- SHS : Sai Gon - Hanoi Securities Joint Stock Company
- Consultant Organization : Sai Gon - Hanoi Securities Joint Stock Company
- OAE : Officials and employees



V. INFORMATION ABOUT EQUITIZATION ENTERPRISE

1. Generalized Information about Equitization Enterprise

- **Generalized Information**

- Name of enterprise: **Thang Long Construction Corporation**
- Address: No.72 Nguyen Chi Thanh Road, Lang Thuong Ward, Dong Da District, Hanoi City
- Tel: 043 8343087
- Fax: 043 8345212
- Business Registration Certificate of One Member Limited Liability Company: No. 0100105020 is issued the first time on 10/11/2010 by Department of Planning and Investment of Hanoi City, first change of registration is on 03/05/2013.
- Major service products: Constructing transport infrastructure and auxiliary industry to serve for the industry of bridges and roads construction

- **History about formation and development**

Thang Long Construction Group formerly known as Thang Long Bridge Compleitive Enterprise was established in accordance with Decision No. 2896/QD-TC dated on 06/07/1973 of Minister of Transport including many concentrated accounting member enterprises.

On 19/02/1984, Thang Long Bridge Complex Enterprise was renamed into Thang Long Bridge Construction Enterprises Union

On 11/03/1992, Ministry of Transport and Post Office made Decision No.395 renamed “Thang Long Bridge Construction Enterprises Union” into “Thang Long Bridge Construction Corporation”

Thang Long Bridge Construction Corporation was established in accordance with Decision No. 4987/QD – TCCBLD dated on 01/12/1995 of Ministry of Transport

On 22/04/1998, Thang Long Bridge Construction Corporation was renamed into Thang Long Construction Corporation in accordance with Decision No. 934/1998/QD-TCCB-LD of Ministry of Transport

On 20/12/2006, Ministry of Transport had Decision No. 2854/QD-BGTVT establishing Parent Company - Thang Long Construction Corporation

At Decision No. 1762/QD - BGTVT dated on 25/6/2010 of Ministry of Transport, since 01/7/2010 Parent Company - Thang Long Construction Corporation was transformed into One Member Limited Liability Company



In accordance with Decision No. 49/QD-BGTVT dated on 08/01/2013 of Ministry of Transport, the Parent Company was equitized by the Corporation.

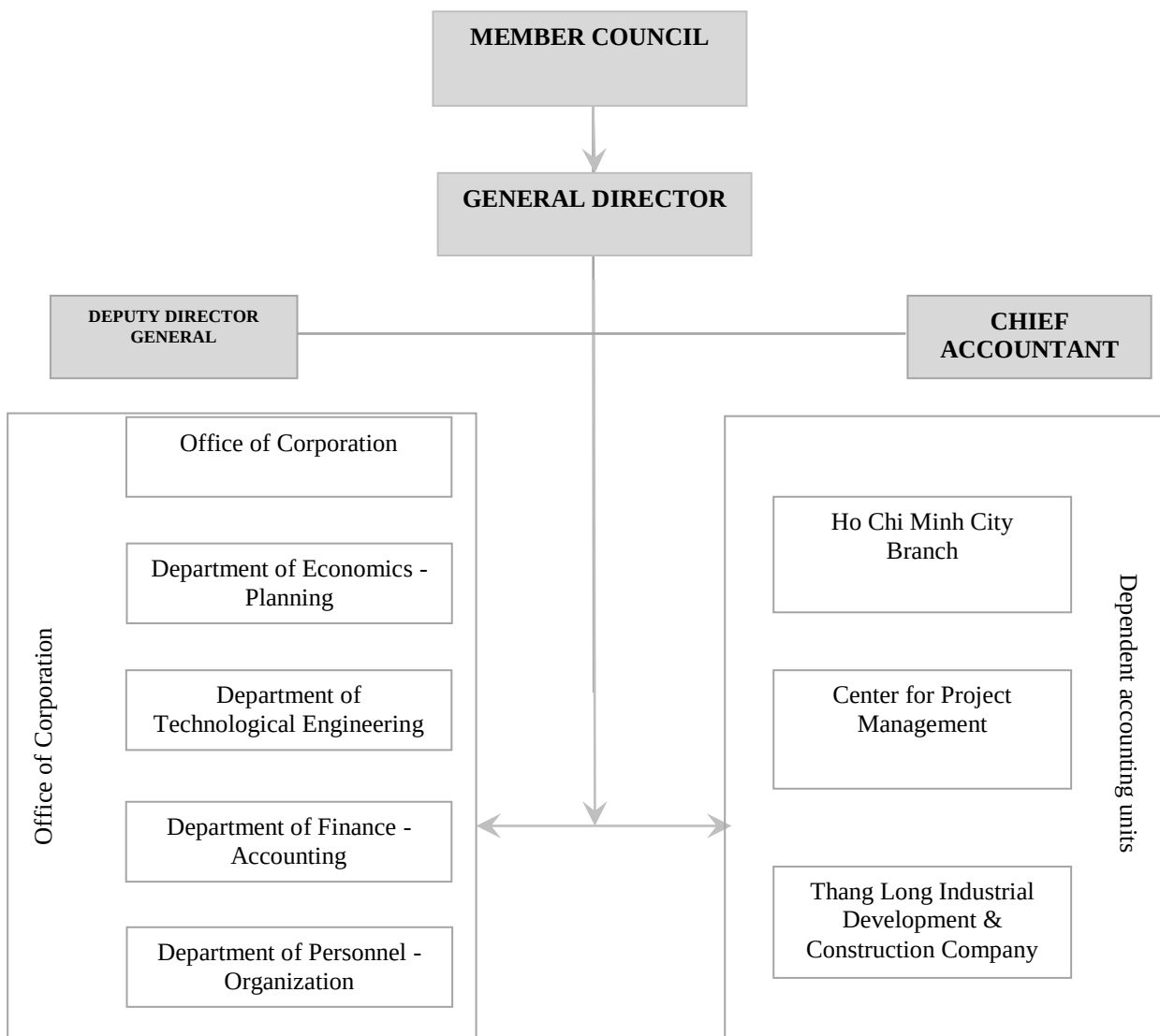
2. Business sectors and industries of Equitization Enterprise

According Business Registration Certificate No. 0100105020 issued by the Department of Planning and Investment of Hanoi on 10/11/2010 and firstly amended on 03/05/2013, Business sectors of the Corporation include:

- Building railway – by land constructional works;
- Producing concrete and products from cement and gypsum;
- Building other civil technical constructional works;
- Repairing machineries, equipment;
- Producing metal structures;
- Processing mechanics, handling and coating metal products;
- Producing other metal products which are not divided into any item;
- Building types of houses;
- Service operation for supporting other remaining businesses which are not divided into any item;
- Carrying on business in real estates, land use rights belong to owners, users or lessees;
- Short-stay services;
- Transporting by-land goods;
- Career education: Training professional workers;
- Wholesaling metal and metallic ores;
- Wholesaling materials, other installed equipment in construction;
- Other specialized constructional operations;
- Engine vehicles for lease;
- Transporting passengers by by-land in urban, suburban (excluding transport bus);
- Warehouse and storing goods;
- Supplying and managing labor source;
- Architectural operation and consulting relevant engineering
 - + Surveying constructional geology
 - + Surveying constructional geodesy
 - + Designing constructional works of bridges, by-land
 - + Monitoring the execution of constructional works of bridges, by-land
 - + Designing infrastructure of civil and industrial works

- + Monitoring the execution of by-land, civil and industrial works
- + Designing constructional works of irrigation
- + Monitoring irrigation works
- + Verifying technical design, technical design for execution and total cost estimate of constructional works (only operating as practicing certificate);
- Specialized design operation: Graphic design;
- Checking and analyzing the engineering;
- (For conditional business sectors, the company only carries out commercial activities when having sufficient conditions regulated by Law)

3. Diagram of organizational structure of the Corporation



- Management organization structure of Corporation includes: Member Council, Board of Company's General Director and General Director
- Assistant Board: Deputy General Directors, Chief Accountant, Official of the Corporation and dependent accounting units

4. Field of business

With a traditional building transport company, the Corporation focuses on expanding market of building transport infrastructures and auxiliary industries to serve for the industry of building bridges and roads

Some typical works of the Corporation have been implemented as follows:

No.	Name of constructional work	Location	Contractual Value (million dong)	Investor	Implementation time	
					Commence	Complete
1	Thang Long Bridge	Hanoi City		Ministry of Transport	1973	1985
2	Ben Thuy Bridge	Vinh City	17,524	Ministry of Transport	1986	1990
3	Viet Tri Bridge	Phu Tho	117,263	Ministry of Transport	1987	1995
4	Met Bridge	Lang Son	3,848	Ministry of Transport	1993	1996
5	Song Gianh Bridge	Quang Binh	21,323	Board of Project Management No. 85 - Ministry of Transport	1995	1998
6	Hoang Long Bridge and Ham Rong Overbridge – Package No. 4 – Project for renovating and upgrading National Highway No.1 (Thanh Hoa Province)	Thanh Hoa	165,540	Board of Project Management No. 18 - Ministry of Transport	1997	2000
7	6 bridges Section Hanoi - Vinh Package No. 1 - Project for renovating and upgrading National Highway No.1 (From Ha Nam Province to Nghe An Province)	From Ha Nam to Nghe An	309,971	Board of Project Management No. 18 - Ministry of Transport	1996	2000
8	6 railway bridges - Package No. 2 - Project for renovating and upgrading railway bridges from Hanoi City – Ho Chi Minh City	From Ha Tinh to Binh Dinh	238,309	Management Board of Railway Project - Ministry of Transport	1998	2000



No.	Name of constructional work	Location	Contractual Value (million dong)	Investor	Implementation time	
					Commence	Complete
9	Trung Ha Bridge - National Highway No. 3 (Ha Tay Province)	Ha Tay	84,970	Board of Thang Long Project Management - Ministry of Transport	1999	2002
10	Kien Bridge - Package No. B5 – Project for renovating and upgrading National Highway No. 10 (Hai Phong City)	National Highway No.10 - Hai Phong	316,422	Board of Project Management No. 18 - Ministry of Transport	2001	2003
11	Project for building Ho Chi Minh road, section from Km 164+000 - Km 321+000 of Thanh Hoa, Nghe An, Quang Binh and Quang Tri	From Thanh Hoa to Quang Tri	677,086	Board of Project Management of Ho Chi Minh road - Ministry of Transport	2000	2003
12	Project for improving National Highway No. 18 - Package No. 1: Section Noi Bai - Bac Ninh (renewal)	National Highway No. 18 Section Noi Bai - Bac Ninh	433,839	Board of Project Management No. 2 - Ministry of Transport	2001	2003
13	Bong Son Bridge, Ban Thach, Da Rang, Tam Giang and Dieu Tri - Package No. 3 Project for renovating and upgrading National Highway No. 1 (Period II-3)	National Highway No. 1	616,680	Board of Project Management No. 18 - Ministry of Transport	2001	2004
14	Project for renovating National Highway No. 18 - Package No. 1A: Expanding Section Noi Bai - Bac Ninh	National Highway No. 18 Section Noi Bai - Bac Ninh	583,065	Board of Project Management No. 2 - Ministry of Transport	2005	2008
15	Vinh Tuy Bridge	Hanoi	310,973	Board of Ta Ngan Infrastructure Project Management	2005	2009
16	Project for Ho Chi Minh City – Trung Luong High speed highway	Ho Chi Minh City and Long An	1,200,000	Board of My Thuan Project Management - Ministry of Transport	2005	2009



