

THE ISSUANCE OF PUBLIC OFFERING REGISTRATION CERTIFICATE BY THE STATE SECURITIES COMMISSION OF VIETNAM JUST MEANS THAT THE REGISTRATION OF PUBLIC OFFERING HAS BEEN IMPLEMENTED IN COMPLIANCE WITH RELEVANT LEGAL REGULATIONS BUT DOES NOT IMPLY ANY GUARANTEE FOR THE VALUE OF SHARES. ANY STATEMENT AGAINST THIS ARTICLE IS ILLEGAL.

# PROSPECTUS



## HOANG HUY INVESTMENT SERVICES JOINT STOCK COMPANY

*(The Business Registration Certificate No.0200815578 issued by Hai Phong Planning and Investment Department dated 10 May 2008; with the Certificate being changed for the 10th time on 20 April 2015)*

## PUBLIC OFFERING

*(The Public Offering Registration Certificate No.57/GCN-UBCK issued by the Chairman of the State Securities Commission of Vietnam dated 11 August 2015)*

**CONSULTANCY: KIM LONG SECURITIES JOINT STOCK COMPANY - KLS**

**This prospectus and supplementary documents will be provided since 11 August 2015 at following addresses:**

**HOANG HUY INVESTMENT SERVICES JOINT STOCK COMPANY** (website: [hhs.hoanghuy.com.vn](http://hhs.hoanghuy.com.vn))

Head Office: 116 Building, Nguyen Duc Canh, Cat Dai, Le Chan, Hai Phong

Telephone: +84. (031) 3 854626 Fax: +84. (031) 3 782326

**KIM LONG SECURITIES JOINT STOCK COMPANY** (website: [www.kls.vn](http://www.kls.vn))

Head Office: 22 Thanh Cong, Ba Dinh, Hanoi

Telephone: +84. (84.4) 3772 6868 Fax: (84.4) 3772 6131

Hochiminh City Branch: 2F, Center Tower Building, 72-74 Nguyen Thi Minh Khai, District 3, HCMC

Telephone: (84.8) 3823 3923 Fax: (84.8). 3827 7380

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Mr. Do Huu Hau Title: Member of the BOD

Telephone: +84. (031) 3 854626 Fax: +84. (031) 3 782326

**Hai Phong 2015**

**THE PUBLIC OFFERING PROSPECTUS**  
**HOANG HUY INVESTMENT SERVICES JOINT STOCK COMPANY**

## **HOAGNG HUY INVESTMENT SERVICES JOINT STOCK COMPANY**

*(The Business Registration Certificate No. 0200815578 issued by Hai Phong Planning and Investment Department dated 10 May 2008; with the Certificate being changed for the 10th time on 20 April 2015)*

### **PUBLIC OFFERING**

**Name of share:** **HOANG HUY INVESTMENT SERVICE JOINT STOCK COMPANY**

**Type of share:** Common shares

**Denomination:** VND 10,000/share

**Numbers of shares to be offered:** **122,095,112 shares**

Of which:

- + Paying dividends in shares to existing shareholders (10:1) *11,099,555 shares*
- + *Offering new shares to existing shareholders (1:1) 110,995,557 shares*

**The offering price of share:** VND 11,000/share

**Total value by denomination:** 1,220,951,120,000 (*One thousand two hundred twenty billion, nine hundred fifty one million, and one hundred twenty dong*)

**CONSULTANCY: KIM LONG SECURITIES JOINT STOCK COMPANY - KLS**



Head Office: 22 Thanh Cong, Ba Dinh, Hanoi  
Telephone: +84.(84) 3772 6868 Fax: 84.(-4) 3772 6131  
Hochiminh City Branch: 2F, Center Tower Building, 72-74 Nguyen Thi Minh Khai,  
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**AUDITOR: VACO AUDITING COMPANY LIMITED - HAIPHONG BRANCH**



Head Office: No. 499, Quan Toan, Hong Bang, Hai Phong  
Telephone: 84.(-31) 534 655 Fax: 84.(-31) 534 316  
Website: <http://www.vaco.com.vn/>

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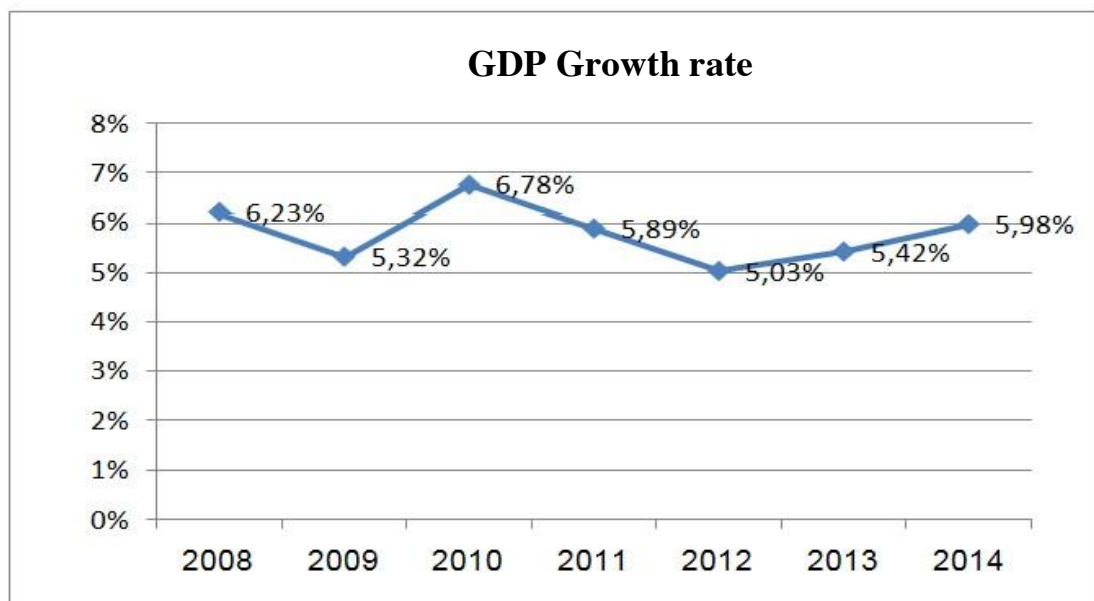
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## **PART I. RISK FACTORS**

### **1. ECONOMIC RISKS**

The development of an economy is often evaluated by its economic growth, the fluctuation of inflation, interest rates or exchange rates, etc... these factors systematically impact to the economy. The instability of these factors may cause risks for the entities participating in the economy in general and HHS in particular.

#### ***Economic growth rate***



*Source: General Statistics Office of Vietnam*

Gross domestic product ( GDP ) in 2014 grew by 5.98 % compared to 2013, of which, its growth rate in quarter I, quarter II, quarter III and quarter IV was at 5.06%, 5.34%, 6.07% and 6.96% respectively. The growth rate in 2004 was higher than that in 2012 (5.25%) and in 2013 (5.42%) showed some positive signals in the economy. Regarding the GDP growth rate of 5.98 % of the whole economy, the growth rate of agriculture, forestry and fisheries sector was 3.49%, higher than the rate of 2.64% in 2013, contributing 0.61 percentage points to the growth of the economy as the whole; industry and construction sector grew by 7.14% , much higher than its rate of 5.43% of the previous year, contributing 2.75 percentage points; service sector rose by 5.96 %, contributing 2.62 percentage points.

The economy has continued its trend of recovery for the first 6 months of 2015 when the gross domestic products has increased by 6.11% on a year on year basis. This is the highest growth rate since 2010 up to now. Regarding industrial production for the first 6 months of 2015, the index of industrial production (IIP) rose by 9.6 % on a year on year basis, much higher than that of the same period of 2013 (growth rate of 5.8 %).

Thus, Vietnam 's economy is on the recovery trend when its GDP has continued to increase from 2012 to 2014 and kept growing in the first half of 2015 .

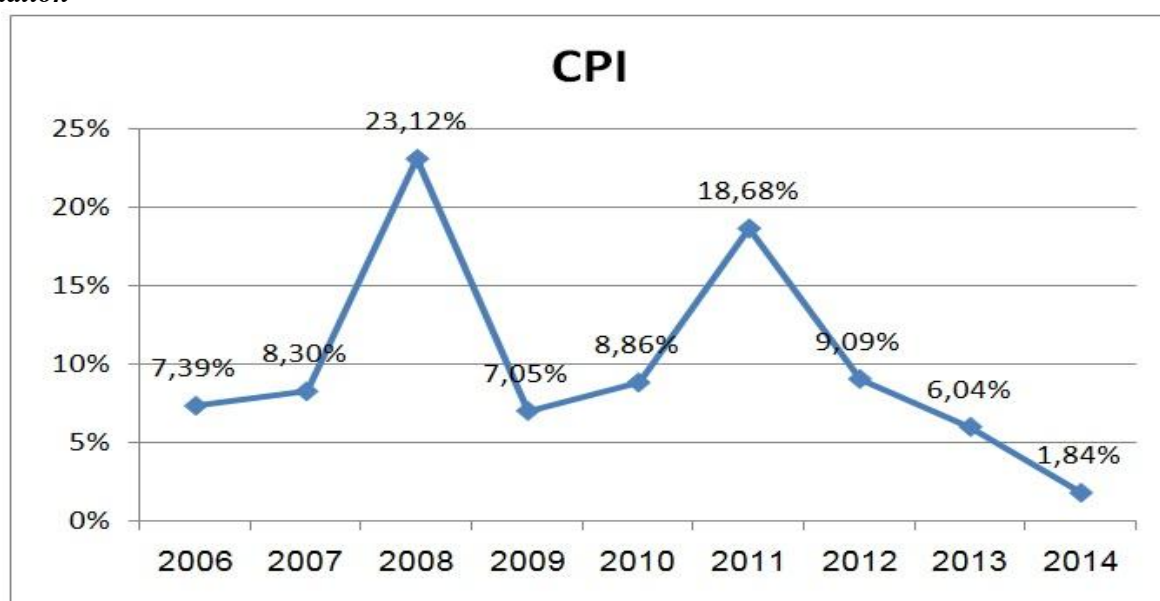
### ***Interest rate***

For any enterprise, interest rate risk occurs when its interest expense is higher than its profitability and there is a difference in the level of interest rate risk between different business sectors depending on their borrowing structure.

Since 2010 up to now, interest rates have shown the signal of high increase, continuously strong and complicated volatility. In 2011, in order to prioritize the stabilization of macro economy and inflation controlling, the Government and the State Bank of Vietnam continuously transmitted their signals of monetary tightening, as the results, banking interest rate kept rising. In 2011, the corporate lending interest rate for the term of from 6 months to 1 year ranged between 20-22 %/year, even some banks charged some type of fees, the real corporate lending interest rate was consequently up to 27 %/year. From the end of 2011 to the beginning of 2012, although interest rate seemed to reduce, the popular lending interest rate of commercial banks remained high at about 21%/year. With such interest rate, hardly any enterprise could run its business effectively to afford borrowing interest rate payment but remaining profitable. However, from the end of 2013 until the first half of 2015, interest rates of banks have gone down because the inflation rate has been controlled at the level of 6 % - 7 % according to the government's target, this will be an opportunity to lower deposit interest rates which contributes to reduce lending interest rates in order to boost credit and support enterprises as well as encourage economic growth

From 2012 to 2014, HHS had a small amount of both short-term and long-term loans, therefore, HHS hardly took any interest rate risk. Since 2015, the Company has borrowed from banks to open L/C for the performance of many big orders of importing trucks to better satisfy the increasing domestic demand, however, the company's payment indicators are always at a very good level compared to the peers in particular and other enterprises in general. However, interest rate risk may affect the customers whom buy HHS's products and this somehow indirectly creates impact on HHS.

### ***Inflation***



*Source: General Statistics Office of Vietnam)*

A great achievement of the Government of Vietnam in 2014 was the well control of inflation rate in line with its target. The inflation rate in 2014 was at 1.84%, the lowest level for the last 10 years. It meant that in 2014, the average monthly CPI growth rate was only 0.15%, the Government's objective of curbing inflation rate was successfully reached. When CPI is kept stable, the State Bank of Vietnam may continue to loosen the monetary policy, lower lending interest rates, as the results, help enterprises reduce their input costs and their selling prices of products, etc ..., encourage consumer demand. Besides, the fall in both deposit interest rates and lending interest rates will stimulate consumers to spend more, then, create positive impacts on production and growth. It can be seen that the control of low inflation rate is one success of macro policies in last year in order to stabilize the economy for the objective of sustainable growth.

#### ***Exchange rates***

In fact, currently, the foreign exchange market of Vietnam still lacks the tools to prevent and control exchange rate risks, therefore, the enterprises are vulnerable to losses if there is any abnormal fluctuation in exchange rates. HHS conducts trade in some types of Dongfeng brand trucks imported from China, the payment currency is mainly the US dollar (USD). Meanwhile, the company's products are sold in the domestic market. Consequently, the fluctuation in VND/USD exchange rate will have some specific impacts on the input costs of the Company and affect its business performance.

In order to minimize the impact of exchange rate risks, the Company has made the forecast about the fluctuation in prices of input products, so that the Company can manage actively its import activities, timely store products, be active in buying and selling foreign currency at the right time to serve its goods purchasing activities. Moreover, the government is also actively taking the appropriate decisions to stabilize macro-economy including the stabilization of foreign exchange rates.

## **2. LEGAL RISKS**

Being an enterprise operating in the field of wholesale and retail trading of imported cars, HHS must comply with the laws of Vietnam such as the Law on Enterprises, the Law on Taxation, the Law on Securities and other legal documents related to the stock market when the Company's shares are listed on the stock market. However, the legal system of Vietnam is in the process of development and completion, therefore, these laws and by-law documents may be edited to become more suitable with the development of the economy. Such changes may create some certain influence on the Company's business activities.

## **3. SPECIAL RISKS**

#### ***The change in tax policy***

The consumption situation of Vietnam's automobile market is influenced significantly by the change in tax policy. Currently, there are 2 types of cars which are imported and sold most by HHS, as follows:

- Dump trucks with the total weight of over 24 tons;
- Light trucks with the load of less than 8 tons

The tax rates of 8% and 25% were previously applicable to the dump truck with the total weight of over 24 tons and the dump trucks with the load of below 8 tons respectively. However, the Circular No.184/2010/TT-BTC of the Ministry of Finance dated 15 November 2010 has detailed the tax rates of

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preferential export tariff and import tariff by list of taxable commodities (taking effect since 01 January 2011). Accordingly, the current tax rate of 10% and 30% has been applicable to the dump truck with the total weight of over 24 tons and the dump trucks with the total load of below 16 tons respectively.

The above-mentioned tariff change has led to some changes in the input prices of imported cars as well as the selling prices of cars in the domestic market, as the results directly affects the business situation of Hoang Huy Investment and Services JSC.

***Competition with other peers***

Some types of Dongfeng trucks distributed by the Company has been facing a strong competition with the same types of trucks produced, assembled or imported in CBU by other domestic enterprises. Therefore, in order to make Dongfeng brand name favored by consumers, the Company must attempt to improve its service quality, increase market share to confirm its position on the truck distribution market.

**4. SHARE DILUTION RISKS**

Share dilution risk may occur when the Company issues additional shares to increase its chartered capital with a preferential price (*lower than the market price of shares in circulation*).

For the new offering of shares to raise chartered capital of HHS, there are some notes about share dilution risks to the investors as follows:

**4.1. Technical adjustment in market price of HHS shares:**

- Total amount of shares to be offered: 122,095,112 shares
  - Of which: + Paying dividends to existing shareholders (10:1): 11,099,555 shares
  - + Offering new shares to existing shareholders (1:1) 110,995,557 shares
- Offering price of new share to existing shareholders: VND 11,000/share

After the amount of additional shares is officially listed on the market, the investors should pay attention to some following issues:

- Technical adjustment in market price of HHS shares on the market:

Currently, the Company's shares have been listed on the Hanoi Stock Exchange (HSX) with the stock code of HHS; the investors should be noted that the share price will be suffered under a technical adjustment on the ex-rights day according to the following formula:

$$P_{tc} = \frac{(PR_{t-1} \times \text{Number of shares in circulation}) + (PR \times \text{Number of additional shares})}{\text{Number of shares in circulation} + \text{Number of additional shares} + \text{Number of dividends in shares}}$$

*Of which:*

$P_{tc}$ : means the reference share price on the ex-rights date including the rights of receiving dividends in shares and buying new shares in the new issuance to increase chartered capital (*this price need to be calculated*).

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$PR_{t-1}$ : means the share price on the trading date before the ex-rights date.

PR: means the offering price

**For example:**

It is supposed that the price of HHS on the trading date before the ex-rights date is **VND 26,000/share** ( $PR_{t-1}$ ). Total of shares to be offered to the existing shareholders are 122,095,112 shares, of which:

+ Number of shares to be newly offered: 110,995,557 shares

+ Number of dividends in shares: 11,099,555 shares

The offering price: VND 11,000/share (PR)

On the ex-rights day, the reference price of HHS will be adjusted as follows:

$$P_{tc} = \frac{(26.000 \times 110.995.557) + (11.000 \times 110.995.557)}{(110.995.557 + 11.099.555 + 110.995.557)} = \frac{4.106.835.609.000}{233.090.669} = \text{VND } 17,619/\text{share}$$

**4.2. Earnings per share (EPS)**

The formula of calculation:

$$\text{EPS} = \frac{\text{Dividends payout to the shareholders:}}{\text{Number of average shares in circulation in the calculation period}}$$

For example:

The expected profit after tax in 2015 of HHS is: VND 550,000,000,000 under the Extraordinary General Shareholders Meeting in 2015, therefore, the expected EPS of HHS will be:

- Expected EPS (in case that HHS does not issue additional shares) =  $\frac{550,000,000,000}{110,995,557} = \sim \text{VND } 4,955/\text{share}$
- Expected EPS (in case that HHS fulfills its issuance of additional shares in October 2015) =  $\frac{550,000,000,000}{141,519,335^1} = \sim \text{VND } 3,886/\text{share}$

**4.3. Book value of shares (BV):**

The formula of calculation:

$$\text{Book value of} \quad \frac{\text{Shareholders' equity}}{\text{Number of shares in circulation}}$$

<sup>1</sup> The estimated average number of shares in 2015 =  $(110,995,557 \times 9/12 + 233,090,669 \times 3/12) = 151,693,928$  shares

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shares (BV): (Number of shares in circulation – Treasury stocks)

For example:

As of 30 June 2015, shareholders' equity of HHS reached VND 1,503,725,854,394. In case that HHS completes its advance payment of dividend ( 10 % in cash and 10 % in shares ), fulfills its issuance of additional shares in October 2015 and such additional shares are sold out, and HHS achieves its business performance in accordance with its approved plan, its shareholders' equity can be estimated as at 31 December 2015 = 1,606,977,038,427 + 1,220,951,127,000 = VND 2,827,928,165,427. The estimated book value of HHS shares planned as at 31 December 2015 is as follows

- Expected BV as of 31 December 2015 (in case that HHS does not issue additional shares) =  $\frac{1,717,972,595,427}{110,995,557} = \text{VND } 15,479/\text{share}$
- Expected BV as of 31 December 2015 (in case that HHS fulfills its issuance of additional shares in October 2015) =  $\frac{2,827,928,165,427}{233,090,669^2} = \text{VND } 12,132/\text{share}$

#### **4.4. Percentage of share holding and voting right :**

The share holding percentage as well as the voting rights of shareholders will be reduced by a corresponding percentage that the shareholders reject their rights of buying additional shares in the new issuance.

### **5. RISK OF THE ADDITIONAL OFFERING**

Thanks to the company's business performance achieved in recent years and its potentialities and prospects of development in the coming time, HHS shares will attract the interest of investors. Moreover, in this offering, the additional shares of the company are offered at the price of VND11, 000/share, much lower than the market price of HHS shares, therefore, the potential risk of not being purchased of additional shares is considered low. The number of unsold shares will be resolved as follows: The Board of Directors will distribute the unsold shares to other investors at the price which is not lower than the price offered to the existing shareholders, in compliance with current laws and ensure the rights of the existing shareholders. Therefore, the probability of success of the additional share offering is very high.

### **6. OTHER RISKS**

Other risks such as earthquakes, disasters, floods, fires, wars, epidemics, terrorism, etc... All somehow affect the business activities of HHS. They are the uncommon risks in the fact, but when occurring, these risks always cause great material damages which can not be prevented.

<sup>2</sup> The estimated average number of shares in 2015 =  $(110,995,557 \times 9/12 + 233,090,669 \times 110,995/5578) = 233,090,669$  shares

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**PART II. PERSONS WHO TAKE MAIN RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS**

**THE ISSUER: HOANG HUY INVESTMENT SERVICES JOINT STOCK COMPANY**

Mr.	<b>Do Huu Ha</b>	Title: <b>Chairman of the Board of Directors</b>
Mr.	<b>Vu Van Canh</b>	Title: <b>Director</b>
Mrs.	<b>Phung Thi Thu Huong</b>	Title: <b>Head of Supervisory Board</b>
Mrs.	<b>Ho Thi Xuan Hoa</b>	Title: <b>Chief Accountant</b>

We ensure that the information and data provided in this Prospectus is in accordance with the facts that we have known or investigated, collected in a reasonable manner.

**THE ISSUANCE CONSULTANCY: KIM LONG SECURITIES JOINT STOCK COMPANY**

Mr.	<b>Bui Quang Bach</b>	Title: <b>Deputy General Director</b>
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(Pursuant to the Power of Attorney No. 0101-1/2014/UQ- HDQT issued by the Chairman of the BOD of Kim Long Securities Joint Stock Company) .

This Prospectus is a part of the stock offering registration dossier that Kim Long Securities JSC has participated in drafting in accordance with the consulting agreement signed with Hoang Huy Investment and Services JSC. We ensure that the analysis, evaluation and selection of words in this Prospectus have been made in a reasonable and prudent manner based on the information and data provided by Hoang Huy Investment and Services JSC.

**PART III. ABBREVIATION**

*The word and group of words are abbreviated in this Prospectus shall have the following contents:*

–	<b>SSC:</b>	State Securities Commission of Vietnam
–	<b>HoSE/HSX:</b>	Hochiminh Stock Exchange
–	<b>Hoang Huy/ HHS:</b>	Hoang Huy Investment Services Joint Stock Company
–	<b>IV:</b>	Investment Services
–	<b>KLS:</b>	Kim Long Securities Joint Stock Company
–	<b>GSM:</b>	General Shareholders Meeting
–	<b>BOD:</b>	Board of Directors
–	<b>EB:</b>	Executive Board
–	<b>SB:</b>	Supervisory Board
–	<b>S&amp;E:</b>	Staffs and employees
–	<b>JSC:</b>	Joint Stock Company
–	<b>Ltd:</b>	Limited
–	<b>CIT:</b>	Corporate Income Tax
–	<b>PC:</b>	People's Committee
–	<b>PID:</b>	Planning and Investment Department
–	<b>BRC :</b>	Business Registration Certificate
–	<b>P</b>	Prospectus

**PART IV. SITUATION AND CHARACTERISTICS OF THE ISSUER****1. OVERVIEW OF ESTABLISHMENT AND DEVELOPMENT PROCESS**

Hoang Huy Investment Services JSC was established with the capital contributions of the founding shareholders who have founded and run the business of Hoang Huy Investment and Financial Services Company in order to specialize its businesses on trading medium and heavy imported trucks.



Being one of the companies specializing in manufacturing, importing medium and heavy trucks of Dongfeng brand name - Hu Bei - China, Hoang Huy Investment Services JSC was established in accordance with the Business Registration Certificate No. 0203004289 being issued for the 1st time by Hai Phong Planning and Investment Department dated 10 May 2008 with the chartered capital of VND 90 billion contributed by 3 founding shareholders. However, under the Resolution No. 22/NQ- DHDCD of the Company's General Shareholders Meeting of Shareholders of adopted on 08 November 2010 on changing the shareholder structure of the company, the number of founding shareholders has increased from 03 to 05 shareholders. On 15 February 2012, 10 million shares of Hoang Huy Investment Services JSC were listed on the Hochiminh Stock Exchange with the stock code of HHS and its current listed shares are 110,995,557 shares. After 10 times of changing its Business Registration Certificate, the chartered capital of the Company has reached VND 1,109,955,570,000 up to now.

Since its first days of operation, the Company's Management Team has focused on doing market research in order to select the product lines appropriate with the actual conditions and the tastes of Vietnamese consumers. The company has also looked for domestic and foreign suppliers. After finishing its survey and study on the demand and supply of heavy trucks, Hoang Huy Investment Services JSC has collaborated with DONGFENG - the leading Chinese group in medium and heavy trucks. Under their signed agreement,

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Hoang Huy Investment Services JSC is the exclusive distributor of several kinds of medium and heavy trucks of DONGFENG in Vietnam. The advantage of an exclusive distributor has brought the Company a satisfactory revenue and profitability.

In March 2015, the Company acquired 99.78 % of shares of Hoang Giang Services Development Joint Stock Company (HG), an enterprise working in the business of HOWO/SINOTRUK trucks and American tractors, through the issuance of equity swaps between shares of HG and HHS. With these above-mentioned strategic steps, after the M&A deal with HG, the Company is showing an impressive growth in its business performance. With the positive signals of the macro economy, the sectoral platforms and the company's internal strengths, HHS is getting great opportunities to affirm its position as a leading company in the sector of distribution of medium and heavy trucks in Vietnam.

## **2. SOME KEY INFORMATION ABOUT HOANG HUY INVESTMENT SERVICES JSC**

### **2.1. Key information**

- Name of the Company      HOANG HUY INVESTMENT SERVICES JOINT STOCK COMPANY
- English name:              Hoang Huy Investment Services Joint Stock Company
- Abbreviation:              HHS
- Head Office:                116 Nguyen Duc Canh, Le Chan District, Hai Phong City
- Telephone:                031.3854626      Fax: 031.3782326
- Website:                    [hhs.hoanghuy.com.vn](http://hhs.hoanghuy.com.vn)
- Tax Identification Number :              0200815578
- The Business Registration Certificate No. 0203004289 issued by Hai Phong Planning and Investment Department dated 10 May 2008; The Certificate of being changed for the 10th time No. 0200815578 dated 20 April 2015
- Logo:



### **2.2. Capital**

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- Chartered Capital (*as of 30 June 2015*): VND 1,109,955,570,000.
- Shareholders' Capital (*as of 30 June 2015*): VND 1,503,725,854,394.