No.	Name of constructional work	Location	Contractual Value (million dong)	Investor	Implementation time	
					Commence	Complete
17	Project for building Song Hong bridge (Thanh Tri) - Package No. 3A: Phap Van Footbridge lengthen	Hanoi	993,351	Board of Thang Long Project Management - Ministry of Transport	2008	2010
18	Project for building Thanh Tri Bridge (Hong River) - Package No. 6: Phu Dong Bridge II	Hanoi	495,025	Board of Thang Long Project Management - Ministry of Transport	2008	2012
19	Project for building belt road No.3 (period 2) - Package No. 3: Section Thanh Xuan – Bac of Linh Dam Lake	Hanoi	1,338,000	Board of Thang Long Project Management - Ministry of Transport	2010	2012
20	Project for upgrading safety of railway road for alignment Hanoi – Ho Chi Minh City - Package No. CP2: 10 railway bridges	From Thua Thien Hue to Quang Nam	1,087,000	Board of Railway Project Management - Vietnam Railway Corporation	2010	2012

Source: TLG

5. Labor situation of the Corporation when it was transformed into Joint Stock Company

5.1. Income of OAE

No.	Target	2010	2011	2012	03/10/2013
1	Total employees (people)	1,070	558	604	392
2	Average income (VND/person/month)	2,850,000	3,520,000	4,650,000	5,890,000

Source: TLG

5.2. Structure and labor level of the Corporation after equitization

- ❖ Total number of employees in the labor list at the approval time (03/10/2013) are: **392 people**
- ❖ The classification of the Corporation's labor:

Official	31/12/12	03/10/13
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	No. of people	Rate (%)	No. of people	Rate (%)
I. Classified by labor level	604	100	392	100
1. University and Postgraduate level	303	50,17	264	67,3
2. College, Vocational School level	40	6,62	41	10,5
3. Technical worker	91	15,07	83	21,2
4. Ordinary employees	170	28,15	4	1
II. Classified by the characteristics of labor contract	604	100	392	100
1. Labor not belong to signed contracts	17	2,8	12	3,06
2. Definite labor contracts from 1 to 3 years	62	10,2	78	19,90
3. Indefinite labor contracts	525	87	302	77,04

Source: TLG

❖ Labor structure of the Corporation after equitization:

Type of employee	Employee	
	No. of people	Rate (%)
1. University and Postgraduate level	264	68,9
2. College, Vocational School level	41	10,8
3. Technical workers	74	19,3
4. Other employees	4	1
Sub Total	383	100

Source: TLG

6. The Corporation's Value at the period 30/06/2013

According to Decision No. 3049/QD-BGTVT dated on 03/10/2013 of Ministry of Transport about the value approval of Thang Long Construction Corporation, actual value at the period 30/6/2013 is **1,736,296,395,825 VND**. In which: Actual value of State capital at the Corporation is **235,729,382,703 VND**

Data in the Minutes of enterprise' valuation at the time of the date on 30/06/2013 as follows:

Unit: VND

No.	Target	Data of accounting book	Data are re-defined	Difference
A	Current assets (I+II+III)	1,705,439,885,975	1,736,296,395,825	30,856,509,850
I	Long-term assets	223,022,382,106	253,380,708,571	30,358,326,465
1	Long-term receivables	-	-	-



No.	Target	Data of accounting book	Data are re-defined	Difference
2	Fixed assets	22,248,775,552	43,151,671,439	20,902,895,887
a,	Tangible fixed assets	19,703,343,202	40,606,239,089	20,902,895,887
b,	Financial leasehold fixed assets	-	-	-
c	Intangible fixed assets	-	-	-
d	Cost of basic construction in progress	2,545,432,350	2,545,432,350	-
3	Investment real estates	-	-	-
4	Long-term financial investments	187,852,425,114	196,506,946,132	8,654,521,018
5	Other long-term assets	12,921,181,440	13,722,091,000	800,909,560
II	Short-term assets	1,482,417,503,869	1,482,481,676,700	64,172,831
1	Cash and cash equivalents	56,233,508,522	56,233,508,522	-
a	Cash	48,864,170,016	48,864,170,016	-
b	Cash equivalents	7,369,338,506	7,369,338,506	-
2	Short-term financial investments	-	-	-
3	Receivables	1,147,195,875,842	1,147,195,875,842	-
4	Inventories	192,225,667,771	192,225,667,771	-
5	Other short-term assets	86,762,451,734	86,826,624,565	64,172,831
III	Value of business advantage	-	434,010,554	434,010,554
B	Assets not to use	-	-	-
C	Assets waiting for liquidation	687,395,225	687,395,225	-
D	Assets is formed from welfare, bonus funds (not to use for business production)	-	-	-
	TOTAL VALUE OF ENTERPRISE ASSETS (A + B + C + D)	1,706,127,281,200	1,736,983,791,050	30,856,509,850
A	In which: TOTAL ACTUAL VALUE OF ENTERPRISE (Item A)	1,705,439,885,975	1,736,296,395,825	30,856,509,850

No.	Target	Data of accounting book	Data are re-defined	Difference
E1	Receivable actual liabilities	1,489,310,664,745	1,489,310,664,745	-
E2	Balance for welfare, bonus	11,256,348,377	11,256,348,377	-
E3	Source of career expense	-	-	-
	TOTAL ACTUAL VALUE OF STATE CAPITAL PART AT ENTERPRISE [A – (E1+E2+E3)]	204,872,872,853	235,729,382,703	30,856,509,850

Source: Minutes of defining enterprise value of Branch of Auditing and Consulting Co., Ltd in Hanoi

7. Major assets of enterprise

▪ **Land:** the Corporation is managing and using:

- **07 parcels of land** in Hanoi with total land area are **53,473 m²**.

- **01 house** in Hanoi with area is **59,2 m²**.

- **03 units** purchased at No.127B Dinh Tien Hoang, Binh Thanh District, Ho Chi Minh City with area is **263,04 m²**.

Moreover, Corporation has **1 parcel of leasing land** of Hanoi City of **403,7 m²** expired the lease since 2012 and occupied by other people for a long time. Afterwards, the Corporation informed and returned it to Hanoi City

Details as follows:



No.	Description	Area (m ²)	Legal profile	Current status of use	Form of hiring, allocating land	Note
I	08 PARCELS OF LAND IN HANOI					
1	No.72 Nguyen Chi Thanh, Lang Thuong Ward, Dong Da District, Hanoi City	645	- Land Using Certificate No. 2324/UBXDCB issued by Hanoi People's Committee dated on 09/6/1984 for Board of Thang Long Project Management to build its head office - Memorandum of Understanding dated on 25/7/1989 between Board of Thang Long Project Management and Thang Long Bridge Construction Enterprises Union about releasing land area in Use Certificate No. 2324/UBXDCB - Constructional License No. 4491/XD-UB of Hanoi City People's Committee - Dispatch No. 3120 CV/XDUB dated on 18/7/1987 replacing License No. 4491/XD-UB - Constructional License No. 251-12-1996/UBXD dated on 20/12/1996 of Head Architect of Hanoi City	01 house 6 floors Corporation is using to make head office	Hiring land, paying for annual land money	Not to sign contract for lease with the city, in the process of completing procedures
2	Kim No Commune, Dong Anh District, Hanoi City	10,000	- Decision No. 285-CT dated on 15/10/1989 of Chairman of Ministerial Council - Decision No. 1903 dated on 21/4/1990 of Hanoi City People's Committee - Decision No. 186/QD-TCT dated on 27/6/2007 of Thang Long Construction Corporation - Decision No. 339/QD-TCT dated on 25/12/2008 of Thang Long Construction Corporation	Working office and gathering yards of equipment of Corporation	Hiring land, paying for annual land money	Not to sign contract for lease with city, in the process of completing procedures
3	Yen Thuong Commune, Gia Lam District, Hanoi City	22,100	- Land Use Certificate No. 1258 dated on 28/3/1987 - Decision No. 554/TCT-HG4 dated on 27/10/1995 of Truong Son Construction Corporation about handing over K73 warehouse for	Warehouse for materials, equipment, Stock for	Hiring land, paying for annual land money	Not to sign contract for lease with city, in the



No.	Description	Area (m ²)	Legal profile	Current status of use	Form of hiring, allocating land	Note
			Thang Long Construction Corporation - Decision No. 975/QD-UB dated on 8/5/1992 of Hanoi City People's Committee - Decision No. 660/QP-QD dated on 16/10/1993 of Ministry of National Defense	materials, goods and gas cooperation equipments		process of completing procedures
4	Pham Van Dong Road, Xuan Dinh Commune, Tu Liem District, Hanoi City	14,872	- Decision No. 485 CV/UB dated on 28/3/1991 of Hanoi City People's Committee - Decision No. 255/QD-TCT dated on 21/8/2007 of Thang Long Construction Corporation - Decision No. 168/QD-TCT dated on 28/7/2008 of Thang Long Construction Corporation about transferring position of using land of Thang Long Bridge No.7 Company	Factory for producing and molding beams, gathering warehouse of equipment machineries, execution materials of bridges and roads	Hiring land, paying for annual land money	Not to sign contract for lease with city, lying on green tree planning of city
5	Pham Van Dong Road, Xuan Dinh Commune, Tu Liem District, Hanoi City	1,110	- Decision No. 485 CV/UB dated on 28/3/1991 of Hanoi City People's Committee - Decision No. 29/VPTH-TCT dated on 09/01/2003 of Thang Long Construction Corporation	Production Factory	Hiring land, paying for annual land money	Not to sign contract for lease with city, lying on green tree planning of city