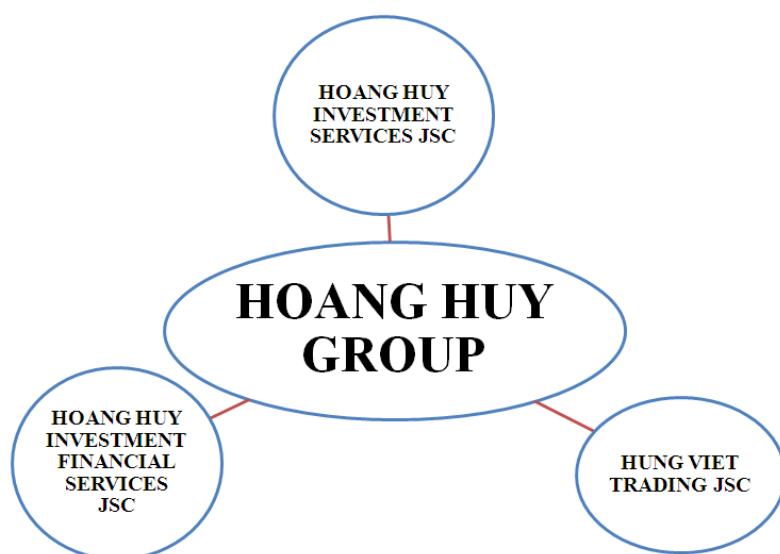
**2.3. Business lines:**

Hoang Huy Investment Services Joint Stock Company operates under the Business Registration No. 0203004289 issued by Hai Phong Planning and Investment Department dated 10 May 2015, with the core business lines as follows: Manufacturing, importing medium and heavy trucks of DONGFENG brand - HUBEI

Other business lines (details in HHS's Business Registration Certificate attached to this Prospectus)

**3. ORGANIZATION STRUCTURE OF THE COMPANY**

**3.1 Organization Structure of Hoang Huy Group**



Hoang Huy Investment Services Joint Stock Company is belonged to Hoang Huy Group (*formally known as Hoang Huy Investment Financial Services Joint Stock Company*). However, after the establishment of Hoang Huy Investment Services JSC, the concept of Hoang Huy Group has been understood in a broad sense which includes the following companies:

- Hoang Huy Investment Financial Services Joint Stock Company
- Hung Viet Trading Joint Stock Company
- Hoang Huy Investment Services Joint Stock Company

Of which, Hung Viet Trading Joint Stock Company is the subsidiary of Hoang Huy Investment Financial

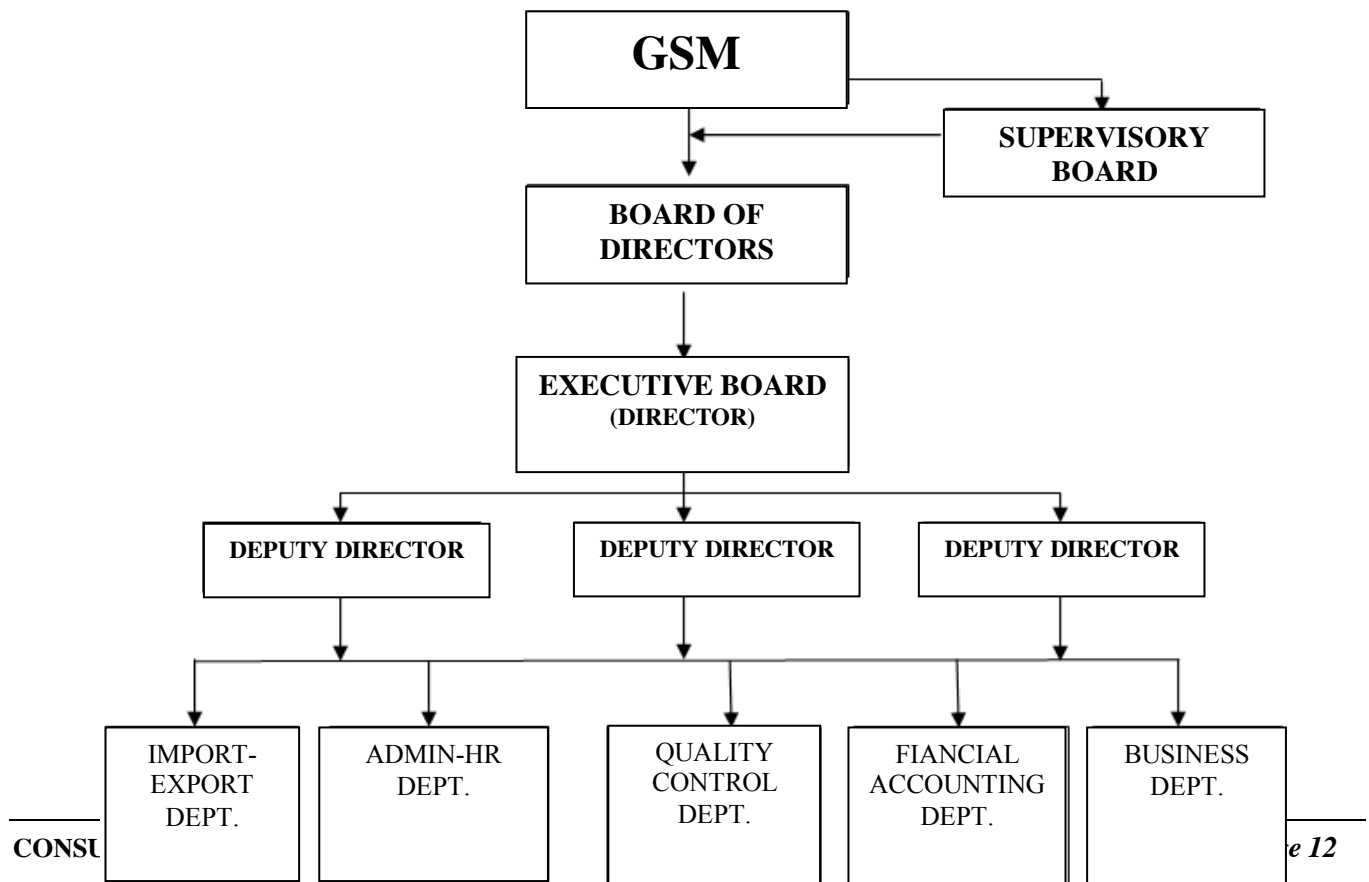
Services Joint Stock Company Hoang Huy Investment Services Joint Stock Company was established by the capital contribution of the shareholders of Hoang Huy Investment Financial Services Joint Stock Company, but there is no mother company - subsidiary relationship between the Company with both Hoang Huy Investment Financial Services Joint Stock Company and Hung Viet Trading Joint Stock Company.

Both Hoang Huy Investment Services Joint Stock Company and Hoang Huy Investment Financial Services Company are the members who are inherited from and developed the brand name of "Hoang Huy" of Hoang Huy Group.

Hoang Huy Group comprises a group of companies who have the relative relationship in terms of brand name and ownership. The cohesion of the companies in the Group are developed by their mutual cooperation which based on the strength of each company: Hoang Huy Investment Services JSC specializes in trading various kinds of imported trucks; Hung Viet Trading JSC specializes in investing and developing luxury apartment buildings and business centers for lease; Hoang Huy Investment Financial Services JSC specializes in manufacturing and assembling automobiles, office leasing and real estate business.

### 3.2 Organization Structure of Hoang Huy Investment Services Joint Stock Company

#### ORGANIZATION STRUCTURE HOANG HUY INVESTMENT SERVICES JSC



Hoang Huy Investment Services Joint Stock Company is organized and operated under the model of joint stock company in compliance with the provisions of the Law on Enterprises and other current legal regulations.

– **GENERAL SHAREHOLDERS' MEETING**

is the highest powerful organ of Hoang Huy Investment Services Joint Stock Company.

– **BOARD OF DIRECTORS**

is elected by the General Shareholders Meeting, is the governing body of the Company who have full authority on behalf of the company to decide all matters relating to the objectives and interests of the Company, except for the matters belonged to the authority of the GSM.

The BOD performs the crucial role in developing strategy, annual business plan, monitoring and supervising business performance of the Company through the Executive Board and other departments.

The Board of Directors of Hoang Huy Investment Services Joint Stock Company currently has 05 members as follows: 01 Chairman and 04 Board members.

***List of members of the BOD:***

- |   |                    |   |   |
|---|--------------------|---|---|
| ▪ | Mr. Do Huu Ha      | – | Title: Chairman of the Board of Directors |
| ▪ | Mrs. Nguyen Thi Ha | – | Title: Member of the BOD                  |
| ▪ | Mr. Do Huu Hau     | – | Title: Member of the BOD                  |
| ▪ | Mr. Do Huu Hung    | – | Title: Member of the BOD                  |
| ▪ | Mrs. Mai Trang     | – | Title: Member of the BOD                  |

– **EXECUTIVE BOARD**

Takes responsibility to the BOD, to the Law for daily operation of the Company, the persons in charge of assisting Director are Deputy Directors, Chief Accountant and professional and functional departments.

Currently, the Executive Board of HHS includes 04 members: 01 Director and 03 Deputy Directors

***Lists of members of the Executive Board:***

- |   |                      |   |                        |
|---|----------------------|---|------------------------|
| ▪ | Mr. Vu Van Canh      | – | Title: Director        |
| ▪ | Mr. Hoang Thanh Tung | – | Title: Deputy Director |
| ▪ | Mr. Pham Van Man     | – | Title: Deputy Director |

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- Mr. Nguyen Trung Do – Title: Deputy Director

– **SUPERVISORY BOARD**

is elected by the General Shareholders Meeting, is responsible for checking financial activities of the Company, supervising the compliance of the mechanism and policies on accounting, business activities, management and administration of the company, reporting the GSM about the accuracy, truthfulness and legality of the financial statements of the Company.

Currently, the Supervisory Board of HHS includes 03 members: 01 Head and 02 members.

***List of members of the Supervisory Board:***

- Mrs. Phung Thi Thu Huong – Title: Head of Supervisory Board
- Mr. Nguyen Trong Cuong – Title: Member of the Supervisory Board:
- Mrs. Bui Thi Tra – Title: Member of the Supervisory Board:

– **PROFESSIONAL AND FUNCTIONAL DEPARTMENTS:**

**Business Department:**

The Business Department performs the main functions as follows:

- To study and understand the needs of customers, develop the consumption market of products and services, receive and solve customers' feedbacks;
- To introduce the products and services of the company to partners and customers;
- To participate in developing the services development strategy
- To explore the possibility of cooperation, connection, joint-venture, manufacturing of new products and services with traditional customers;
- To search for and build the linkages and joint venture with potential domestic and foreign customers;
- To give guidance and synthesize the implementation of tasks in accordance with the functions and responsibilities of the department;
- To perform other assigned tasks

**Import-Export Department:**

- To develop plan and implement import-export activities in accordance with the direction of the Executive Board;
- To carry out the tasks of goods transportation, goods receipt and delivery;

**Quality Control Department:**

The Quality Control Department is responsible for performing following tasks:

- To check, evaluate the quality and accept the consignments ordered by the Company;
- To examine the quality of consignments to be delivered to customers;
- To give technical support and consultancy to other departments;
- To perform other assigned tasks

**Financial and Accounting Department:**

To give the director advices on the financial and credit management works of the Company, to manage fixed assets, and supervise all financial and credit related activities of the Company. Its basic tasks are:

- To collect and process accounting data
- To check and supervise financial income and expenses;
- To analyze accounting data and propose solutions
- To implement and monitor financial plan;
- To perform materials management, asset liquidation, periodical inventorying;
- To make reports on business and production activities of the Company;
- To give guidance, perform the role as the focal point in developing economic and technical norms, securities regulations, evaluating the business performance of the Company as the whole on a monthly/quarterly/annually basis.

**Administrative and Human Resources Department:**

The Administrative and HR Departments performs following tasks:

- To give guidance, monitor the implementation of organizational structure, and HR related works of the Company
- To do the works of HR planning, appointment, dismissal, and staff re-arrangement and rotation;
- To implement recruitment, manage and store personnel files of employees;
- To update the documents of quality management system;
- To develop plan and give guidance on the implementation of policies of salary and bonus;
- To develop, monitor and supervise the implementation of HR training plan in accordance with the development strategy of the Company;

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**4. LIST OF SHAREHOLDERS HOLDING OVER 5% OF EQUITY OF THE COMPANY; LIST OF FOUNDING SHAREHOLDERS AND THEIR OWNERSHIP PROPORTION, SHAREHOLDER STRUCTURE**

**4.1 List of shareholders holding over 5% of equity as of 20 May 2015**

No.	Name of shareholder:	ID/Passport/BRC	Address	Number of shares (Shares)	Proportion of ownership (%)
1.	Do Huu Ha	013552551	183 Ba Trieu, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi	24,366,739	21.95
2	Do Huu Hau	031084000011	183 Ba Trieu, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi	10,625,175	9.57
3	ERIKOISSIJOITUSRAHASTO ELITE (MUTUAL FUND ELITE (NON-UCITS))	CA5604	C/O PYN RAHASTOYHTIO OY, PL 139 00101, HELSINKI, FINLAND	7,406,180	6.67
4	THE TON POH THAILAND FUND	CA7706	Appleby Trust (Cayman) Ltd., Clifton House, 75 Fort Street, PO Box 1350, Cayman Islands KY1-1108, Cayman Islands	5,907,060	5.32
	<b>TOTAL</b>			<b>48,305,154</b>	<b>43.52</b>

*Source: HHS's final list of shareholders as of 20 May 2015*

**4.2 The relationship between members of the BOD with big shareholders**

No.	Name of shareholder:	The relationship with big shareholders		Title at the Company	Number of shares (Shares)	Proportion of ownership (%)
		Do Huu Ha	Do Huu Hau			
1.	Do Huu Ha <sup>3</sup>	-	Farther	Chairman of the	24,366,739	21.95

<sup>3</sup> Mr. Do Huu Ha registered and successfully bought 500,000 HHS shares, the transaction was completed on 09 July 2015, therefore, up to now he has held 24,866,739 shares, equivalent to the proportion of 22.4%

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No.	Name of shareholder:	The relationship with big shareholders		Title at the Company	Number of shares (Shares)	Proportion of
				BOD		
2	Nguyen Thi Ha	Wife	Mother	Member of the BOD	2,429,275	2.19
3	Do Huu Hau	Son	-	Member of the BOD	10,625,175	9.57
4	Do Huu Hung	Son	Elder brother	Member of the BOD	484,275	0.44

*Source: HHS's final list of shareholders as of 20 May 2015*

#### 4.3 List of founding shareholders

There have been 7 years since Hoang Huy Investment Services Joint Stock Company was established on 10 May 2008, therefore, its founding shareholders are no longer limited their rights of transferring shares.

#### 4.4 Shareholders structure as of 20 May 2015

No.	Contents	Number of shareholders	Number of shares (Shares)	Proportion of ownership (%) (%)
<b>1.</b>	<b>Domestic shareholders</b>	<b>2,554</b>	<b>86,146,463</b>	<b>77.61%</b>
	+ Organizations	24	20,997	0.02
	+ Individuals	2,530	86,125,466	77.59
<b>2.</b>	<b>Foreign shareholders</b>	<b>69</b>	<b>24,849,094</b>	<b>22.39</b>
	+ Organizations	27	23,929,698	21.56
	+ Individuals	42	919,396	0.83
<b>3.</b>	<b>Treasury stocks</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total</b>	<b>2,623</b>	<b>110,995,557</b>	<b>100.00%</b>

*Source: HHS's final list of shareholders as of 20 May 2015*

## 5. LIST OF SUBSIDIARIES OF THE ISSUER, THE COMPANIES THAT THE ISSUER IS HOLDING CONTROLLING INTERESTS OR A MAJORITY OF SHARES, THE COMPANIES ARE HOLDING CONTROLLING INTERESTS OR A MAJORITY OF SHARES OF THE ISSUER

### 5.1. The companies are holding the controlling interests or a majority of shares of HHS: N/A

**5.2. The companies that HHS is holding a majority of shares:**

**Subsidiaries: Hoang Giang Services Development Joint Stock Company**

- Transaction name: Hoang Giang Services Development Joint Stock Company
- Address of Head Office: Km 9, Highway 5, Nam Son Commune, An Duong District, Hai Phong City
- Telephone: 031.3589544 Fax: 031.3589040
- Website: <http://www.howohaiphong.vn>
- Chartered Capital VND 480,000,000,000.
- Number of shares in circulation: 48,000,000 shares
- The legal basis of business activities: The Business Registration Certificate No.0201312898 being registered for the 1st time on 21 September 2013, being changed for the 3rd time on 20 April 2015 issued by Hai Phong Planning and Investment Department.

**Introduction about Hoang Giang Services Development Joint Stock Company**

***Business lines:***

Hoang Giang Services Development Joint Stock Company specializes in trading various kinds of trucks imported from China and tractors imported from the USA. Currently, Hoang Giang focuses on importing and distributing some kinds of heavy trucks manufactured by SINOTRUK. The brand name of HOWO or SINOTRUK trucks (being similarly designed with the construction vehicles of VOLVO - Sweden, the largest medium and heavy truck producer in the world today) of Hoang Giang has been available on the truck market of Vietnam with some distributors all over the country. This is the advantage when the products have been known on the market but this also increase competitive pressures on the new born enterprises like Hoang Giang. Along with the distribution of cars to automobile agents nationwide, the Company is currently promoting add-on services such as automobile maintenance and repair, provision of spare parts, etc ...

***Products***

The company specializes in importing and distributing various kinds of cars, besides, it also imports equipments and machines attached to each type of car in order to better serve the automobile distribution. Currently, the main products of the Company are cars, including the following categories:

- Ben Dump Trucks: 3 drive wheels 6x4, 4 drive wheels 8x4, Engine power: 336Hp , 371HP , 375Hp ;
- medium and heavy cargo trucks;
- Tractors: 2 drive wheels ( 4x2 ) , three drive wheels ( 6x4 );
- Concrete mixer truck. Mixer cubage: 8m3 , 9m3 , 10m3 and 12m3 ;
- Concrete Pump trucks: Concrete pump trucks with different pump height and different opening apertures;

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- Special vehicles: garbage trucks, self-propelled cranes;
- Freightliner tractors (USA).

***Business performance of Hoang Giang Services Development Joint Stock Company***

**Business performance of 2014 and the first 6 months of 2015**

*Unit: VND mil*

No.	Indicators	2014	First 6 months of 2015
1	Total assets	778,067	763,905
2	Net revenue	1,141,928	1,413,884
3	Operating profit	58,985	107,452
4	Other profits	-	-
5	Profit before tax	58,985	107,452
6	Profit after tax	46,008	83,373
7	EPS (VND/share)	1,658	1,737

*(Source: Hoang Giang Services Development Joint Stock Company)*

**6. INTRODUCTION ABOUT THE CAPITAL INCREASING PROCESS OF THE COMPANY**

The process of increasing capital of Hoang Huy Services Development Joint Stock Company as follows:

No.	Number of shares to be issued (shares)	Amount of increased capital (dong)	Type of capital increasing Legal basis	Approved by/ Issued by
Establishment 10 May 2008	9,000,000	90,000,000,000	The initial chartered capital was VND 90 billion according to the Business Registration Certificate No. 0203004289 dated 10 May 2008.	Hai Phong Planning and Investment Department
The 1st time: In 2011	1,000,000	10,000,000,000	The Initial Public Offering under the IPO Certificate No. 24/GCN-UBCK issued by the Chairman of the State Securities Commission of Vietnam on 17 February, increasing the chartered capital to VND 100 billion.	State Securities Commission of Vietnam
The 2nd time: In 2012	5,000,000	50,000,000,000	Paying dividends in shares in 2011 with the payment rate of 2:1, increasing the chartered capital to VND 150 billion	State Securities Commission of Vietnam

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No.	Number of shares to be issued (shares)	Amount of increased capital (dong)	Type of capital increasing Legal basis	Approved by/ Issued by
The 3rd time: In 2012	7,499,981	74,999,810,000	Paying dividends in shares with the payment rate of 2:1, increasing the chartered capital to VND 224,999,810,000.	State Securities Commission of Vietnam
The 4th time: In 2013	15,749,967	157,499,670,000	The Public Offering under the Certificate No. 08/GCN-UBCK issued by the Chairman of the State Securities Commission of Vietnam on 03 April 2013, increasing the chartered capital to VND 382,499,480,000.	State Securities Commission of Vietnam
The 5th time: In 2014	19,114,293	191,142,930,000	The Public Offering under the Certificate No. 53/GCN-UBCK issued by the Chairman of the State Securities Commission of Vietnam on 09 July 2014, increasing the chartered capital to VND 573,642,410,000.	State Securities Commission of Vietnam
The 6th time: In 2015	53,631,316	536,313,160,000	Issuing shares to do the equity swaps with the shares of Hoang Giang Services Development Joint Stock Company and paying dividends in shares under the Certificate No. 08/GCN-UBCK issued by the Chairman of the State Securities Commission of Vietnam on 26 February 2015, increasing the chartered capital to VND 1,109,955,570,000.	State Securities Commission of Vietnam

*Source: Hoang Huy Investment Services Joint Stock Company*

## **7. BUSINESS ACTIVITIES**

### **7.1 Production/value of services over years**

***Business lines:***

Hoang Huy Investment Services Joint Stock Company specializes in trading various types of trucks imported from China, therefore more than 90% of the company's revenue and profit comes from the trading of imported cars. In its Business Registration Certificate, the Company has registered different business lines; however, the Company has mainly focused on trading trucks up to now because there are still many business opportunities in the car market of Vietnam. The plan for operating in new business lines in order to diversify its businesses such as infrastructure construction, real estate trading, etc... is being developed by the Company in the coming time.

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Currently, Hoang Huy Investment Services Joint Stock Company focuses on importing and distributing some kinds of heavy trucks manufactured by DONGFENG. The brand name of DONGFENG trucks has conquered Vietnamese consumers in terms of quality, designs and prices. Taking this advantage, Hoang Huy Investment Services JSC does not take much time and financial resources to exploit the market. Along with the distribution of cars to automobile agents nationwide, the Company is currently promoting add-on services such as automobile maintenance and repair, provision of spare parts, etc ... Most of revenue and profit of the Company over years has been originated from cars trading activities which mainly including different types of dump trucks, specially dump trucks with the engine power of 300 and 375 horse power; and types of cargo trucks..., etc.

***Products of Hoang Huy Investment Services Joint Stock Company***

The company specializes in importing and distributing various kinds of cars, besides, it also imports equipments, machines and spare parts attached to each type of car in order to better serve the automobile distribution. Currently, the company's main products include:

**Cars, including the following categories:**

- Cargo vans (180 HP ; 230 HP ; 260 HP ; 300 HP)
- Dump/Tipper trucks (300 HP ; 340 HP ; 375 HP and Dump Truck DFL3160BXA with total vehicle weight of 15,800kg) ;
- Cement and fuel trucks ( including Cement truck 300 HP and Fuel truck C260);
- Chassis truck 300 HP;
- Concrete mixer truck (340HP, cubage: 8m<sup>3</sup> and 340 HP, cubage 9m<sup>3</sup>);
- Other types of vehicles such as: Tractor truck 375 HP; Toyota Yaris Autos; Kia Morning 5 seats Autos; KIAFORTE 5 seats Autos, VINAWIN motorbike.

**Some pictures of vehicles distributed by Hoang Huy:**

***Ben Dump Truck 8 tons***

***Ben Dump Truck 8 tons***



*Ben Dump Truck 10 tons*



*Ben Dump Truck 10 tons*



**Dump Truck**



**Concrete Pump trucks:**



*Tractors*



*Cargo Truck 8.3 tons*



*Cargo Truck 15.3 tons*



*Chassis truck 20 tons*



**Separated cement tank truck**



**Fuel truck**



**Equipments and spare parts include:**

- Tire size 1200-R20, Brand name: ANPAITY
- Hydraulic press brake machine WE67Y-5000T6000 and share parts
- 3 axle MingWei trailer
- RIVE riveting machine
- Cabin truck 25 tons

**Other products and services:**

- Vehicle maintenance and repair;
- Services of replacing spare parts...

On 15 May 2015, Hoang Huy Investment Financial Services JSC (HHF), one of members of Hoang Huy Group has just signed the agreement to become the general distribution agent of International brand name trucks manufactured by the Navistar Group, USA, USA (now Navistar Group has held 20 % market share of the truck market in North America) . For the 2nd half of 2015, HHF plans to distribute the first products of ProStar and TranStar brand name in Vietnamese market, and then will develop other brand names. Based on the traditional relationship between HHS and HHF, HHS is planning to step by step distribute this type of trucks, this business is expected to be carried out by its Subsidiary and associated companies.

**Some pictures of International brand name vehicles:**

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**Net revenue structure broken down by products over years (Mother company)**

*Unit: VND mil*

No.	Name of group of products	Net revenue					
		In 2013		In 2014		First 6 months of 2015	
		Value	%	Value	%	Value	%
<b>1.</b>	<b>Cars</b>	<b>496,434</b>	<b>99.5</b>	<b>1,419,925</b>	<b>99.73</b>	<b>932,587</b>	<b>96.07</b>
1.1	Cargo vans	393,808	78.93	979,319	68.78	414,685	42.72
1.2	Dump Truck	95,449	19.13	230,736	16.21	278,341	28.67
1.3	Cement and fuel truck	-	-	-	-	-	-
1.4	Concrete mixer trucks:	909	0.18	-	-	-	-
1.5	Tractors	6,268	1.26	201,100	14.12	235,469	24.25
1.6	Other types of vehicles	-	-	8,770	0.61	4,090	0.42
<b>2.</b>	<b>Machines and spare parts</b>	<b>380</b>	<b>0.07</b>	<b>1,700</b>	<b>0.12</b>	<b>37,908</b>	<b>3.91</b>
<b>3.</b>	<b>Providing services</b>	<b>2,136</b>	<b>0.43</b>	<b>2,136</b>	<b>0.15</b>	<b>262</b>	<b>0.02</b>
	<b>Total</b>	<b>498,950</b>	<b>100</b>	<b>1,423,761</b>	<b>100</b>	<b>970,757</b>	<b>100</b>

*(Source: Hoang Huy Investment Services Joint Stock Company)*

**Net revenue structure over years (Consolidated)**

*Unit: VND mil*

No.	Indicators	Net revenue					
		In 2013		In 2014		First 6 months of 2015	
		Value	%	Value	%	Value	%
1.	Revenue from sales	496,813	99.57	1,421,625	99.85	2,043,684	99.96
2.	Revenue from providing services	2,136	0.43	2,136	0.15	686	0.04
	<b>Total</b>	<b>498,949</b>	<b>100</b>	<b>1,423,761</b>	<b>100</b>	<b>2,044,371</b>	<b>100</b>

*(Source: Hoang Huy Investment Services Joint Stock Company)*

*Notes: The Consolidated revenue structure of the Company (including Hoang Giang Services Development JSC): There are many items if breaking down revenue by product lines, therefore, this table gives only the*

*general revenue indicators.*

Regarding business activities of mother company: Revenue from car products absolutely holds a dominant proportion of total net revenue, accounting for 99% of total net revenue of the Company. The Company has 2 types of cars which are most interested by the customers: cargo vans and dump trucks. In 2014, revenue of dump trucks increased in terms of value but decreased in terms of proportion of total net revenue. Cargo van is always the key product of the Company and holds the 1st position in terms of revenue.

Comparing with the revenue from automobile sales, the revenue from sales of equipments, machines and spare parts is still small; however, the revenue of such product group tends to increase quickly in terms of value but still accounts for a very small proportion of the total net revenue. This data also reveals that the current strategy of the Company is to focus on its current advantage of distributing automobiles other than investing in after-sale services. However, upon its plan, the Company is going to launch the system of Auto Service Centers, accordingly, the proportion of revenue from this services will increase and achieve a relative good proportion in the coming time.

In 2014, the Company's net revenue growth rate achieved 185.4 % compared to 2013. The main reasons for the increase are the development of the automobile sector in general when the economy shows some signals of recovery, the increase in demand for transportation of goods and construction materials. Moreover, the increasing control of load capacity of road transportation vehicles (mainly cars) of the Ministry of Transportation and Inter-ministry agencies is also a reason. Therefore, the transportation enterprises have been invested in the purchase of new cars to enlarge their business activities.

Since 2015, the Company has implemented the M&A deal with Hoang Giang Services Development JSC and due to the good business performance of the post M&A period, the Company's net consolidated revenue for the 1st 6 months of 2015 has reached more than VND 2,045 billion, equivalent to 143.6% of net revenue of the whole year 2014 of HHS. The revenue from sales accounts for an absolute proportion in the Net consolidated revenue of the Company.

Similar to the net revenue, the Company's gross revenue increased sharply in 2014. This data shows that the effectiveness of the Company's sales have been improved significantly. Similar to the structure of net revenue, revenue from cars distribution holds the largest proportion in gross revenue, over 99% over years. Cargo vans and dump trucks are the 2 products which gain the highest sales volume and contribute most to the gross revenue of the Company.