No.	Description	Area (m ²)	Legal profile	Current status of use	Form of hiring, allocating land	Note
6	Cluster. 2, Tan Xuan Hamlet, Xuan Dinh Commune, Tu Liem District, Hanoi City	4,061.5	- Decision No. 140/QD-VP dated on 03/4/2002 of Thang Long Construction Corporation to allow Thang Long Infrastructure Engineering Center allowed to use land area	Branch Office - Thang Long Technology Development and Construction Company and production factory of company	Hiring land, paying for annual land money	Not to sign contract for lease with city, in the process of completing procedures
7	Pham Van Dong Road, Xuan Dinh Commune, Tu Liem District, Hanoi City	684,5	- Decision No. 130/TT XNK-TCT dated on 06/4/2006 of Thang Long Construction Corporation	Branch Office	Hiring land, paying for annual land money	Not to sign contract for lease with city, lying on green tree planning of city
8	House No. 4 IF2 Thai Thinh, Dong Da, Hanoi	59,2	- Land Use License No. 1062 UB/XDCB dated on 20/3/1990 Hanoi City People's Committee - Constructional License No. 142/DK/SXD of Hanoi City Department of Construction - Decision dated on 24/02/1991 of Thai Thinh High School - Sales Contract for House No. 4 IF2 Thai Thinh, Dong Da, Hanoi	Working office of Corporation's branch	Long-term living land	Not to have Land Use Right Certificate
II	LEASE PARCEL OF					



No.	Description	Area (m ²)	Legal profile	Current status of use	Form of hiring, allocating land	Note
	LAND EXPIRED TO HIRE					
9	No. 60, Hang Chuoi Street, Hai Ba Trung District, Hanoi City	403,7	- Contract for Lease Land No. 101-92 HD/TD dated on 03/8/1992 between Hanoi City Department of Construction and Thang Long Bridge Construction Enterprises Union (20 years' validity, expired in 2012)	Whole land have been encroached by some householders	Hiring land, paying for annual land money	Paying back to Hanoi was proposed
III	03 CONDOMINIUM APARTMENTS					
10	No. 127B, Dinh Tien Hoang, Binh Thanh District, Ho Chi Minh City	263,4	- Decision No. 441/VP dated on 04/10/1991 of Road No.7 Management Union about distributing for Thang Long Bridge Construction Enterprises Union for 03 apartments at No. 127B, Dinh Tien Hoang, Binh Thanh District, Ho Chi Minh City; - Decision No. 3351/QD-BGTVT dated on 24/10/2013 of Ministry of Transport about re-arranging, processing land houses of Thang Long Construction Corporation, Road No.78 Repair and Management One Member Limited Liability Company and Construction No.71 Building and Management One Member Limited Liability Company	Working office of branch of Corporation in Ho Chi Minh City	Distributed	Not to be issued Land Use Right Certificate

Source: TLG

For the land plots the Company currently manages and uses, only the plot No. 4 at the address of IF2 Thai Thinh , Dong Da , Ha Noi are valued and put into business value : This plot was approved by the Minister to transfer land use right and sell the house in the above lot and the results obtained in the value of enterprise. However to the date of business valuation (06/30/2013) the Corporation has not yet transferred . The Corporation sent a document of number 146/TCKT-HDTV dated 02 August,.2013 to the People's Committee of Hanoi City to apply for the unit



price for the identification of land use on the value of the enterprise but there is no written reply . Therefore , the consultancy company is provisional valuing the plot's land use right according to land prices in Hanoi in 2013 to determine the value of the land use right in the value equitization enterprise valuation :

No.	Name	Area	Book Value			As Redefined Value					Differences	
			Original price	deducted	Remaining value	Volume	Unit price	Original price	Remaining percentage (%)	Remaining Value	Original price	Remaining value
(1)	(2)	(3)	(4)	(5)	(6) = (4) - (5)	(7)	(8)	(9) = (7) * (8)	(10)	(11) = (9) * (10)	(12) = (9) - (4)	(13) = (11) - (6)
1	The value of land use rights at the address of No. 4 IF2 Thai Thinh					59.20	16,500,000	976,800,000	100%	976,800,000		

Source: Minutes of the valuation conducted by auditing and consulting A & C in Hanoi

▪ *Situation of fixed assets at the period 31/12/2012*

Unit: VND

No.	Description	Original Price (OP)	Remaining Value (RV)	OP/RV (%)
1	Houses, architectural materials	24,049,613,277	4,694,030,189	19,52
2	Machineries, equipment	79,976,511,288	10,702,494,714	13,38
3	Means of transport and management tool equipment	18,363,583,467	1,927,213,443	10,49
4	Management equipment, tools	4,742,525,754	856,299,391	18,06
5	Other tangible fixed assets	21,904,762	6,133,339	28,00
	Sub Total	127,154,138,548	18,186,171,076	14,30

Source: Auditing Financial Statement in 2012

▪ *Situation of fixed assets at the period 30/06/2013*

No.	Description	Original Price (OP)	Remaining Value (RV)	OP/RV (%)
1	Houses, architectural materials	22,319,711,901	3,277,550,612	14,68
2	Machineries, equipment	67,382,520,063	11,521,023,994	17,10
3	Means of transport and management tool equipment	17,352,981,806	4,721,986,903	27,21
4	Management equipment, tools	2,890,248,177	656,797,013	22,72
5	Other tangible fixed assets	21,904,762	6,133,339	28,00
	Sub Total	109,967,366,709	20,183,491,862	18,35

Source: 6-month-Auditing Financial Statement in 2013

Fixed assets of the Corporation decreased comparing to the same period of the first of 6 months in 2012 because the dependent accounting unit of the Corporation – Thang Long Construction Consulting Company – transferred into One Member Limited Liability Company.

8. List of Parent Companies, subsidiaries of equitization enterprise

- *Parent Company*: None

- **Subsidiaries, related companies:** Upto the time dated of 30/6/2013, the Corporation is managing the State capital invested at 05 subsidiaries, 19 related, joint venture and other companies with total capital is 196,5 billion dong. Details as follows:

No.	Name of unit	Investment value (VND)	Rate for holding per capital of unit (%)
I	Investment into subsidiaries		
1.	Thang Long Bridge No.1 Co., JSC	39,080,746,181	97,16
2.	Thang Long No.3 Co., JSC	4,356,000,000	51,13
3.	Thang Long No.11 Co., JSC	5,556,240,000	68,27
4.	Thang Long No.12 Construction Co., JSC	2,827,724,000	51,00
5.	Thang Long Construction Consulting One Member Limited Liability Company	3,440,280,245	100,00
II	Investment into related companies		
6.	Thang Long No.10 Construction and Mechanics Co., JSC	1,976,000,000	49,00
7.	Thang Long Construction and Mechanism Co., JSC	7,359,800,000	36,00
8.	Thang Long No.4 Construction Co., JSC	2,629,500,000	38,63
9.	Thang Long No.15 Construction Co., JSC	300,000,000	16,67
10.	Thang Long No.16 Construction Co., JSC	1,600,000,000	32,00
11.	Thang Long No.17 Construction Co., JSC	2,340,000,000	28,89
12.	Thang Long No.2 Construction Co., JSC	1,545,570,000	30,31
13.	Thang Long Construction and Mechanics No.4 Co., JSC	4,298,409,788	20,89
14.	Thang Long No.18 Construction Co., JSC	3,600,000,000	36,00
15.	Thang Long Construction and Experiment Co., JSC	3,038,000,000	49,00
16.	Thang Long No.6 Construction Co., JSC	3,672,000,000	36,00
17.	Thang Long Bridge No.7 Co., JSC	20,160,000,000	36,00
18.	Thang Long No.9 Construction Co., JSC	4,036,410,000	36,45
19.	Thang Long Transport and Construction Co., JSC	1,310,000,000	29,98
20.	Yen Linh Bridge BOT Co., Ltd	23,313,000,000	49,41
21.	Thang Long No.8 Construction Co., JSC	5,400,000,000	36,00
III	Investment into joint venture companies		
22.	Mitsui Thang Long Steel Structure Co., Ltd	26,947,744,000	45,55
23.	Thang Long Me Kong Concrete Co., Ltd	12,250,000,000	49,00

No.	Name of unit	Investment value (VND)	Rate for holding per capital of unit (%)
IV	Other investment		
24.	Thang Long Bridge No.5 Co., JSC	6,815,000,000	13,63

Source: TLG

In above investment amounts of the Corporation, there are some units which suffer large accumulation losses: Thang Long Construction JSC No. 6, Thang Long Construction JSC No. 12; Thang Long Construction JSC No. 8, Thang Long Bridge JSC No. 5

From the date of 30/06/2013 to now, there have been some changes in capital investment as follows:

- At Thang Long Bridge No.1 Co., JSC: complete equitization, the Corporation has accounted for 82,64% charter capital of unit
- At Thang Long No.6 Construction Co., JSC: the Corporation withdrew capital investment
- At Thang Long Construction Consulting One Member Limited Liability Company: The Company is carrying out equitization, it has had approval decision for enterprise value and approved method of equitization, the company completed selling shares for objects as the approved method, the Corporation holds 29% charter capital in Joint Stock Company

9. Situation of business operation and income statement in 3 years before equitization

9.1. Situation of business operation

9.1.1. Product quantities and service value through years

❖ Net revenue

No	Net revenue	2010		2011	
		Value (Million dong)	Proportion (%)	Value (Million dong)	Proportion (%)
1	Sales	1,367	0,17	2,490	0,24
2	Service provision	2,853	0,36	11,947	1,16
3	Constructional contract	784,591	99,47	1,011,508	98,59
Sub Total		788,811	100	1,025,945	100

Source: Auditing financial statement in 2010, 2011

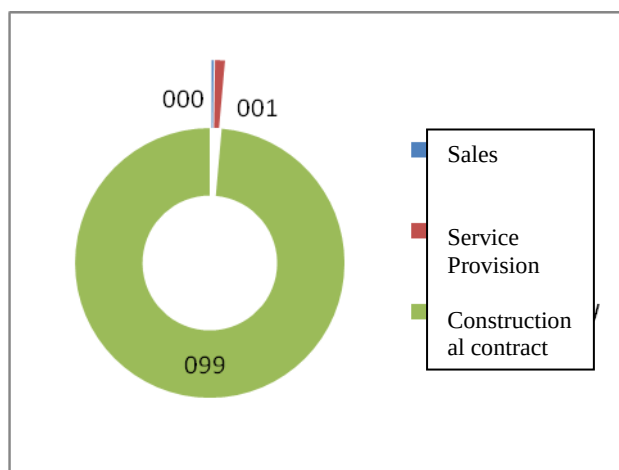
No.	Net revenue	2012		6 months of 2013	
		Value (Million dong)	Proportion (%)	Value (Million dong)	Proportion (%)
1	Sales	8,488	0,83	1.692	0,33
2	Service provision	13,184	1,28	23,836	4,62
3	Constructional contract	1,004,787	97,89	490,810	95,06
Sub Total		1,026,459	100	516,338	100