Since 2011 up to now, thanks to the large size of shareholders' capital, the Company is always able to self-control its operating capital and bear no pressure on loans as well as payment obligations of interests and

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financial costs.

**Gross revenue structure broken down by products over years**

*Unit: VND mil*

No.	Name of group of products	Gross revenue					
		In 2013		In 2014		First 6 months of 2015	
		Value	%	Value	%	Value	%
<b>1.</b>	<b>Cars</b>	<b>92,663</b>	<b>99.71</b>	<b>180,499</b>	<b>99.44</b>	<b>142,523</b>	<b>99.93</b>
1.1	Cargo vans	74,760	80.44	126,867	69.89	74,035	49.53
1.2	Dump Truck	17,490	18.82	36,130	19.90	57,334	38.35
1.3	Cement and fuel truck	-	-	-	-	-	-
1.4	Concrete mixer trucks	54	0.05	-	-	-	-
1.5	Tractors	467	0.5	16,728	9.22	10,609	7.09
1.6	Other types of vehicles	-	-	774	0.43	551	0.36
<b>2.</b>	<b>Machines and spare parts</b>	<b>48</b>	<b>0.05</b>	<b>275</b>	<b>0.15</b>	<b>6,841</b>	<b>4.57</b>
<b>3.</b>	<b>Providing services</b>	<b>225</b>	<b>0.24</b>	<b>747</b>	<b>0.41</b>	<b>117</b>	<b>0.07</b>
	<b>Total</b>	<b>92,936</b>	<b>100</b>	<b>181,521</b>	<b>100</b>	<b>149,482</b>	<b>100</b>

*(Source: Hoang Huy Investment Services Joint Stock Company)*

**Gross revenue structure over years (Consolidated)**

*Unit: VND mil*

No.	Indicators	Gross revenue					
		In 2013		In 2014		First 6 months of 2015	
		Value	%	Value	%	Value	%
1.	Revenue from sales	92,575	99.61	181,582	100.03	237,791	99.92
2.	Revenue from providing services	362	0.39	747	0.41	167	0.08
3.	Provision for inventory depreciation	-	-	-807	-0.44	-	-

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No.	Indicators	Gross revenue					
		In 2013		In 2014		First 6 months of 2015	
		Value	%	Value	%	Value	%
	<b>Total</b>	<b>92,936</b>	<b>100</b>	<b>181,522</b>	<b>100</b>	<b>237,958</b>	<b>100</b>

*(Source: Hoang Huy Investment Services Joint Stock Company)*

## 7.2 Report on Investment situation, investment efficiency and business and manufacturing efficiency

The core business of the Company is the distribution of Dongfeng trucks which has brought the Company stability in both revenue and profit over years.

**Table of business efficiency indicators of the Company over years**

No.	Efficiency indicators	2011	2012	2013	2014
1	Gross profit margin (%)	16.90	16.85	18.63	12.75
2	Operating margin (%)	16.80	15.14	16.51	9.68
3	EBIT margin (%)	16.32	15.34	16.99	9.47

*(Source: Hoang Huy Investment Services Joint Stock Company)*

In the context of economic downturn in 2011-2013 period, the above table still expresses the business efficiency while all profitability indicators are stable and achieve a positive growth when there is a trend of slight increase. Particularly in 2014, the indicators of business efficiency relatively decreased because the Company strongly promoted sales activities to occupy the market, as the results, its sales expenses grew up; at the same time, the Company offered more favorable policies to support its agents in distributing cars; in addition, the input costs of the Company also rose in the 2nd half of 2014 due to the increase in sales price of its suppliers to input costs of the company increased in the second half of 2014 due to sales price increases of suppliers.

Apart from the core businesses was presented in the above section IV.7.1, HHS has made an investment in the project: Capital contribution in the joint venture with Pruska International Ltd to establish Pruska Vietnam Company Limited in order to implement the investment in the low income housing development project in An Dong Commune, An Duong district, Hai Phong. Up to the end of 2014, the work of site clearance was completed 100% of the land area of the project and up to now, investment items of the project has been implemented steps by steps. It is evaluated that the project would well satisfy the needs of most of consumers in Hai Phong, which will bring a high profitability when the project goes in to operation and trading.

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In March 2015, the Company acquired 99.78 % of shares of Hoang Giang Services Development Joint Stock Company (HG), an enterprise working in the business of HOWO trucks and American tractors, through the issuance of equity swaps between shares of HG and HHS. With these above-mentioned strategic steps, after the M&A deal with HG, the Company is showing an impressive growth in its business performance. With the positive signals of the macro economy, the sectoral platforms and the company's internal strengths, HHS is getting great opportunities to affirm its position as a leading company in the sector of distribution of medium and heavy trucks in Vietnam.

### 7.3 Suppliers of products, services

#### List of the products and services suppliers of the Company

No.	Suppliers	Country	Offered Products
1	Investment Promotion and Consultancy Center	Vietnam	Consultancy in making the investment project proposal: The low income housing development project at An Dong Commune, An Duong District, HCMC Hai Phong
2	Planning Institute of Hai Phong City	Vietnam	1/500 scale planning of the low income housing development project at An Dong Commune, An Duong District, Hai Phong City
3	DONGFENG motor Co, LTD	China	Various types of dump trucks, tractors, cargo vans, tank trucks and concrete mixer trucks...
4	Dong Tuan Trading Company Limited	China	Semi-trailers
5	KARS AUTOMOBILEFIRM TAI WAN	Taiwan	Various type of Auto
6	Shiyan Pingyun Industrial and trade Co Ltd	China	Cabin Chassis Trucks
7	JINAN SINO AUTU HEAVY DUTY TRUCK SALES CO LTD	China	Semi-trailers
8	Hoang Huy Investment Financial Services Joint Stock Company	Vietnam	Cargo
9	Hai Nam Materials Equipment Company Limited	Vietnam	Supplying auto spare parts
10	Vietnam Register Agency	Vietnam	Examining quality of imported cars

*(Source: Hoang Huy Investment Services Joint Stock Company)*

In addition to the exclusive distribution agreement of products of DONGFENG Group, Hoang Huy

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Investment Services JSC has closely collaborated with some other automobile suppliers such as: Dong Tuan Trading Company Limited (China), Shiyang Pingyun Group (China),... in order to diversify the supply of goods to the Company.

The company also has some partners whom provide it with the supporting services and consultancy in the field of infrastructure construction. This is the business line which is being implemented by the Company through Vietnam Pruksa Co., Ltd.

#### **7.4 The stability of supply**

Having a management team with great expertise in automobile business, the Company has developed a long-lasting trading relationship with domestic and foreign automobile manufacturers. Currently, the company is the exclusive distributor of medium and heavy trucks of Dongfeng brand - Hubei - China in Vietnam market. Besides, the company has also collaborated with other partners to diversify the supply of above-mentioned vehicles. Therefore, the supply of products of the company is diversified and stable in both quantity and quality.

#### **7.5 The impact of the supply price on revenue/profit.**

Being a trading company who specializes in buying and selling imported CBU trucks, the Company's revenue and profit depends much on product consumption volume. On the other hand, the product consumption volume of the Company depends much on the prices of products, demand of the market and general movement of the economy.

However, taking the advantages of an exclusive distributor of imported trucks of Dongfeng brand - China, the impact of supply price on the selling price of the company is not a worrisome problem. The abnormal fluctuations of exchange rates have affected the company's revenue and profit. To minimize the impact of exchange rate risk, the Company has made forecasts about the impact of exchange rate fluctuation on the input products, so that, the Company can be active in import and reserve activities at the right time. Moreover, the government is also actively taking the appropriate decisions to stabilize macro-economy including the stabilization of foreign exchange rates, etc.

#### **7.6 Operating expenses**

Operating expenses of the Company for the most recent years are presented in the below table:

**Table of operating expenses (Mother Company)**

*(Unit: VND mil)*

No.	Expense Items	In 2013		In 2014		First 6 months of 2015	
		Value	% of Net revenue	Value	% of Net revenue	Value	% of Net revenue
1	Cost of goods sold	406,013	81.37%	1,242,239	87.25%	821,275	84.60%
2	Sales expenses	4,706	0.94%	33,276	2.34%	(8,521)	-0.87%
3	General and administrative	3,483	0.70%	13,430	0.94%	6,356	0.65%

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No.	Expense Items	In 2013		In 2014		First 6 months of 2015	
		Value	% of Net revenue	Value	% of Net revenue	Value	% of Net revenue
	expenses						
4	Financial costs	3,839	0.77%	8,092	0.57%	10,390	1.07%
5	Other expenses	2	0.00%	2,341	0.16%	-	-
	<b>Total operating expenses</b>	<b>418,043</b>	<b>83.78%</b>	<b>1,299,378</b>	<b>91.26%</b>	<b>970,757</b>	<b>85.44%</b>

*Source: Hoang Huy Investment Services Joint Stock Company*

**Table of operating expenses (Consolidated)**

*(Unit: VND mil)*

No.	Expense Items	2013		2014		First 6 months of 2015	
		Value	% of Net revenue	Value	% of Net revenue	Value	% of Net revenue
1	Cost of goods sold	406,013	81.37%	1,242,239	87.25%	1,806,413	88.36%
2	Sales expenses	4,706	0.94%	33,276	2.34%	(3,309)	-0.16%
3	General and administrative expenses	3,483	0.70%	13,430	0.94%	9,046	0.44%
4	Financial costs	3,839	0.77%	8,092	0.57%	16,033	0.78%
5	Other expenses	2	0.00%	2,341	0.16%	-	-
	<b>Total operating expenses</b>	<b>418,043</b>	<b>83.78%</b>	<b>1,299,378</b>	<b>91.26%</b>	<b>1,828,183</b>	<b>89.42%</b>

*Source: Hoang Huy Investment Services JSC*

Operating expenses of the Company include following items: materials cost, fixed assets depreciation, labor costs, outsourcing services purchasing costs, outside purchasing services cost and other allocated costs. Of which, materials cost accounts for the largest proportion with an estimated cost of over 100% of cost of goods sold (COGS). Although being affected by the general difficulties of the economy, the business activities of the Company experienced not much pleasure in 2012 and 2013, but the ratio of total operating expense to net revenue of the Company was still kept at a stable level. In 2014, because the Company implemented the strategy for promoting sales, increasing market share, taking advantage of market conditions and favorable policy for the automotive industry, its expenses related indicators in 2014 all increased compared to previous years.

Cost of goods sold (COGS) accounts for the largest proportion of total operating expenses. Because the core

products of the Company are types of medium and heavy trucks of Dongfeng brand imported from China, the cost of goods sold always accounts for a high proportion compared to net revenue.

Sales expenses, general and administrative expenses account for a small proportion compared to net revenue which means that the Company has well controlled these types of expenses. Financial cost accounts for the smallest proportion of the total operating expenses because the Company has not borrowed any short-term loans as well as long-term loans since 2012. Since the beginning of 2015, because of many big orders of imported goods, the Company has borrowed to open import L/C.

#### **7.7 Technology level**

In order to improve professional skills of technical staffs and sales skills of business staffs, the Company collaborates with Dongfeng group in inviting experts and technical officers to give training to its staffs annually. Therefore, the after sale services including truck warranty, maintenance and repair has been clearly improved.

#### **7.8 Activities of new product Research and Development**

With the goal of satisfying all needs of customers, offering as much as possible high-quality products to customers, Therefore, in recent years, the company has always closely followed up the actual market situation, paid special attention to the demand of customers and the efficiency when customers use automobile products distributed by the Company, then, based on that, to study and decide to import suitable products which well satisfy the tastes of consumers, optimize benefits of both the customers and the Company.

#### **7.9 Examination of product quality**

The core business of the company is to import trucks of Dongfeng brand - China. With an advanced quality management system in place, all automobile products of Dongfeng Group are carefully examined before delivery in order to meet the standards of specifications and safety. After being imported into Vietnam, the products must be not only tested by the company but also approved by the inspection agencies such as Department of Customs, Vietnam Register. To be approved by the inspection agencies, the Company must strictly follow the procedures under the Circular No. 31/2011/TT-BGTVT of the Ministry of Transport dated 15 April 2011 stipulating the inspection of technical safety, quality and environmental protection for imported motor vehicles such as: examination for confirmation of model and type, trial of sample vehicle, probability testing, testing of each car, emission testing.

The company will re-test the quality of the cars before storing. The examination will be conducted by the senior technical staffs of the Quality Control Department.

With the purpose of providing the consumers with the best auto products, before being delivered to customers, all products are carefully examined by the technical team of the Company to ensure their proposed standards.

#### **7.10 Marketing activities**

Currently, Hoang Huy Investment Services JSC has developed a product consumption system with 40 level 1 agents nationwide. Depending on each period, the Company will implement promotion policies to

encourage the consumption of products.

Promotion programs to improve sales volume of agents who distribute Dongfeng trucks are provided by Hoang Huy Investment Services Joint Stock Company the awards depend on the sales volume of agents.

Since late 2009, the Company implemented the program "Sales Promotion" with the award of 01 CBU imported KIA FORTE SLI car.

In July 2010, the Company continued to implement the 2nd sales promotion program with following prizes: 01 CBU imported KIA MORNING car and 01 award of VND 100,000,000 in cash.

On 15 December 2012, the company registered the promotion program called "Award in 2012 of Hoang Huy" with the Department of Trade under the official document 34/CV-HHDFL with total promotion cost of VND 620,000,000.

In 2013, 2014 and currently, the company has developed many promoted product packages, for example, offering a free engine oil when customers buy new cars.

The company regularly sends its technical staffs to have site visits to its agents, compares the quality of products with those of competitors, gives responses to DONGFENG Group to improve product quality and renovate products to make them more suitable with Vietnam's terrain and tastes of Vietnamese consumers.

Additionally, the Company often organizes customers conference on an annual basis or before launching new products to the market. This is the opportunity for the agents to meet together and exchange their sales experience and give recommendations about product quality, sales policies of the Company. On the other hand, the company also conducts PR activities to widely introduce its products to the public through mass media channels such as: advertisement on VTV channels, participation on transportation related fairs and seminars...

#### **7.11 Trading band of Hoang Huy Investment Services Joint Stock Company**

Regarding its distributed products, the Company uses DONGFENG brand of Dongfeng Group which has been registered and protected in Vietnam market.

Besides, the Company has completed the registration of image brand of HHS including:

– **Abbreviation:**     **HOANG HUY GROUP**

– **Logo:**



#### **7.12 The big contracts are in progress of implementation or signed**

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Currently, Hoang Huy Investment Services JSC has developed a product consumption system with about 40 partners whom are its agents nationwide. The signed transaction contracts between the Company and its partners are the agent contracts or the principle contracts which are used as the basis for the distribution of its products. The tenors of the contracts are often 01 year or long-term.

**List of some signed and in-progress contracts of the Company**

**In the North:**

*(Unit: VND mil)*

No.	Name of partners	Value of contract/Volume	Products	Time of signing and implementation
1	Import-Export Services and Trading Company Limited	4,080	Cargo vans, Dump trucks, tractors, Semi-trailers and spare parts	2014 - 2015
2	Ha Nam Trading Joint Stock Company	2,030		2014 -2015
3	Green Road Logistics Joint Stock Company	10,368		2014 -2015
4	Huy Hoang Hai Duong Auto Joint Stock Company	77,2956		2014 -2015
5	GDIC Joint Stock Company	10,325		2014 -2015
6	Hoa Binh Minh Company Limited	20,130		2014 -2015
7	Hung Hung Import-Export Company Limited	5,860		2014 -2015
8	Long Bien Auto Trading Joint Stock Company	32,580		2014 -2015
9	Thanh Trung Company Limited	8,520		2014 -2015

*(Source: Hoang Huy Investment Services Joint Stock Company)*

**In the Middle Region:**

*(Unit: VND mil)*

No.	Name of partners	Value of contract/Volume	Products	Time of signing and implementation
1	Binh Minh Transportation Company Limited	199,535	Cargo vans, Dump trucks, tractors, Semi-trailers and spare parts	2014 -2015
2	Hong Son Star Da Nang Auto Company Limited	67,218		2014 -2015
3	Hong Son Star Trading Company Limited	57,153		2014 -2015
4	Phuoc Loc Company Limited	81,233		2014 -2015
5	Quoc Tu Trading Private Company	104,359		2014 -2015
6	Thai Hoa Company Limited	58,023		2014 -2015

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(Source: Hoang Huy Investment Services Joint Stock Company)

**In the South:**

(Unit: VND mil)

No.	Name of partners	Value of contract/Volume	Products	Time of signing and implementation
1	An Suong Trading Services Joint Stock Company	19,985	Cargo vans, Dump trucks, Tractors	2014 -2015
2	ChengLong Auto Company Limited	28,065		2014 -2015
3	Nhan Luc Company	112,024		2014 -2015
4	Hung Tuyen Trading Private Company	16,246		2014 -2015
6	Huy Tan Company Limited	26,513		2014 -2015
8	Phu Man Trading Services Joint Stock Company	39,915		2014 -2015

(Source: Hoang Huy Investment Services Joint Stock Company)

## **8. BALANCE SHEETS OF RECENT YEARS**

### **8.1 Summary of some indicators of business activities of the Company**

#### **Business performance from 2013 to the 1st 6 months of 2015 (mother company)**

Unit: VND million

No.	Indicators	2013	2014	% +/- compared to 2013	First 6 months of 2015
1	Total assets	679,488	1,441,245	112.11%	1,769,324
2	Net revenue	498,950	1,423,761	185.35%	970,757
3	Operating profit	82,373	137,786	67.27%	149,482
4	Other profits	-2	252	-	1
5	Profit before tax	82,371	138,039	67.58%	210,272
6	Profit after tax	82,050	135,853	65.57%	208,874
7	Dividend payout rate	20%	20%	-	-
8	EPS (VND/share)	1,868	2,859	53.05%	2,555

(Source: Hoang Huy Investment Services Joint Stock Company)

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**Business performance from 2013 to the first 6 months of 2015 (consolidated)**

*Unit: VND million*

No.	Indicators	2013	2014	% +/- compared to 2013	First 6 months of 2015
1	Total assets	679,488	1,441,245	112.11%	2,055,799
2	Net revenue	498,950	1,423,761	185.35%	2,045,648
3	Operating profit	82,373	137,786	67.27%	237,957
4	Other profits	-2	252	-	124,117
5	Profit before tax	82,371	138,039	67.58%	355,509
6	Profit after tax	82,050	135,853	65.57%	335,753
7	Dividend payout rate	20%	20%	-	-
8	EPS (VND/share)	1,868	2,859	53.05%	4,107

*(Source: Hoang Huy Investment Services Joint Stock Company)*

**8.2 Other related information in the Financial Reports of 2014 and 1st half year of 2015**

- **The item "Related parties" in the Notes to the Financial Reports of 2014 and 1st half year of 2015**

*The related parties of HHS include:*

- \* Hoang Huy Investment Financial Services JSC (under the same control of big shareholders)
- \* Hung Viet Trading JSC (under the same control of big shareholders)

*The Relationship between HHS and Hoang Huy Investment Financial Services JSC*

Regarding Human Resources:

No.	Full name	Title at HHS	Title at Hoang Huy Investment Financial Services JSC
1	Do Huu Ha	Chairman of the BOD	General Director
2	Nguyen Thi Ha	Member of the BOD	Member of the BOD
3	Do Huu Hung	Member of the BOD	Member of the BOD

Thus, Hoang Huy Investments Financial Services JSC is considered as a related party and has considerable

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influence on HHS in terms of decision making of financial and business policies and must be noted in the Financial Report of HHS.

Regarding business activities: Hoang Huy Investment Financial Services JSC provides cargos, spare parts upon order of HHS.

***Relationship between HHS with Hung Viet Trading JSC***

Regarding Human Resources:

No.	Full name	Title at HHS	Title at Hung Viet Trading JSC
1	Do Huu Ha	Chairman of the BOD	Chairman of the BOD
2	Do Huu Hau	Member of the BOD	General Director

Regarding investment activities: The company signed a business cooperation agreement No. 002/HTKD dated 01 January 2012 with Hung Viet Trading JSC, accordingly, the capital contribution limit of the Company in the project "Developing and operating the Commerce- Services - Housing Golden Land Building" was VND 300 billion. In 2014, the company divested all of its contributed capital from Hung Viet Trading Joint Stock Company. Hung Viet Trading JSC is the company under the control of Mr. Do Hu Ha - Chairman of the BOD - one of big shareholders of HHS

**– Joint-Venture with Prukha International Co., Ltd.**

On 10 August 2009, the Company signed a joint-venture agreement with Prukha International Co., Ltd. to establish Prukha Vietnam Company Limited in order to implement the project of developing houses for low income consumers at An Dong, An Duong, Hai Phong, Vietnam which is known as "Prukha Town Project", the project locates at 3km far from the center of Hai Phong City. The project is invested and managed by Prukha Vietnam Company Limited - a joint venture between Prukha International Co., Ltd. (Thailand) and some members in Vietnam including HHS; currently HHS holds 36% of equity of the Company.

The Company has been granted the investment certificate No. 02121000342 dated 12 July 2010, being changed for the first time on 26 July 2010 to implement the low income housing development project at An Dong, An Duong, Hai Phong, the planning certificate No. 143/CCQH dated 25 October 2010 issued by the Department of Construction of Hai Phong City.

The People's Committee of Hai Phong City has granted the Investment Certificate No. 021022000215 dated 02 January 2013 approving the establishment of Prukha Vietnam Company limited, the Certificate was adjusted for the 1st time on 11 February 2015. At the end of December 2014, the work of land clearance was officially completed. In March 2015, the project was officially commenced and its construction is in

progress.

On 13 July 2015, the Company received the Decision No.1614/QD-UBND of the People' Committee of Hai Phong City on land acquisition, land delivery, land leasing to implement the low income housing development project that the Company is the project owner.

Here is some information about the project:

a. Project Area: 20.1 ha (phase 1)

b. Size of project:

- ✓ 480 apartments in 5-storey buildings
- ✓ 1,719 apartments in 3-storey buildings
- ✓ 11 resettlement apartments other ancillary buildings (kindergartens, schools, hospitals, supermarkets, entertainment areas and other utility works).

c. Total investment: VND 1,029,000,000,000.

d. Project progress:

- ✓ In 2014 Completing land clearance and preparation activities for the investment
- ✓ In 2015 600 apartments are expected to be completed, sold and put into utilization
- ✓ In 2016 more 1,000 apartments are expected to be completed and put into utilization
- ✓ In 2017, the rest of works is expected to be completed and put into utilization.

Being evaluated as enjoying a good location, locating right on the development axle of the city, in the area of high population density, and enjoying convenient transportation infrastructure and social utilities, as the results, since its commencement, Pruksa Tower project has attracted the attention of many customers. The project is expected to bring a good business efficiency which not only contributes to the business performance of HHS but also contributes to the development of infrastructure, high quality living for the residents in Hai Phong.

– **Exemption, reduction of corporate income tax**

Pursuant to the Clause 4, Article 8 of the Circular No.123/2012/TT-BTC guiding the implementation of a number of articles of the Law on Corporate Income Tax No.14/2008/QH12 and guiding the implementation of the Decree No.124/2008/ND-CP dated 11 December 2008 and the Decree No.122/2011/ND-CP dated 27 December 2011 of the Government detailing the implementation of a number of articles of the Law on Corporate Income tax for the "Income from business, production activities, trading goods, services of the

enterprises that having from 30% of their average number of employees during the year are disabled, after detoxified, HIV/AIDS carrying people".

the Company is subject to a tax exemption for its main business activity in accordance with the tax exemption condition of "Business and production unit of disabled people" under the Decision No. 2206/QĐ-UBND of the People's Committee of Hai Phong City dated 22 December 2008 on the recognition of 'the business and production unit of disabled people'. The determination of corporate income tax of the company is based on the current legal regulations on taxation.

### **8.3 Factors affecting production and business activities of the Company during the reporting year**

#### **Advantages**

Dongfeng is a large group of China specializing in manufacturing automobile and automobile spare parts. The products of Dongfeng are exported to many countries in the world and are appreciated. Therefore, the company's distribution of Dongfeng trucks in Vietnam enjoys some advantages which help the Company save time and reduce costs to introduce the products to the market.

The government's policy of encouraging the development of automobile industry, increasing living standards, along with the increasing construction demand has created to a higher needs of goods and construction materials transportation vehicles in terms of both volume and storage capacity.

The integration of Vietnam into the World Trade Organization (WTO) has brought the automobile industry an opportunity to connect with many large and diversified automobile markets with the equal business and competitive conditions.

**Administration and Governance Organ** The administration and governance system and organizational structure of the Company have been improved to meet the corporate administration and governance requirements in its progress of development and integration; this contributes to improve the competitive capability of the Company on the market.

**Human Resources:** The key leaders of the company are the persons who have great expertise in automobile trading, and a harmonious combination between business experience and the corporate governance skills. The company's employees have a good professional ethics, good education and professional knowledge, valuable experience, great working enthusiasm and close connection with the company for many years.

#### **Disadvantages**

The recent economic downturn which is forecasted to continue happening in the coming time somehow reduces the demand of cars purchasing of customers and affects business activities of the Company.

Currently, the Company imports products by the mean of L/C payment in US dollars. High inflation makes

the price of US dollars increase, consequently the increase in costs of goods requests the Company to push up its selling prices. The increased selling price somehow affects the Company's revenue in the short-term.

Facing the difficulties of the economy in general and the difficulties of domestic automobile industry in particular, the Management Team of the Company has carefully, closely followed up the actual situation to develop appropriate business plan, ensure the accuracy of exchange rate forecast, decide the right time to import goods, develop sales promotion programs, develop pricing policies appropriate with input costs in order to bring benefits to both the customers and the Company.

## **9. POSITION OF THE COMPANY COMPARED TO THE PEERS**

### **9.1. Development Prospects of the Industry**

Under the WTO commitments and along with other trade agreements Vietnam participated in such as AFTA, TPP, the car import tax rate in general will be reduced in the coming time, as the results, the car selling price will be reduced too. The company acknowledges that this is a great opportunity for the enterprises that specialize in trading imported cars in the coming time.

The current domestic car market is very potential and brings the players many opportunities due to the increasing needs of cars for serving the business and production activities of enterprises and for the utilization purpose of retail consumers, especially in the context of a relatively good domestic economic recovery recently.

### **9.2. Position of the Company in comparison with the peers**

Hoang Huy Investment Services Joint Stock Company has experienced over 7 years of operation and achieved a considerable success. The achievements are partly reflected by the high figures of annual revenue and profit of the Company.

Dongfeng cars are the main products of the company. Currently, Dongfeng is the automobile brand owned by Dongfeng Motor Corporation Group. And Dongfeng is one of the largest automobile manufacturers in China. If ranking by the number of cars being produced in recent years, especially the medium and heavy trucks, Dongfeng is always ranked the first in the domestic market and the second in the world market. Dongfeng Group has also established alliances with many foreign companies. Up to now, this is the Chinese automobile manufacturer who has the most alliances with foreign auto companies.

Currently, cargo vans and dump trucks 300 horse power and 375 horse power are the 2 largest product lines which have contributed over 70% to the revenue of the Group for many recent years. It can be said that they are the successful product lines in the heavy truck market. Some other product lines such as Ben trucks with the total weight of 15.8 tons are facing a fierce competition with products of domestic manufacturers;

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tractors, cargo vans, tank trucks and Ben trucks with total weight of more than 24 tons are facing strong competition with other brands imported by other enterprises, therefore, their sales volume is still low. It can be said that, thanks to the advantage of an exclusive distribution of Dongfeng trucks - China, compared to the peers, the company performs best in trading cargo vans, dump trucks, especially dump trucks 300 HP and 375 HP.