Source: Auditing financial statement in 2012, 6 months of 2013

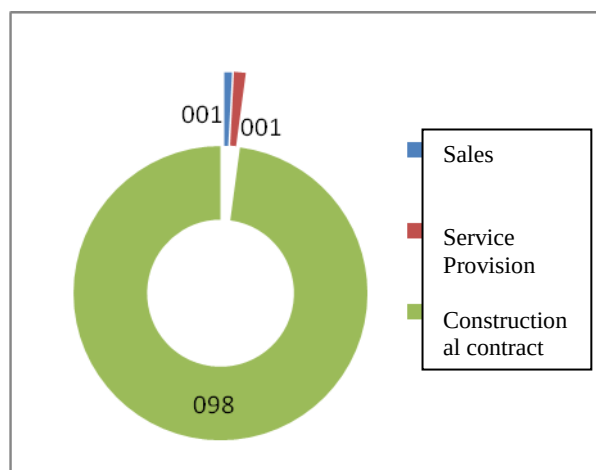
The Corporation's revenue is contributed mainly from constructional operation of transportation infrastructure (primarily building bridges, roads), this segment contributed to the Company's net revenues annually from 95 to 99%. In recent years, the company has also focused on exploiting revenue from other operational segments such as sales and providing service (Importing and distributing special materials for the industry such as anchor cable)

Net Revenue in 2013 is 1.124,92 bil. VND (unaudited - estimated by the Corporation), 9,59% higher than 2012.

Net revenue in 2011



Net revenue in 2012



Unit: %

❖ *Gross profit from business operations*

No.	Gross profit	2010		2011	
		Value (Million dong)	Proportion (%)	Value (Million dong)	Proportion (%)
1	Sales	369	1,20	2,173	11,58
2	Service provision	1,313	4,29	4,729	25,20
3	Constructional contract	28,957	94,51	11,866	63,22

Sub Total	30,639	100%	18,768	100%
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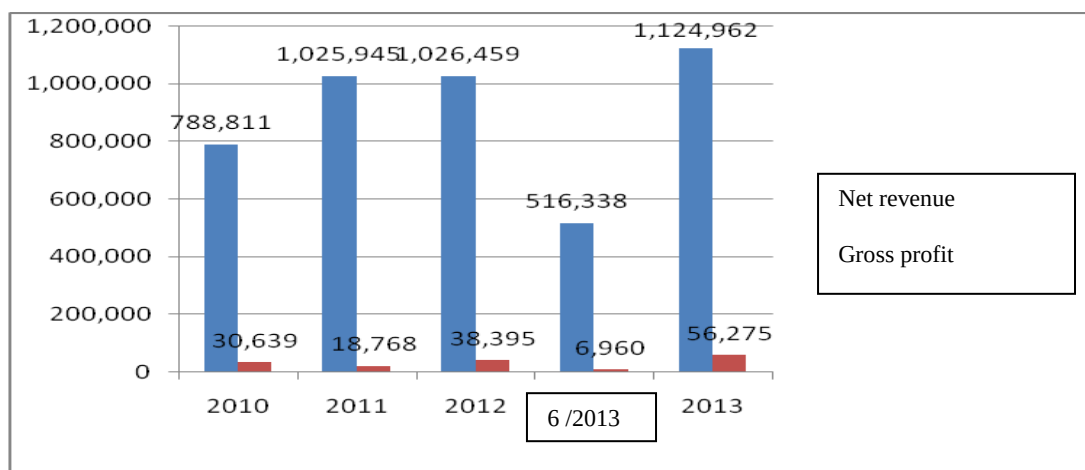
Source: Auditing financial statement in 2010, 2011

No.	Gross profit	2012		6 months of 2013	
		Value (Million dong)	Proportion (%)	Value (Million dong)	Proportion (%)
1	Sales	2,576	6,71	971	13,95
2	Service provision	5,841	15,21	5,660	81,32
3	Constructional contract	29,978	78,08	329	4,73
Sub Total		38,395	100%	6,960	100%

Source: Auditing financial statement in 2012, 6 months of 2013

In 2013, The Corporation gross profit is estimated at 56,276 bil. VND (unaudited), 46,56% higher than 2012.

Chart: Net revenue – gross profit



Unit: Million dong

It is shown that the Corporation always strives to achieve higher revenue and gross profit growth over the years. This is the great effort of the Corporation's employees in the hard environment like the past few years.

9.1.2. Supplies of input goods

- **Material supplies:** Operating in the field of transportation construction, the major materials of the company is iron, steel, cement, concrete, asphalt, cable, bridge bearings, prestressed anchor.... The Supplies of cable, bridge bearings, anchor, and asphalt, prestressed are usually imported overseas then exchange rate fluctuations also affect significantly on the cost price of the Corporation's products.

- **The stability of the supply of raw materials:** In the past few years, due to the effect of the global economic downturn, raw material prices have continuously fluctuated as well as the increase in electricity and fuel prices. However, the Corporation had long-term and reliable relationships with the suppliers. Thus, the stability of materials source is considerable.
- **The impact of raw material price to revenue and profit:** As a company operating in the field of construction and installation of traffic, proportion of costs of raw materials in price is very large (90%). Therefore, the fluctuation in prices of raw materials is an important factor directly affecting the company's profit. To limit the risk of price fluctuation affecting business results, the Company often collects information and forecasting statistics and the assessment of the market situation of materials.
- **The major material suppliers of the Company:** the Corporation has built the long- lasting relationships with enterprises providing material in order to be proactive source material for the works of the Corporation and ensure the progress under the signed contracts. The main material suppliers of the Corporation are:

No.	Name of supplier	Items for provision
1	The Siam Industrial Wire Co., Ltd. (Thailand)	Prestressed cable
2	Southern PC Steel Sdn Bhd. (Malaysia)	Prestressed cable
3	Liuzhou OVM Mechanics Company (China)	Prestressed bridge bearing and anchor
4	VSL (Switzerland)	Prestressed cable and anchor
5	TRANSMECO Concrete One Member Limited Liability Company	Concrete
6	Thang Long – Me Kong Concrete Co., Ltd	Concrete
7	Tan Co Co., Ltd	Steel
8	Southern Co., Ltd	Steel

Source: TLG

9.1.3. Cost for business production of Corporation

No.	Cost	2010		2011	
		Value (Million dong)	%/Net revenue (%)	Value (Million dong)	%/Net revenue (%)
1	Cost	758,172	96,12	1,007,176	98,17
2	Financial expenses	9,282	1,18	16,482	1,61
3	Sales expenses	-	-	-	-
4	Enterprise Management expenses	51,888	6,58	48,754	4,75
Sub Total		819,342	103.87	1,072,412	104.53

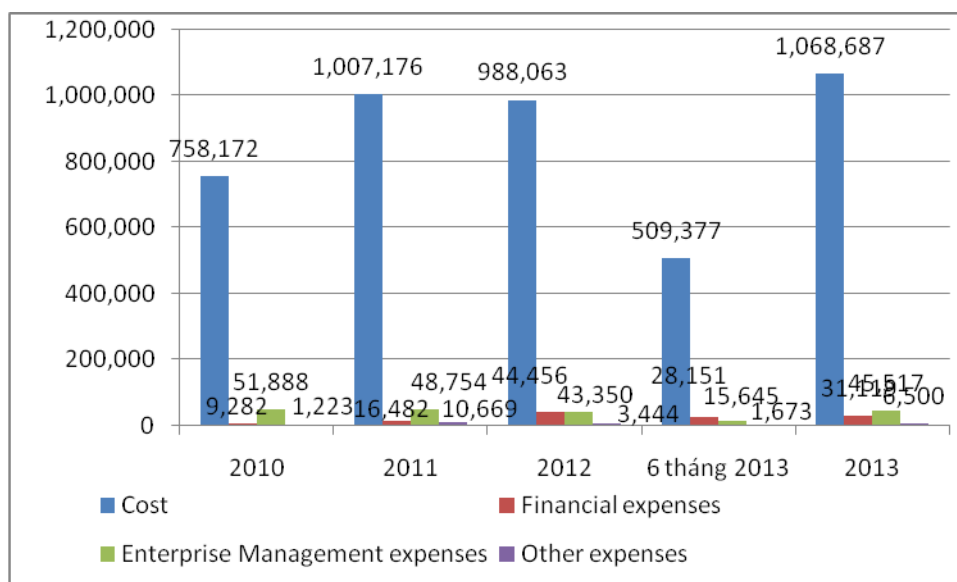
Source: Auditing financial statement in 2010, 2011

TT	Chi phí	2012		6 months of 2013		2013	
		Value (Million dong)	%/Net revenue (%)	Value (Million dong)	%/Net revenue (%)	Value (Million dong)	%/Net revenue (%)
1	Cost	988.063	96,26	509.377	98,65	1.068.687	95,00
2	Financial expenses	44.456	4,33	28.151	5,45	31.119	2,77
3	Sales expenses	-	-	-	-	-	-
4	Enterprise Management expenses	43,350	4,22	15.645	3,03	45.517	4,05
Sub Total		1,075,869	104.81	553,173	107.13	1,145,323	101.81

Source: Auditing financial statement in 2012, 6 months of 2013, unaudited 2013FS

Cost is the expense accounted for the large proportion in the total operating of the Corporation as well as in proportion compared to net revenue. In the recent years, Corporation is trying to control cost in order to improve the effectiveness of business operations. Cost rate/net revenue in 2010, 2011, 2012, 2013 respectively, 96.12%, 98.17%, 96.26%, 95,00%

Chart of operational expenses of Corporation



9.1.4. Technology level

From the requirements about duties of business production, TLG has focused on renovating management methods, rapid applying technology and modern advanced techniques of construction. The effect of investment in technology equipment has boosted labor productivity of the Corporation; construction capacity is raised to the level of the region, to ensure timely construction, quality, art of projects with complex technical requirements and great value.

In addition, the Corporation also focuses on strongly promoting the application of information technology in business administration, connecting with internal network to strengthen corporate governance and business operation as well as investing in software design to ensure highly technical and new technology applied; the corporation also synchronically invests in management software such as motor management, human resource management, accounting, project management....;

The Corporation has had main equipment and construction facilities are:

No.	Name of machine	Unit	Use year	Quantity
1	Excavator KOMASU PC200-3	pcs	2000	1
2	Drilling machine QJ250-1	pcs	1997	1
3	Drilling machine R9G -1	pcs	2001	1
4	Drilling machine ED 5500	pcs	2001	1
5	Drilling machine GPS -20	pcs	2001	1
6	Drilling head R9G -2	pcs	2010	1
7	Set of drilling head RTS3- ST - Thang Long Industry Development Company	Set	2011	1
8	Crawler crane SUMITOMO SC 500-1095	pcs	2001	1
9	Crawler crane HITACHI KH 230-2-60 tons-0297	pcs	2001	1
10	Tire crane LOCATELI 29L 98-41	pcs	2001	1
11	Crawler crane HITACHI KH 180-3-1	pcs	2001	1
12	Crawler crane 50TSC 500-1087	pcs	1993	1
13	Tower crane TC 3838-1	pcs	2002	1
14	Lift equipment CS100-1	pcs	2002	1
15	Crawler crane KOBELCO 7055	pcs	2001	1
16	Vibrating hammer DZ-90	pcs	2000	1
17	Ship TL 02-TQ-150CV	pcs	1973	1
18	Ship TL 07-VN-150CV	pcs	1966	1
19	Ship TL 10-VN - 180VC	pcs	1966	1
20	Ship H 34-VN - 300CV	pcs	1998	1
21	Work barge -VN- 120 tons No. 2	pcs	1973	1
22	Barge 400 tons -TQ -TL 14	pcs	1973	1

No.	Name of machine	Unit	Use year	Quantity
23	Barge 400 tons -TQ -TL 17	pcs	1973	1
24	Barge 400 tons -TQ -TL 18	pcs	1973	1
25	Barge 400 tons -TQ -TL 23	pcs	1973	1
26	Barge 400 tons -TQ -TL 24	pcs	1973	1
27	Barge 400 tons -TQ -TL 25	pcs	1973	1
28	Barge 400 tons TL – 02	pcs		1
29	Crane DEK	pcs		1
30	Barge 400 tons TL – 04	pcs		1
31	Crane TADANO 25 tons (tyred)	pcs		1
32	Drilling machine ED 4000	pcs	1996	1
33	Crane HITACHI KH 180 mountings of drilling head R10G	pcs	2001	1
34	Drilling head R10G of Crane KH 180	pcs	2010	1
35	Tire wheel crane TADANO BS: 29LA-0695	pcs	2013	1
36	Long Mon Crane 80 tons	pcs	2012	1
37	Accessories and drilling line equipment	pcs	2011	1

Source: TLG

9.1.5. Status of quality control of products and services

Recognizing the importance of the quality of constructional work with the image and reputation of the enterprise, the Corporation has always focused on strictly complying with the provisions of State, Ministry of Transport of management to ensure quality of works. It also issued the internal quality management system to meet the demand of the quality management requirements of the construction projects of the Corporation.

The Corporation has applied the way of checking and monitoring quality of products and services of the Corporation as follows:

- All input materials are checked quality carefully and closely. Materials with new quality standards should be provided for the constructional work. To control quality, inputs must be provided from reputed manufacturers and materials must have sufficient quality certificates under the provisions of law.

- Officials regularly monitor, survey and are responsible for quality management of guiding, disseminating, monitoring companies to comply with the procedures, regulations or technical rules for each constructional work.
- Quality management should be quickly, timely and accurately reported to the leader of the Corporation through shift conferences or in written documents.
- There has been coordination with the other construction companies to propose the technical solutions to consultants or investors when having related issues of quality or construction solutions.

Quality management of each constructional work is gathered and stored according to regulations of the State to serve for works of making completion records,

9.1.6. Marketing Operation

The Corporation has not performed the advertising activities about its self. Its reputation has been built through construction works. After equitization, the Corporation will promote activities of spreading the brand.

9.1.7. Commercial brand, register the patented invention and copyright

The Corporation has owned Brand Registration Certificate No. 102594 issued as Decision No. 10691/QD-SHTT dated on 06/6/2008 of National Office of Intellectual Property of Vietnam

Thus, brand of Corporation is:



9.1.8. Large contracts have been implemented

No.	Contractual partner	Contract No.	Constructional work	Contractual value (Million dong)	Implementation time
1	Board of Project Management No. 2 - Ministry of Transport	NH3/PK1-A	Package PK1A: Section Gia Lam - Dong Anh – Constructional project for newly building National Highway.3	866,654	1/2010 - 12/2013
2	Board of Project Management No. 2 - Ministry of Transport	NH3/PK2	Package PK2: Section Soc Son - Thai Nguyen - Constructional project for newly building National Highway. 3	215,087	10/2009 - 12/2013
3	Board of Project Management for	02/HP2-XL (RCCP02)	Cau Giay Intersection	267,218	7/2013 - 12/2014

No.	Contractual partner	Contract No.	Constructional work	Contractual value (Million dong)	Implementation time
	Development Investment of Urban Transport				
4	Vietnam Expressway Development Corporation (VEC)	Contract signed on 14/7/2013	Package No. 3A: Ky Lam Bridge – Project for building Da Nang – Quang Ngai Expressway	1,416,238	10/2013 - 8/2016
5	Board of Railway Project Management - Vietnam Railway Corporation	VNR-B-11A	Package No. CP3A – Project for upgrading safety of railway bridge of Hanoi – Ho Chi Minh City lines	645,320	12/2013 - 3/2016
6	Board of Railway Project Management - Vietnam Railway Corporation	VNR-B-09D	Package No. CP1D - Project for upgrading safety of railway bridge of Hanoi – Ho Chi Minh City lines	710,264	12/2011 - 2/2014

Source: TLG

9.2. Financial situation and result of business production in 3 years before equitization

❖ Receivable debts

Unit: Million dong

Target	31/12/10	31/12/11	31/12/12	30/06/13	31/12/2013
Receivables from customers	155,393	248,734	723,311	133,574	211,633
Advances to suppliers	70,633	30,986	43,146	978,397	750,001
Inter-company receivables	536,663	462,443	-	-	-
Other receivables	37,289	57,391	18,358	35,225	176,850
Provision for doubtful receivables	(61)	(14,364)	(15,855)	-	-
Total	799,917	785,191	768,960	1,147,196	1,138,484

Source: Auditing Financial Statement in 2010, 2011, 2012, 6 months of 2013, unaudited 2013 FS

❖ Payable

Unit: Million dong

Target	31/12/10	31/12/11	31/12/12	30/06/13	31/12/2013
Current liabilities	1,008,063	1,062,761	1,114,872	1,474,397	1,529,469
Short-term borrowing and debts	67,146	80,350	109,677	247,492	379,078
Accounts payable to suppliers	29,521	42,096	83,216	346,006	350,650
The Advances from customers	626,252	526,422	798,338	603,145	550,144
The payable taxes	6,549	13,861	10,150	24,404	15,155
Payable staff	11,309	12,510	13,893	13,831	15,750
Accrued expenses	8,284	9,307	9,307	10,290	10,290
Inter-company payables	197,913	283,025	-	-	-
Other payables	57,097	88,299	83,949	217,973	205,651
Reward fund and welfare	3,990	6,891	6,342	11,256	2,750
Provision for short term payables	-	-	-	-	-
Long-term liabilities	54,306	44,998	32,252	26,170	20,301
Long-term payables to suppliers	-	-	-	-	-
Long-term payables	-	-	-	-	-
Other long-term payables	-	-	-	-	-
Long-term borrowing and debts	53,815	44,286	29,868	26,102	20,232
Deferred receivable income tax	-	-	2,316	-	-
Provision for loss of work	491	712	-	-	-
Provision for long term payables	-	-	-	-	-
Unexecuted Revenue	-	-	68	68	68
Sub Total	1,062,369	1,107,759	1,147,124	1,500,567	1,549,770

Source: Auditing Financial Statement in 2010, 2011, 2012, 6 months of 2013, unaudited 2013 FS

At the time of the date on 30/06/2013, the rate of receivable debts was compared: 98.81%, the percentage of receivable debts not to be compared: 1.19%. The proportion of payable liabilities has been compared: 98.98%, the ratio of payable debt not to be compared: 1.02%. Corporation continues implementing the comparison of liabilities for payable and

receivable debts not to be compared at the official period to transfer into Joint Stock Company.

In 2013, because the Corporation implemented many new projects, capital requirements for these buildings are higher than in the year 2011, 2012. To satisfy the need of capital for these projects, the Corporation has implemented various measures to mobilize capital as short-term loans from banks. The Corporation works in the construction and installation field, therefore, they have to pay in advance for the processing project teams, leading to the high increase on Receivable in 2013 comparing with the years 2011 and 2012

❖ **Result of business production operation**

Target	Unit	2010	2011	2012	6 months of 2013	2013
1. Total Assets	Million dong	1,214,359	1,278,741	1,328,790	1,706,127	1,760,330
2. State capital according to accounting records	Million dong	148,814	162,491	165,053	194,132	194,132
3. Short-term Borrowings	Million dong	67,146	80,350	109,677	247,492	379,078
<i>In which : Overdue debts</i>	Million dong	-	-	-	-	-
4. Long-term Borrowings	Million dong	53,815	44,286	29,868	26,102	20,232
<i>In which: Overdue debts</i>	Million dong	-	-	-	-	-
5. Doubtful debts	Million dong	-	-	-	-	-
6. Total employees	People	1,070	558	604	392	392
7. Total salary fund	Million dong	55,231	31,511	33,499	14,065	
8. Average income for 1 person/month	dong	2,850,000	3,520,000	4,650,000	5,580,000	
9. Total revenue	Million dong	830,718	1,110,680	1,095,578	567,505	1,176,073
10. Total expense	Million dong	820,565	1,083,081	1,079,313	554,846	1,151,823
11. Profit before tax	Million dong	10,152	27,599	16,265	12,659	24,251
12. Profit after tax	Million dong	9,905	24,928	12,199	11,997	18,188
13. Rate of Profit after tax/State capital	%	6,65	15,34	7,39	6,17	12,49

Source: Auditing Financial Statement in 2010, 2011, 2012, 6 months of 2013 , unaudited 2013 FS

In 2011, Profit before and after tax of the Corporation is higher compared with 2012 due to financial costs, namely lower interest expense for 2011 of the Corporation while the other expense and Total income not to fluctuate much.