**9.3. Assessment on the conformity between the Company's business orientation with the orientation of the automobile industry, government's policies and the general trend in the world**

The population of Vietnam is increasing with the average annual growth rate of 3.5%, moreover, the economy is increasing, and all lead to the increasing demand for house and office for lease, there are more and more construction projects. In order to meet the increasing construction demand, it is required for more transportation vehicles to deliver goods, construction materials such as sand, stone, gravel, and cement... on a timely manner with a large amount or storage capacity. In addition, the implementation of the house development project for the low income consumers of the Company can be considered as well satisfy the urgent needs for housing in the context of Vietnam, and be consistent with the direction of the Party and the Government as well as the aspiration of all people.

Therefore, the business line of trading various types of trucks of Hoang Huy Investment Services Joint Stock Company is evaluated as suitable with the direction of the industry, the policy of the Government and the general trend in the world.

**10. POLICY FOR EMPLOYEES**

**10.1. Labor structure (up to 30 June 2015)**

Total number of employees of the Company up to 30 June 2015 is 30 people (long term labor contracts).

**Labor structure by education as of 30 June 2015**

Education level	Number	Percentage (%)
Upper University	0	0%
University	2	6.6%
College	12	40%
Vocational school	3	10%
Primary Vocational school	5	16.7%
Technical workers	5	16.7%
High school	3	10%
<b>TOTAL</b>	<b>30</b>	<b>100.00%</b>

*Source: Hoang Huy Investment Services Joint Stock Company*

## **10.2. POLICY FOR EMPLOYEES**

- **Salary policy**

Applicable to the title and nature of each job, the Company properly and fully pays salary to its employees in line with the company's salary policy, in compliance with current legal regulations.

- **Bonus and Incentives policy**

Hoang Huy Investment Services Joint Stock Company pays bonus and incentives to its employees based on their titles and the Company's business performance.

- **Other policies for employees**

The Company implement other welfare policy to its employees as follows: Giving special allowance for employees who are wounded soldiers, allowance for the employee in a particularly difficult situations, organizing visits to the employees and their relatives who get sick, illness or being dead...

- **Labor safety and Environment protection**

The company has strictly complied with the regulations on labor safety, environment sanitation and fire prevention in the company.

- **Education Policy**

Annually, the Company sends its employees, technical staffs to be trained at Dongfeng Group - China to study more about new products of Dongfeng, as well as further improve their professional skills and develop after sales services.

In addition, the Company also organizes Client Conferences to discuss and share about any issues or problems arising with its agents, then acknowledge, solve and find out solutions to further promote sales activities at agents.

## **11. DIVIDEND POLICY**

The dividend payout policy is proposed by the Board of Directors and approved by the Shareholder General Meeting. Specifically, HHS only pays dividends to its shareholders when the Company makes profit after fulfilling all tax obligations and other financial obligation in compliance with the provisions of Laws.

Based on its annual business performance, the BOD proposes the suitable dividend payout plan to submit to the General Shareholders Meeting for final decision. Depending on the actual situation, the BOD may advance dividend to its shareholders on a quarterly, semi-annual, annual basis, etc ... such advance will be

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not exceed the expected dividend.

**Dividend payout ratio of the Company**

Contents	In 2011	In 2012	In 2013	In 2014	2015 Plan <sup>4</sup>
Profit after tax (VND mil)	103,663	69,891	82,050	135,904	550,000
Dividend/	50%	50%	20%	20%	30%

*Source: Hoang Huy Investment Services JSC*

## **12. FINANCIAL SITUATION**

### **12.1 Basic indicators**

#### **12.1.1. Report on chartered capital, working capital and the use of chartered capital, working capital**

##### **Report on the use of working capital of the Company as at 30 June 2015**

*Unit: VND*

Items	Loans	Shareholders' equity
Short-term financial nvestment	-	122,669,656,384
Investment on Tangible fixed assets	-	5,506,677,208
Investment on Intangible fixed assets	-	-
Working capital	63,100,000,000	518,314,067,156
Long-term financial nvestment	-	730,976,000,000
Other investment	-	53,582,473
<b>Total</b>	<b>63,100,000,000</b>	<b>1,377,519,983,221</b>

*Source: Hoang Huy Investment Services JSC*

#### **12.1.2. Depreciation of fixed assets**

Fixed asset depreciation is calculated on the straight line method, the depreciation rate is based on the productive time of assets in compliance with the Circular No.203/2009/TT-BTC dated 20 October 2009 of Minister of Finance guiding the regime of management, use and depreciation of fixed assets.

Tangible fixed assets are calculated by the fixed assets original cost minus accumulated depreciation value.

Fixed assets cost includes the buying price and all other costs directly related to putting the assets in the

<sup>4</sup> Pursuant to the Resolution of Extraordinary General Shareholders Meeting No. 02/2015/NQ-DHDCD dated 25 June .2015

available for utilization status.

Intangible fixed assets are depreciated by using the straight-line method over the estimated productive time, specifically as follows:

Assets	Year
Means of transportation	06 - 10 years
Equipments, tools	03 - 05 years

Intangible fixed assets are the value of accounting software being calculated by the original costs minus accumulated depreciation. Assets are depreciated over a 3 year period using the straight-line method.

#### **12.1.3. Average salary**

Average salary of employees in 2012, 2013, 2014 was VND 3,800,000; VND 4,200,000 and VND 6,696,000 respectively.

#### **12.1.4. Payment of due debts**

All due debts has been paid by the Company on a timely manner and in an adequate amount under the loan contracts. The Company currently has no overdue debts which are not provisioned.

Up to now, the Company has no debts with its members of BOD, members of Executive Board, members of Supervisory Boards Chief Accountant, big shareholders and its related persons and vice versa

#### **12.1.5. Payables by law**

The company always pays in full amount on a timely manner all the VAT amount, import-export tax and other fees in accordance with the legal provisions of the Government.

#### **12.1.6. Appropriation of funds in compliance with laws**

The appropriation of funds of the Company is made based on:

- The business performance in the period;
- Business plan in the coming time;
- The provision in the Charter on Organization and Operation of the Company;
- Proposal of the Board of Directors and approval of the General Shareholders' Meeting

**Balance of funds as of 31/12/2013, 31/12/2014, 30/06/2015 (Mother company)**

*Unit: VND*

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Indicators	31/12/2013	31/12/2014	30/06/2015
Welfare fund	8,523,303,282	8,465,303,282	8,446,203,282
Other owners' funds	8,677,751,000	12,780,251,000	19,572,915,034

*(Source: Hoang Huy Investment Services Joint Stock Company)*

**Balance of funds as of 31/12/2013, 31/12/2014, 30/06/2015 (Consolidated)**

*Unit: VND*

Indicators	31/12/2013	31/12/2014	30/06/2015
Welfare fund	8,523,303,282	8,465,303,282	8,446,203,282
Other owners' funds	8,677,751,000	12,780,251,000	19,572,915,034

*(Source: Hoang Huy Investment Services Joint Stock Company)*

**12.1.7. Total outstanding loans**

**Total outstanding loans (Mother company)**

*Unit: VND*

Items	31/12/2013		31/12/2014		30/06/2015	
	Value	Proportion	Value	Proportion	Value	Proportion
Borrowings and short-term loans	182,322,218,755	100.0%	679,507,031,699	97.95%	391,804,308,557	100.0%
Borrowings and long-term loans	-	-	14,230,000,000	2.05%	-	-
<b>Total outstanding loans</b>	<b>182,322,218,755</b>	<b>100.0%</b>	<b>693,737,031,699</b>	<b>100.0%</b>	<b>391,804,308,557</b>	<b>100.0%</b>

*(Source: Hoang Huy Investment Services Joint Stock Company)*

**Total outstanding loans (Consolidated)**

*Unit: VND*

Items	31/12/2013		31/12/2014		30/06/2015	
	Value	Proportion	Value	Proportion	Value	Proportion
Borrowings and	182,322,218,755	100.0%	679,507,031,699	97.95%	550,747,630,403	100.0%

**THE PUBLIC OFFERING PROSPECTUS**  
**HOANG HUY INVESTMENT SERVICES JOINT STOCK COMPANY**

Items	31/12/2013		31/12/2014		30/06/2015	
	Value	Proportion	Value	Proportion	Value	Proportion
Short-term loans						
Borrowings and long-term loans	-	-	14,230,000,000	2.05%	-	-
<b>Total outstanding loans</b>	<b>182,322,218,755</b>	<b>100.0%</b>	<b>693,737,031,699</b>	<b>100.0%</b>	<b>550,747,630,403</b>	<b>100.0%</b>

(Source: Hoang Huy Investment Services Joint Stock Company)

**12.1.8. Current situation of receivables**

– **Receivables**

**Receivables (Mother company)**

Unit: VND

Indicators	31/12/2013		31/12/2014		30/06/2015	
	Overdue debts	Total	Overdue debts	Total	Overdue debts	Total
Receivables from customers	-	1,881,500,000	-	7,754,563,636	-	19,026,874,637
Advances to suppliers	-	23,900,434,297	-	33,913,342,793	-	23,376,165,377
Other receivables	-	148,522,232,954	-	12,233,929,789	-	2,858,396,614
Provision for bad debts	-	-	-	-	-	-
<b>Total receivables</b>	<b>-</b>	<b>174,304,167,251</b>	<b>-</b>	<b>53,901,836,218</b>	<b>-</b>	<b>45,261,436,628</b>

(Source: Hoang Huy Investment Services Joint Stock Company)

**Receivables (Consolidated)**

Unit: VND

Indicators	31/12/2013		31/12/2014		30/06/2015	
	Overdue debts	Total	Overdue debts	Total	Overdue debts	Total
Receivables from customers	-	1,881,500,000	-	7,754,563,636	-	28,842,874,637

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**HOANG HUY INVESTMENT SERVICES JOINT STOCK COMPANY**

Indicators	31/12/2013		31/12/2014		30/06/2015	
	Overdue debts	Total	Overdue debts	Total	Overdue debts	Total
Advances to suppliers	-	23,900,434,297	-	33,913,342,793	-	23,376,165,377
Other receivables	-	148,522,232,954	-	12,233,929,789	-	3,026,279,963
Provision for bad debts	-	-	-	-	-	-
<b>Total receivables</b>	<b>-</b>	<b>174,304,167,251</b>	<b>-</b>	<b>53,901,836,218</b>	<b>-</b>	<b>55,245,319,977</b>

(Source: Hoang Huy Investment Services Joint Stock Company)

**– Payables**

**Payables (Mother company)**

Unit: VND

Indicators	31/12/2013		31/12/2014		30/06/2015	
	Overdue debts	Total	Overdue debts	Total	Overdue debts	Total
Borrowings and short-term loans	-		-	-	-	63,100,000,000
Advances to suppliers	-	116,076,838,550	-	591,832,667,728	-	245,195,322,400
Deferred revenue	-	8,259,554,610	-	14,939,208,491	-	21,677,494,550
Taxes and other payables to the State budget	-	63,466,457	-	4,817,796,342	-	70,102,397
Accrued expenses	-	982,000,000	-	11,035,000,000	-	-
Other payables (*)	-	48,417,055,856	-	48,417,055,856	-	47,244,966,200
Welfare fund		8,523,303,282		8,465,303,282		8,446,203,282
Provision for long-term payables				14,230,000,000		6,070,219,728
<b>Total payables</b>	<b>-</b>	<b>182,322,218,755</b>	<b>-</b>	<b>693,737,031,699</b>	<b>-</b>	<b>391,804,308,557</b>

(Source: Hoang Huy Investment Services Joint Stock Company)

**Payables (Consolidated)**

Unit: VND

Indicators	31/12/2013	31/12/2014	30/06/2015
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**HOANG HUY INVESTMENT SERVICES JOINT STOCK COMPANY**

	Overdue debts	Total	Overdue debts	Total	Overdue debts	Total
Advances to suppliers	-	116,076,838,550	-	591,832,667,728	-	343,319,303,400
Deferred revenue	-	8,259,554,610	-	14,939,208,491	-	47,153,494,550
Taxes and other payables to the State budget	-	63,466,457	-	4,817,796,342	-	13,943,489,336
Accrued expenses	-	982,000,000	-	11,035,000,000	-	567,222,222
Other payables (*)	-	48,417,055,856	-	48,417,055,856	-	47,307,666,200
Welfare fund		8,523,303,282		8,465,303,282		8,446,203,282
Provision for long-term payables				14,230,000,000		-
<b>Total payables</b>	<b>-</b>	<b>182,322,218,755</b>	<b>-</b>	<b>693,737,031,699</b>	<b>-</b>	<b>550,747,630,403</b>

*(Source: Hoang Huy Investment Services Joint Stock Company)*

(\*) Other short-term payables: On 15/12/2010, Pruksa International Co., Ltd. advanced USD 2,261,000 (equivalent to VND 47,074,020,000 as of 31/12/2012) to HHS to implement the housing development project for low income consumers in An Dong, An Duong, Hai Phong, Vietnam. In 2013, Pruksa Vietnam Company Limited transferred the amount of VND 54,361,080,000 to the Company to implement the works related to the project. After that, the company issued the financial bill of VND 53,188,044,141 for Pruksa Vietnam Company Limited to hand over the project implementation costs. As of 31/12/2014, the amount that Pruksa Vietnam Company Limited overpaid would be offset with the costs incurred in the next phase.

## 12.2 Key financial indicators

### Some key financial indicators of HSS in the 2013-2014 period

Basic indicators	Unit	2013	2014
<b>1. Solvency ratio</b>			
+ Current ratio	Time	2.64	1.80
+ Quick ratio (Short-term assets - Inventory)/Banking loans	Time	1.94	1.48
<b>2. Capital structure ratio</b>			
+ Debt to Assets ratio (Debts/Total assets)	Time	0.27	0.48

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Basic indicators	Unit	2013	2014
+ Debt to Equity ratio (Debts/Shareholders' equity)	Time	0.37	0.93
<b>3. Operating performance ratio</b>			
+ Inventory turnover ratio by Cost of goods sold	Time	3.75	7.25
+ Net revenue/Total assets	Time	0.84	1.34
<b>4. Profitability ratio</b>			
+ Profit after tax/ Net revenue	%	16.44%	9.54%
+ Return on Equity (ROE) (Profit after tax/Equity)	%	18.92%	21.83%
+ Return on Assets (ROA) (Profit after tax/Total assets)	%	13.74%	12.81%
+ Operating income/ Net revenue	%	16.51%	9.68%

*(Source: Hoang Huy Investment Services Joint Stock Company)*

*Indicators of solvency:* The indicators of the solvency of the company are at a relatively safe level which shows that the Company is always able to pay for its short-term loans.