❖ **Financial target from 2010 to 2012**

Target	Unit	2010	2011	2012
Target about solvency (time)				
Short-term Liquidity Ratio	Time	1,01	1,01	1,00
Quick Liquidity Ratio	Time	0,03	0,08	0,08
Target about capital structure				
Debt/Total assets	%	87,48	86,63	86,33
Debt/ Equity	%	698,96	647,88	631,44
Target about profitability				
Profit after tax /Net revenue	%	1,25	3,30	1,19
Profit after tax / Equity	%	6,51	14,17	6,71
Profit after tax /Total assets	%	0,82	2,65	0,92
Profit from business operation/ Net revenue	%	0,59	2,44	1,29

Source: Auditing Financial Statement in 2010, 2011, 2012

- **Solvency:** The coefficients about the solvency of TLG have reached the high level in the past year. With rate of short-term liquidity in 2012 is 1.00 time, TLG can absolutely ensure good liquidity situation and pay for short-term debts
- **Capital Structure:** Total Liabilities/Equity is very high. However, below 20% is payable loan. The remaining is payable to suppliers and buyers paid in advance. It reveals that the Corporation takes advantage of capital funding of partners and reduces reliance on bank loans.
- **Profitability:** Financial crisis storm makes it hard for most of construction enterprises to survive leading to the decline of business performance. Index ROA and ROE of TLG in 2012 decreased compared to 2011 due to the increase in interest expense, however, it remained stable at the best. In the future, after transferring into Joint Stock Company, the Corporation will take advantage of raising capital from shareholders funds instead of payable interest to the banks; this forecasts the business situation of Corporation more and more increasingly positive.

9.3. The factors affect the operation of business production of Corporation in the reporting year

✚ The advantages and disadvantages affect operation of business production

❖ Advantages:

- As one of the largest corporations of Ministry of Transport, the Corporation has always been regularly cared, supported and directed in the process of building and development of the Corporation by the leader of Ministry of Transport and the advisory bodies of the Ministry
- The Corporation has developed a comprehensive system of regulations and incentives enabling to promote the brain of knowledge staffs in the Corporation. The force of officials and engineers of the Corporation has qualifications, professional. They are always enthusiastic, responsible in work.
- The Corporation owns the chains of advanced construction technology, ensuring construction for large projects, complex technical requirements such as cable-stayed bridges, cantilever bridges, road tunnels, sea bridge, highways..., and have the capacity and experience in investment, management and exploitation of the project in the form of BOT, BOO.

❖ Disadvantages:

- In the years 2011, 2012 the State promulgated of Resolution No. 11/NQ-CP of the Government about controlling inflation, some of the winning bidders not to arrange. This influences significantly to the life and employment of OAE – Labor of whole company
- General difficulty of the economy has a direct impact to the operation of business production of the Corporation. Besides that, high interest rates, loan terms are more difficult to access the capital loan sources of the Corporation affecting capital for operation of business production.
- Some clearance works are slow, affecting the progress. Then, the economic efficiency is low.

10. *Position of Corporation compared with other enterprises in the same sector*

10.1. *Position of Corporation in sector*

For the field of transport infrastructure, the Corporation has focused on mining projects of central budget (ODA), local budgets and other capital projects. Through operations of the Corporation has built a strong reputation with partners. The partners are always appreciated and prioritized to invite to participate in bidding for new projects.

For auxiliary industries: Steel beams dominate the large market and 50% market of specialized products provided in the country.

10.2. *Prospects for industry development*



On 03/3/2009 the Governmental Prime Minister issued Decision No. 35/QD/QD-TTg about strategy for transport development until 2020, with a vision to 2030, according to the orientation for domestic transport development is defined as follows:

- Develop transport infrastructure synchronously, reasonably, combine with development of each stable step with breakthroughs into modern to create a complete, uninterrupted and linkable network between the methods of transportation, between regions, between urban and rural areas across the country, and also respect maintenance work, ensure efficient exploitation, the existing sustainable transport infrastructure
- Combine with new investment to renovate and upgrade in-depth investment to promote the efficiency of industrial facilities with available transportation.
- Develop external transport system coherent with the domestic transport system to actively cooperate, integrate regionally and internationally;
- Promote local transportation, meet the requirements of industrialization - modernization – rural area, link with the local transportation network with national transportation network, and make the continuous, smooth and reasonable transportation costs, consistent with the majority of people.
- Socialization of investment in traffic infrastructure development, Maximum mobilization of all resources, respect domestic resources to invest in developing transportation.

To carry out the above orientations, the Government also provides solutions, implementation support policies, which is typical:

- Increase investment level for transportation infrastructure in the annual State budget reaches 3.5 to 4.5% of GDP
- Mobilize all resources, focus on internal resources, create favorable conditions to attract investment capital from all economic sectors in various forms to build transportation infrastructure...
- Encourage and create all favorable conditions for transportation industrial enterprises to expand joint ventures, domestic and foreign associates to raise capital, technology transfer, exchange of management experience...
- Establish financial leasing companies under the guarantee of the State to create conditions for enterprises to access and use of financial resources, technologies, new techniques.

With views of the Government, transportation is considered as an important part in the socio-economic infrastructure, which needs to prioritize development investment one step ahead at a rapid and sustainable pace, to create foundation for socio-economic development, to ensure national defense and security. Industrialization and modernization of the country have opened up the prospect of future development in the industry, enabling



enterprises in industry to have many business opportunities, to access to capital, technical science and experience of new management.

10.3. Evaluation of the appropriateness of the orientation development of Corporation with orientation of industry, State policies, and general trends in the world

The suitability of development orientation of the Corporation with the orientation of the industry, State policies and general trends in the world is represented by the Corporation's determination to transfer into operating under the new model as Joint Stock Company. In integration trends and current developments with market economy, model of State enterprises does not work effectively. Flexibility and competitiveness is limited. Joint Stock Company model is the most appropriate type of enterprise that the advanced countries in general and Vietnam in particular are adopting and promoting its positive aspects in the economy. With the model of Joint Stock Company, the Corporation will mobilize human resources in society in both capital and human power of all economic organizations and domestic and foreign individuals. Legal entities and individuals engaged in production and business operations of the enterprise help the innovation and develop enterprise, create jobs for employees, increase sources of revenue for local budgets, changes methods of enterprise management, create motivation for development, improve the efficiency and competitiveness of enterprises in the market economy.

VI. PLANS OF BUSSINESS PRODUCTION OPERATION AFTER EQUITIZATION

1. Name of Joint Stock Company, business sectors and industries

- Name of Company : **Tổng công ty cổ phần Xây dựng Thăng Long**
- English name : **Thang Long Construction Joint Stock Corporation**
- Abbreviated name : **TLG**
- Head office : **No.72, Nguyen Chi Thanh Road, Lang Thuong Ward, Dong Da District, Hanoi City**
- Tel : **043 8343087**
- Fax : **043 8345212**
- **Business sectors and industries**



No.	Business sectors and industries	Code
1	Building railway and road constructional works: Includes: Building highways, motorways, railways, tunnels, aircraft runways, construction of bridges, highway bridges for; installation of certain lines, traffic signs and the similar items...	4210 (main)
2	Building other civil engineering: Includes: building industrial works such as refineries, chemical factories, building constructional works of waterways, harbors, dams and dikes, works on river, manhole, tunnel construction, outdoor sports facilities ...	4290
3	Producing concrete and products from cement and gypsum	2395
4	Repairing machineries, equipment	3312
5	Producing metallic components	2511
6	Fabricating mechanics, processing and coating metal	2592
7	Producing other metallic products which are not divided into any item	2599
8	Building types of houses	4100
9	Service operation for other remaining business supports which are not divided into any item	8299
10	Carrying on business in real estate, land use right belongs to owners, users or lessees	6810
11	Short-stay service	5510
12	Transporting goods by road	4933
13	Wholesaling metal and metallic ores	4662
14	Wholesaling materials, other installed equipment in construction	4663
15	Operation for other specialized construction	4390
16	Engine vehicles for lease	7710
17	Transporting passengers by by-land in urban, suburban (excluding transport bus)	4931
18	Warehouse and storing goods;	5210
19	Supplying and managing labor source;	7830
20	Architectural operation and consulting relevant engineering - Surveying constructional geology - Surveying constructional geodesy - Designing constructional works of bridges, by-land - Monitoring the execution of constructional works of bridges, by-land - Designing infrastructure of civil and industrial works - Monitoring the execution of by-land, civil and industrial works - Designing constructional works of irrigation - Monitoring irrigation works - Verifying technical design, technical design for execution and total cost estimate of constructional works (only operating as practicing certificate);	7710
21	Specialized design operation: - Graphic design;	7410
22	Checking and analyzing the engineering;	7120
23	(For conditional sectors, the company only carries out commercial activities when having sufficient conditions regulated by Law)	Sectors do not match with Vietnam economic system of industries.



2. Enterprise restructure plan when transforming into Joint Stock Company

Organizational model of Company after equitization includes:

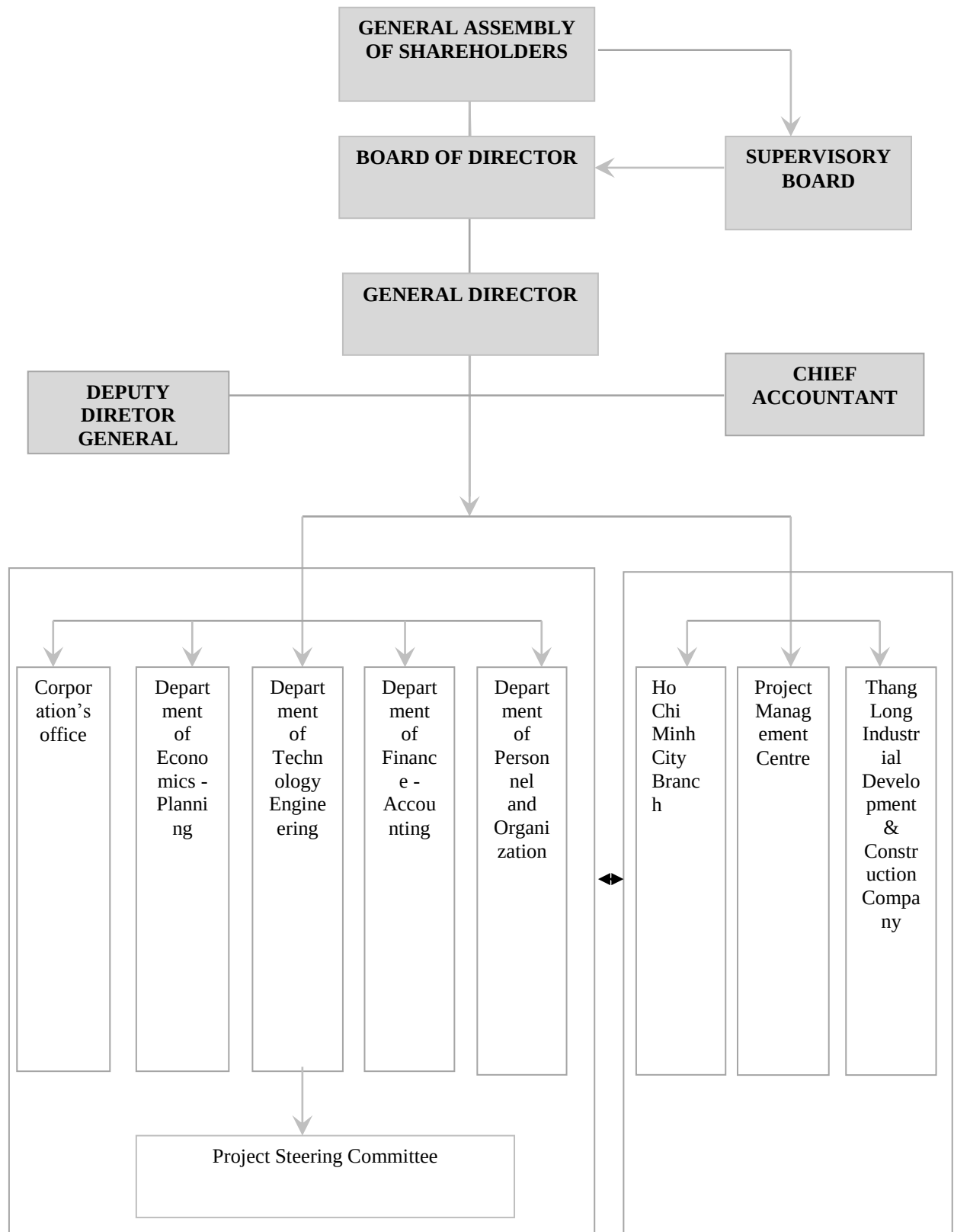
- General Assembly of Shareholders;
- Board of Director;
- Supervisory Board;
- General Director;
- Functional departments, directly under affiliates;

Function, duty of departments specifically as follows:

- **General Assembly of Shareholders:** General Assembly of Shareholders which includes all shareholders with voting rights, shall be the highest authority of the Corporation to decide issues which Law and the Charter of Corporation regulate
- **Board of Director:** Board of Director elected by General Assembly of Shareholders is the management body of the Corporation, has full authority on behalf of the Corporation to decide all matters relating to the interests of the Corporation, except for those matters within the competence of the General Assembly of Shareholders. The Board of Director hold the role in the strategic direction of annual operating plan, directing and supervising the operations of the Corporation through the Executive Board
- **Supervisory Board:** Supervisory Board elected by General Assembly of Shareholders, under the direct management of the General Assembly of Shareholders, Supervisory Board is responsible for supervising the financial operation of the Corporation, monitors to comply with observance of accounting, procedures, internal management regulations of Corporation, evaluates annual financial statements, reports to General Assembly of Shareholders on the accuracy, honest and legality of the Corporation's financial statements
- **General Director:** To be appointed and decided by the Board of Director, the General Director directly executes the activities of the Corporation on the basis of the Charter and the Resolution of the Board of Management,
- **The functional departments, includes:** the Office of the Corporation, Department of Economics and Planning, Department of Technology Engineering, Finance and Accounting Department, Department of Personnel and Organization. The functional departments have the following functions, duties:
 - Advise Company's leader as the function which Corporation's Chairman Of the Board regulates
 - Build, organize implementation of functional management system
 - Direct, guide, inspect and supervise the implementation of the tasks under the directly under branches as functions and tasks assigned,
 - Organize business operation in the assigned fields

- **Directly under units, include:** Corporation's affiliates in Ho Chi Minh City, project management centre, Thang Long Technology Development and Construction Company
- **The political – social organizations:** Corporation's Party, Trade Union and Youth Union

Diagram of organizational structure of the company after equitization



3. Plans of business production of Company after implementing equitization

3.1 System of economic targets of business production plans in 3 contiguous years after equitization

Target	Unit	2014	2015	2016
1. Charter capital	Million dong	300,000	300,000	350,000
2. Total employee	People	433	433	433
3. Total salary fund	Million dong	28,994	32,007	33,774
4. Average income	VND/person/month	5,580,000	6,160,000	6,500,000
5. Total revenue	Million dong	1,594,000	1,829,000	1,996,000
6. Total expenses	Million dong	1,557,000	1,787,000	1,942,000
7. Profit after tax	Million dong	37,000	42,000	54,000
8. Dividend	%	8	9	10

Source: TLG

3.2 Solutions to implement the planning targets

To achieve the targets set 03 years from 2014 to 2016, TLG made 06 solutions include:

a. Solutions to product and market :

There are some solutions to products and markets: improving the product quality, developing new products, organizing implementation of product investment which has ICOR index is low, - creating competitive advantage on price, timely seizing market signals, consolidating and developing market share, directly importing technical materials and exporting some products of the Corporation

b. Solutions to apply advanced techniques and technologies

There are some solutions of applying techniques and technologies: Applying of advanced science and technology to sustainable development, enhancing brand of Thang Long Construction Corporation, focusing on implementing innovative technologies, investing the main priority equipment, approaching, transferring technology of Metro tunnel drilling, elevated railway...; supplementing automation equipment; upgrading existing machinery - equipment; training manpower with high technical quality; maximizing the opportunities for cooperation with foreign partners to improve qualification and transferring new technologies about foundation, basement, ...; strengthening investment in applications of



technological advances in all areas of governance, management and business production of the Corporation to improve productivity, quality, and multi-product diversification.

c. Solution to finance, capital:

The capital should be restructurized, balanced for business production and investment. Using capital for true purposes, strictly managing assets, materials and capital; implementing cost reduction, capital preservation and development are some solutions to financial situation.

d. Solution to business administration

Quickly sorting, consolidating organizational structure to fit the model of Joint Stock Company to meet production requirements, promoting research, searching market, expanding production, promoting items which have been done and trying to overcome these existences are some solutions to business administration. In the next period, governance should focus on some main following contents:

- Strengthen the management, save expenditure across all areas of production to reduce costs, improve efficiency of production and business;
- Survey assessment of market demand in the future, strengthen relationships with traditional customers, expand the access to new markets, thereby building strategic orientation of the unit to suit actual needs;
- Strengthen checks for business production operations, financial revenues and expenditures of the unit, urge the debt collection, not to bad debts incurred to affect the financial situation;

e. Solution to investment for production development

Continuing to invest in the businesses to be effective which is great potential advantages; Implementing the comprehensive investment reform in development of traffic infrastructure....should be taken into account.

f. Solutions to human resource development

- Focus on drastic strategic deployment of human resource development, ensure adequate workforce to meet the demand for developing production, especially team of managers, skilled workers;
- Check, evaluate staff capacity to plan for suitable arrangements. Recruit, train, foster lineup of young staffs who have capability and good moral character, highly qualified science and technology in each age with inheritance;

- Identify key tasks of strategic human resource development is regular to do good planning, training, fostering, developing managerial workforce of enterprise to have a good command of market;
- With the scale and objectives of construction, the Corporation determines to train additionally to maintain the number of annual average officers and staffs from 400 to 600 skilled professional employees and skilled workers; Number of seasonal workers are hired under the job requirements;

4. Development strategy of enterprise after equitization

Implementing goals, development orientation - on the basis of investment and development plan for the period 2011-2015 in the restructuring plan approved by the Ministry of Transport in Decision No. 1420/QD-BGTVT dated on 19/06/2012 and the forecasts for the period 2014-2016, the Corporation focused on the implementation of investment projects in key sectors as building transport works and some other auxiliary works to improve production capacity, competitiveness.

5. Charter Capital and structure of Joint Stock Company's Charter Capital

❖ Charter Capital

- Charter capital : 300,000,000,000 VND
- Par value of shares : 10,000 VND/share
- Total shares : 30,000,000 shares

❖ Shareholder Structure

No.	Shareholder	Share		Rate of contributed capital (%)
		No. of share	Value (VND)	
1	State shareholder	10,500,000	105,000,000,000	35,00
2	Shareholders are OAE	1,194,700	11,947,000,000	3,98
2.1	Shares to offer price reductions	391,400	3,914,000,000	1,30
2.2	Share of preferential price to purchase more	803,300	8,033,000,000	2,68
3	Shares are sold outside	18,305,300	183,053,000,000	61,02
3.1	Shareholders are the strategic investors	6,000,000	60,000,000,000	20,00
3.2	Shareholders purchase ordinary share through auction	12,305,300	123,053,000,000	41,02
	Sub Total	30,000,000	300,000,000,000	100%

❖ ***Plans to increase, decrease charter capital after transforming into Joint Stock Company:***

In the business plan of the Corporation after equitization, TLG expected in the appropriate time in the period 2014-2015 will increase the charter capital to 350 billion Vietnamese dong

VII. METHODS OF SELLING AND PAYING MONEY FOR PURCHASING SHARE

1. Methods of selling

❖ ***For employees***

➤ *Shares to offer price reductions as regulation in Clause 1 of Article 48 ND 59/2011/ND-CP*

- Total employees : 392 people
- Total employees to be purchased preferential share: 362 people
- Total working years : 391,400 years
- Total shares are purchased preferential by employees: 391,400 shares
- Rate accounted for : 1,30 % charter capital
- Shares sold at preferential prices to employees in enterprises with 60% of the lowest successful price for strategic investors.

➤ *Shares to offer price reductions as regulation in Clause 2 of Article 48 ND 59/2011/ND-CP*

- Criteria for determining : Minutes of Employee Conference dated on 06/11/2013.
- Total employees commits to working long time : 315 people
- Total shares are purchased as working commitment : 803.300 shares
- Rate accounted for : 2,68% charter capital
- The offer price equals to the lowest successful price for strategic investors.

❖ ***For shares to offer strategic investors***

- Number of strategic investors of Corporation are: 02 investors
- Number of shares to offer strategic investors are: 6,000,000 shares, accounts for 20% charter capital of Corporation after equitization
- The offer price for strategic investors is the offer price negotiated between Corporation and each strategic investor but not lower than 10,000 VND/share

❖ ***For share to implement public auction***

- Shares to offer auction: 12,305,300 shares (equivalent to 41,02% Charter capital)
- Starting price: 10.000 VND/share

The procedure order and specified regulations about auction participation detail specified in **Regulation to offer auction** for the initial public offering of Thang Long Construction Corporation which was promulgated by Hanoi Stock Exchange (HNX).

2. Method of Payment and stipulated time for payment

- For shares to offer public auction: Method and stipulated time for payment of shares are detail specified in **Regulation to offer auction** for the initial public offering of Thang Long Construction Corporation which was promulgated by Hanoi Stock Exchange (HNX).
- For share to offer officials and employees, strategic shareholders: It is specified in Equitization Steering Committee Regulation.

VIII. PLANS OF USING THE COLLECTED MONEY FROM EQUITIZATION

- ❖ Equitization cash received from the business to the value corresponding to the number of additional shares issued at par value, capital surplus (the difference between the proceeds from the equitization and the total par value of shares issued more) are used to pay for equitization, if lacks of, it is processed as prescribed.
- ❖ The remainder (if any) to the Joint Stock Company as corresponding proportion of additional shares in the charter capital structure. The remaining is handed in the funds as prescribed.

No.	Category	Symbol	Value (VND)
1	State own capital after valuated		235, 729,382,703
2	Proceeds from shares		193,434,400,000
-	<i>Priority Shares according to years of service in the public sector</i>		2,348,400,000
-	<i>Priority Shares under the number of years committed to continuing to work in JSC</i>		8,033,000,000
-	<i>Shares for strategic shareholders</i>		60,000,000,000
-	<i>IPO</i>		123,053,000,000
3	The value of shares sold to employees, strategic investors and IPO at par value		195,000,000,000
4	The state capital contributed under the equitization plan		105,000,000,000
5	Estimated Equitization expenses		1,462,500,000
6	The proceeds from the sale of state capital remaining after deducting expenses regulated	6)=(1)+(2)-(3)-(4)-(5)	127,701,282,703



IX. RISK FACTORS INFLUENCE TO OPERATION OF BUSINESS PRODUCTION OF ISSUING ORGANIZATION

1. Risks of the economy

With particular construction products in the construction sector which is prominent building and executing constructional works of traffic roads... business operations of the Corporation has been and will be affected by changes in the economy. The more and more growing, stable growth of the economy and increasing in purchasing power will lead to the demand for building infrastructure, factory, traffic roads and technical facilities to serve the need of business production boosting demand for construction products, providing development opportunities and increasing revenue and consumption market share to the Corporation. Conversely, when the economy is struggling, the growth rate will decline significantly affecting the production of business plans and construction investment, this have adverse effects on the development of the construction industry in general and the Corporation in particular.

1.1 Risks of growth and inflation

Vietnam is a country that has the economy in the development period. The growth rate of GDP per capita in the period 2002-2007 remained at 7.9%/year. However, since 2008 to now, the world economic crisis in general and inflation in particular in Vietnam are at an alarming rate.

Due to the unpredictable context of the world economic downturn, Vietnam has advocated truthfully focusing on stable target for macroeconomic stability, controlling inflation and ensuring proper growth. Through the right policies and firmly direction of leaders, inflation has been controlled, quite steadily decreased from 23% to 5% for the same period in August in the two years 2011 and 2012.

In 2013, with maintaining the policies of macroeconomic stability, reducing interest rates, accelerating the process of weak settlement liabilities, initiatively launching interest subsidy packages to support constructional area and real estate market ... the conditions of the global finance has been improved but not generally been recovered, slow growth and still more potential risk. In the 6 first months of 2013, Vietnam's economy continued to face many difficulties. GDP of the first six months of 2013 was estimated to grow by 4.9 % compared with the same period of 2012 . GDP growth rate in the first six months of 2013 approximately increased at the same rate of the same period in 2012 (4.93 %) but lower than the rate of 6.22 % for the same period in 2010 and the rate of 5.92 % for the same period in 2011 . According to assessment of some economists, the GDP growth rate of 5.5 % is a large challenge and it is hard to reach the target.

The consumer price index (CPI) in 6/2013 increased 0.05% compared to the number of the previous month. Inflation in the first six months in generally do not have large fluctuations. Only price index of food commodities and food rose in the first two months of the year

following months has the decreased price index . CPI in June/2013 increased 2.4% compared to the level of December/2012 and increased to 6.69% compared to the level of the same period last year. Consumer Price Index for average six early months of this year increased by 6.73% compared with the level of the same period in 2012.

1.2 Risks of interest

Interest rate risk occurs when enterprises need to use bank loans leading to increases in borrowing costs that affect the profitability of the enterprises. In recent years, the interest rate in market has fluctuated constantly with many such policies that are enacted such as tightening monetary policy, applying interest rate, supporting interest for enterprises to have a large effect on the situation of production business enterprises.

6 months of 2013, deposit and lending rates are in a strong downtrend. The State Bank of Vietnam (SBV) had 3 times to adjust the interest rate. The rate of March 26th decreases 1% for the key interest rates. It reduces 1% of key interest rates on May 10th. Deposit interest rates constantly reduced due to weak increasing in credit and capital surplus in banking sector. By the end of June, deposit interest rates in short-term period ranges from 5% - 7%/year, long-term interest rates are from 7.1% - 10%/year that temporarily solves the pressure on the cost of using capital for enterprises. However, to facilitate business operation stability, loan interest rates should also be long-term stability as today.

Thus, in an economy that has not been recovered, slower growth and potential risks will significantly impact on the business operation of all enterprises.

2. Risks of Legal framework

Vietnam is in the development period so the legal system has also been completed gradually, flexibly changeable policy to suit each development period of the economy. Therefore, the legal documents are inevitable gaps and overlap, causing difficulties for all concerned agencies and individuals and implementation organizations.

Corporation operates under the Enterprise Law and subjects to regulation by the relevant legislation, so changes in environmental legislation will affect business activities of the Corporation.

The new accounting and auditing standards have been gradually built up and completed each step of construction and completion. The Corporation must regularly monitor, update timely applied new rules and ensure the accounting work of in accordance with law.

3. Specific risks

❖ Operational risks

Specific operation of the Corporation is the construction time of the constructional works lasts, the acceptance and handover is done piecemeal, which is parallel to the slow disbursement, the completion process for the construction records as well as approval of

the settlement agreed between the investor and the contractor usually takes a lot of time. Besides, there are many projects, constructional works which investor estimates the cost estimate and the missing commensurate with investment funds led to the execution time is prolonged. This makes the slow progress of disbursement, liquidation finalization of the constructional work, affects the financial status of the Corporation, and sometimes not properly reflects business performance as revenue results, the Corporation's profits between operational quarters as well as in financial year.

To overcome this risk, Corporation implements measures to focus on accelerating the process of constructional works, strengthening the acceptance of payment of capital recovery. Execute any item, check and take over its item

❖ ***Risk of price fluctuations in input raw material***

With the characteristics of a construction and installation unit, cost of raw materials of corporation accounts for the large proportion in the total cost. Besides, the construction technology of Corporation mainly relies on heavy motor machinery, to operate and use these devices; input fuel is an indispensable element. However, sources of current raw materials of Corporation have been much influenced by the price changes of fuel prices in the country and in the world. Prices of construction materials such as asphalt, cement, steel, explosives, gasoline prices... are a growing trend. Thus, they affect largely on the situation and the business results of the Corporation. To determine the level of influence of these factors, the Corporation has implemented many measures to create stability to the source of raw materials, such as the signing of the construction contracts which has price adjustment in case prices of input materials and fuel have been fluctuated, the signing of contract for supplying long-term raw materials and build reputable and sustainable business relationships with suppliers... in order to minimize this risk.

❖ ***Risks of market and competition:***

The constructional market is heavily dependent on the investment plan, the volume and progress of construction works, while the number of enterprises engaged in business in this field more and more to bring fiercer competition in process of providing products and services. In one hand, competition inevitably faces pressure to lower the price of construction, sales and profits, on the other hand, it requires the construction enterprises to have reasonable solutions to approach market; maintain and increase consumption market share but it must ensure the quality and progress of handing over the finished product at the same time

❖ ***Technical risks:***

The construction sector requires to have systems of technical equipment and construction machinery which are suitable and maintain with the rapid advancement of the science and technology. Due to unavoidable obsolescence, it is required that the Company should have depreciation regime and appropriate machinery procurement plans to minimize cost price while ensuring technical systems serving constructional execution



❖ ***Risks of interest rate and solvency:***

This risk derives from the characteristics of the construction industry that the industry requires relatively long duration of the large capital investment, capital accumulation, immediately unrecovered customer receivables. Thus, Corporation must raise capital from external sources and regular liabilities account for high proportion. The Company must pay interest costs for the debt, especially long-term bank debt, so it will be unavoidable risk about interest rate and risk of insolvency if it does not timely recover of debts from customers. To overcome the above shortcomings, the Corporation has been implementing initial efficient measures, such as strict control of receivables and liabilities and implementing restructuring funds towards increasing the rate of long-term capital of the Corporation.

4. Risks of the offering

Relations of market supply and demand greatly influence to the stock price. This relationship depends on economic and psychological factors of investors. Therefore, it can be possible that not distribute all the number of shares offered for sale at auction.

5. Other risks

As prescribed in Clause 4 of Article 21 of Decree No. 59/2011/ND-CP dated on 18/07/2011 of the Government on the transfer of enterprises with 100% state capital into Joint Stock Companies, the reduction of account differences between the actual value of the State capital at the time of business transfer to a Joint Stock Company and the actual value of the State capital at the time of determining the enterprise value (for the company dated 31/12/2012) shall be handled as follows:

a) *If due to objective reasons:*

With some objective reasons (natural disasters, sabotage, losses from state policy changes or fluctuations of the international market and other unforeseen reasons), the enterprise reports the competent authorities to decide equitization plan to review, decide the use of the proceeds from the sale of shares to offset losses after deducting compensation of insurance (if any). In case, the proceeds from the sale of shares not fully offset, the competent authority decides equitization plan review by the General Assembly of Shareholders to adjust the scale and structure of the charter capital of Joint Stock Company

b) *If due to subjective reasons:*

- If losses are from not definitively settling the finance existence under the current regulations of the State when enterprise's valuation, the responsibilities of the agencies involved must clearly be identified the: enterprise, organization for valuation and consulting and agency to decide equitization to compensate;



- If losses are from production and business operation, its management officials are responsible for compensation for the loss caused by subjective according to current regulations;
- In case of force majeure reasons that people who take charge of compensating are unable to compensate as the decision of the competent authority, the remaining loss part is handled as case resulting from object causes as prescribed in above Section a .

Other risks such as natural disasters, epidemics, war, fire... are the risks of force majeure, if they happen, and they will cause damage to property, people and the operational situation of the Corporation.

X. CONCLUSION

The Offering Circular is part of documents of the initial public offering of Thang Long Construction Corporation. It is offered to investors for helping them to self-assess about assets, business operations, financial situation and prospects of the Corporation in the future. This information does not imply a guarantee of the value of the shares.

The Offering Circular is made on the basis of the information and data provided by the Corporation to ensure openness, transparency, fairness and protect the rights and legitimate interests of investors.

Investors should refer The Offering Circular before deciding whether to participate in auction to purchase shares of the Corporation.