*Indicators of capital structure* Business activities of the Company are mainly financed by its shareholders' equity, therefore its debt to asset ratio was at a low level in 2013; this showed that HHS could self-control well its financial situation, and its business activities were not affected much by borrowing interests, especially in the context of a wide fluctuation in interest rates during this period. In 2014, the debt to total assets ratio and the debt to shareholders' equity ratio significantly increased compared to the previous year, but remained at a low level. The reason for such increase was not coming from banking loans but because the Company imported a big amount of inventory to better meet the large demand of the market in 2015, at the same time, the Company was offered a deferred payment by Dongfeng supplier.

*Indicators of performance:* The inventory turnover ratio and net revenue to total assets ratio tends to increase which shows that there is a positive movement in inventory management. The company specializes in trading various kinds of CBU trucks with high value; therefore, its speed of sales is lower than other industry. However, the Company has already improved its sales activities.

*Indicators of profitability:* In 2014, ROA ratio decreased because there was a significant growth rate of total assets in the company's business activities. In 2014, ROE ratio increased because the company achieved a high profit growth which exceeding the growth rate of chartered capital and shareholders' equity. In general, the profitability of the Company has remained stable at a high level for recent years.

### **12.3 Highlights of the auditor's opinion on the 2014 Financial Report**

✓ **The application of corporate income tax exemption:**

The auditor's opinion: *The Company applies corporate income tax exemption in accordance with the tax exemption condition of "Business and production unit of disabled people" under the Decision No. 2206/QĐ-UBND of the People's Committee of Hai Phong City dated 22 December 2008 on the recognition of 'the business and production unit of disabled people. The determination of corporate income tax of the company is based on the current legal regulations on taxation. However, these regulations change from time to time and the final determination of corporate income tax, depending on the test results of the competent tax authorities'.*

***Additional explanation of HHS:***

Since the establishment up to now, in the process of conducting business activities, the company has never owned any tax payment obligations, always strictly complies with the policies and regulations of the Taxation Agencies and the People's Committee of Hai Phong City in particular and the policies of the Party and the Government in general. The company commits to comply with all decision of the competent tax authorities as well as any changes in policy related to business activities of the Company.

**13. PERSONAL INFORMATION OF MEMBERS OF THE BOD, THE EXECUTIVE BOARD, THE SUPERVISORY BOARD AND THE CHIEF ACCOUNTANT**

**13.1. Members of the Board of Directors of Hoang Huy Investment Services Joint Stock Company**

Currently, the Board of Directors of Hoang Huy Investment Services Joint Stock Company include following members:

Mr. Do Huu Ha	–	Title: Chairman of the Board of Directors
Mrs. Mai Trang	–	Title: Member of the BOD
Mr. Do Huu Hau	–	Title: Member of the BOD
Mr. Do Huu Hung	–	Title: Member of the BOD
Mrs. Nguyen Thi Ha	–	Title: Member of the BOD

***(1). Mr. Do Huu Ha - Chairman of the Board of Directors***

✓ Full name:	Do Huu Ha
✓ Title:	Chairman of the Board of Directors
✓ Gender:	Male
✓ Date of Birth:	06/11/1955
✓ ID No.:	013552551 issued on 26/05/2012 in Hanoi

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- ✓ Place of Birth: Minh Tan – Thuy Nguyen – Hai Phong
- ✓ Nationality: Vietnam
- ✓ Ethnic Group: Kinh
- ✓ Home Town: Minh Tan – Thuy Nguyen – Hai Phong
- ✓ Permanent Residential Address: 183 Ba Trieu, Hai Ba Trung, Hanoi
- ✓ Telephone: 031 3782321
- ✓ Education Level: 10/10
- ✓ Professional education level: Management
- ✓ Working progress:
  - +/ 1995 – 2007: Director of Hoang Huy Trading Company Limited
  - +/ 2005 – 2009: General Director of Thai Nghiep Joint-Venture Company Limited
  - +/ 2007 – present: Chairman of Hung Viet Trading Joint Stock Company;
  - +/ 2008 – present: Chairman of Hoang Huy Investment Services JSC
- ✓ Current titles at other organizations:
  - +/ General Director of Hoang Huy Investment Financial Services JSC
  - +/ Chairman of Hung Viet Trading Joint Stock Company;
- ✓ Number of shares 24,866,739 shares (accounting for 22.4% of total shares in circulation);
- ✓ Proportion of shares ownership of related persons:
  - +/ Nguyen Thi Ha (Relationship: wife): 2,429,275 shares (accounting for 2.18% of total shares in circulation);
  - +/ Do Huu Hau (Relationship: Son): 10,625,175 shares (accounting for 9.57% of total shares in circulation);
  - +/ Do Huu Hung (Relationship: Son): 484,275 shares (accounting for 0.43% of total shares in circulation);
- ✓ Conflict of interest with the Company: No
- ✓ Debts to the Company: No
- ✓ Interests related to the Company: No

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- ✓ Behaviors of law violation: No
- ✓ Remuneration and benefits related to the Company: Remuneration and benefits for the BOD are paid by the Company based on the business results and efficiency and adopted by the General Shareholders' Meeting.

**(2). Mr. Do Huu Hau - Member of the Board of Directors**

- ✓ Full name: Do Huu Hau
- ✓ Title: Member of the BOD
- ✓ Gender: Male
- ✓ Date of Birth: 19/12/1984
- ✓ ID No.: 031084000011 issued on 28/3/2013 in Hanoi
- ✓ Place of Birth: Hai Phong
- ✓ Nationality: Vietnam
- ✓ Group of ethnic: Kinh
- ✓ Home Town: Minh Tan – Thuy Nguyen – Hai Phong
- ✓ Permanent Residential Address: 183 Ba Trieu, Hai Ba Trung, Hanoi
- ✓ Telephone: 0313782321
- ✓ Education Level: 12/12
- ✓ Professional education level: BA in economics
- ✓ Working progress:
  - + / 2007: In charge of the Import-Export Department of Hoang Huy Trading Company Limited
  - + / 2008 – present: Member of the BOD - Hoang Huy Investment Services JSC
- ✓ Current titles at other organizations: General Director of Hung Viet Trading Joint Stock Company
- ✓ Number of shares: 10,625,175 shares (accounting for 9.57% of total shares in circulation);
- ✓ Proportion of shares ownership of related persons:
  - + / Nguyen Thi Ha (Relationship: mother): 2,429,275 shares (accounting for 2.18% of total shares in circulation);
  - + / Do Huu Ha (Relationship: farther): 24,866,739 shares (accounting for 22.4% of total shares in

circulation);

+/- Do Huu Hung (Relationship: Elder brother): 484,275 shares (accounting for 0.43% of total shares in circulation);

+/- Do Thi Lien (Relationship: wife): 891 shares (accounting for 0.001% of total shares in circulation);

- ✓ Conflict of interest with the Company: No
- ✓ Debts to the Company: No
- ✓ Interests related to the Company: No
- ✓ Behaviors of law violation: No
- ✓ Remuneration and benefits related to the Company: Remuneration and benefits for the BOD are paid by the Company based on the business results and efficiency and adopted by the General Shareholders' Meeting.

**(3). Mrs. Nguyen Thi Ha - Member of the Board of Directors**

- ✓ Full name: Nguyen Thi Ha
- ✓ Title: Member of the BOD
- ✓ Gender: Female
- ✓ Date of Birth: 05/5/1957
- ✓ ID No.: 013552552 issued on 26/05/2012 in Hanoi
- ✓ Place of Birth: Hai Phong
- ✓ Nationality: Vietnam
- ✓ Ethnic Group: Kinh
- ✓ Home Town: Vu Ban, Nam Dinh
- ✓ Permanent Residential Address: 183 Ba Trieu, Hai Ba Trung, Hanoi
- ✓ Telephone: 0313782321
- ✓ Education Level: 12/12
- ✓ Professional education level: Management
- ✓ Working progress:

+/- 1995 – 2004: Cashier of Hoang Huy Trading Company Limited;

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+/ 2005 – 2007: Officer in charge of supply-consumption of Thai Nghiep Joint Venture Company Ltd

+/ 2008 – present: Member of the BOD - Hoang Huy Investment Services JSC.

✓ Current titles at other organizations: Member of the BOD - Hoang Huy Investment Financial Services Joint Stock Company

✓ Number of shares: 2,429,275 shares (accounting for 2.18% of total shares in circulation);

✓ Proportion of shares ownership of related persons:

+/ Do Huu Ha (Relationship: husband): 24,866,739 shares (accounting for 22.4% of total shares in circulation);

+/ Do Huu Hau (Relationship: Son): 10,625,175 shares (accounting for 9.57% of total shares in circulation);

+/ Do Huu Hung (Relationship: Son): 484,275 shares (accounting for 0.43% of total shares in circulation);

✓ Conflict of interest with the Company: No

✓ Debts to the Company: No

✓ Interests related to the Company: No

✓ Behaviors of law violation: No

✓ Remuneration and benefits related to the Company: Remuneration and benefits for the BOD are paid by the Company based on the business results and efficiency and adopted by the General Shareholders' Meeting.

**(4). Mr. Do Huu Hung - Member of the Board of Directors**

✓ Full name: Do Huu Hung

✓ Title: Member of the BOD

✓ Gender: Male

✓ Date of Birth: 4/1/1978

✓ ID No.: 030984381 issued on 07/04/2011 in Hai Phong

✓ Place of Birth: Hai Phong

✓ Nationality: Vietnam

✓ Ethnic Group: Kinh

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- ✓ Home Town: Minh Tan – Thuy Nguyen – Hai Phong
- ✓ Permanent Residential Address: 324 To Hieu, Le chan, Hai Phong
- ✓ Telephone: 0313782321
- ✓ Education Level: 12/12
- ✓ Professional education level: BA in economics
- ✓ Working progress:
  - +/ 2001 – 2002: Officers of the Business Department - Hai Phong Import - Export and Services Trading Company
  - +/ 2003 – 2005: Director of Business Department - Hoang Huy Trading Company Limited
  - +/ 2006 – 2007: Member of the BOD - Thai Nghiep Joint-Venture Company Limited;
  - +/ 2008 – present: Member of the BOD of Hoang Huy Investment Services Joint Stock Company
- ✓ Current titles at other organizations: Member of the BOD - Hoang Huy Investment Financial Services Joint Stock Company
- ✓ Number of shares: 484,275 shares (accounting for 0.43% of total shares in circulation);
- ✓ Proportion of shares ownership of related persons:
  - +/ Do Huu Ha (Relationship: farther): 24,866,739 shares (accounting for 22.4% of total shares in circulation);
  - +/ Nguyen Thi Ha (Relationship: mother): 2,429,275 shares (accounting for 2.18% of total shares in circulation);
  - +/ Do Huu Hau (Relationship: Younger brother): 10,625,175 shares (accounting for 9.57% of total shares in circulation);
  - +/ Do Thi Huyen Trang (Relationship: wife): 2,000,891 shares (accounting for 1.8% of total shares in circulation);
- ✓ Conflict of interest with the Company: No
- ✓ Debts to the Company: No
- ✓ Interests related to the Company: No
- ✓ Behaviors of law violation: No
- ✓ Remuneration and benefits related to the Company: Remuneration and benefits for the BOD are paid

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by the Company based on the business results and efficiency and adopted by the General Shareholders' Meeting.

**(5). Mrs. Mai Trang- Member of the Board of Directors**

- ✓ Full name: Mai Trang
- ✓ Title: Member of the BOD
- ✓ Gender: Female
- ✓ Date of Birth: 06/01/1985
- ✓ ID No.: 001185005698 issued on 19/06/2015 in Hanoi
- ✓ Place of Birth: Hanoi
- ✓ Nationality: Vietnam
- ✓ Ethnic Group: Kinh
- ✓ Home Town: Thanh Xuan – Hanoi
- ✓ Permanent Residential Address: 183 Ba Trieu, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi
- ✓ Telephone: 0313782321
- ✓ Education Level: 12/12
- ✓ Professional education level: BA in economics
- ✓ Working progress:
  - + / 2007 – 2008: Chairman of Hoang Huy Investment Joint Stock Company
  - + / 2008 – present: Member of the BOD - Hoang Huy Investment Services JSC.
- ✓ Current titles at other organizations: No
- ✓ Number of shares: 374,275 shares (accounting for 0.33% of total shares in circulation);
- ✓ Proportion of shares ownership of related persons: No
- ✓ Conflict of interest with the Company: No
- ✓ Debts to the Company: No
- ✓ Interests related to the Company: No
- ✓ Behaviors of law violation: No

- ✓ Remuneration and benefits related to the Company: Remuneration and benefits for the BOD are paid by the Company based on the business results and efficiency and adopted by the General Shareholders' Meeting.

**13.2. Member of the Executive Board:**

Mr. Vu Van Canh	-	Director
Mr. Hoang Thanh Tung	-	Deputy Director
Mr. Pham Van Man	-	Deputy Director
Mr. Nguyen Trung Do	-	Deputy Director

**(1). Mr. Vu Van Can – Director**

- ✓ Full name: Vu Van Canh
- ✓ Title: Director
- ✓ Gender: Male
- ✓ Date of Birth: 15/10/1948
- ✓ ID No.: 030139466 issued on 03/06/2010 in Hai Phong
- ✓ Place of Birth: Hai Phong
- ✓ Nationality: Vietnam
- ✓ Ethnic Group: Kinh:
- ✓ Home Town: Tu Tan – Dong Quan – Thai Binh
- ✓ Permanent Residential Address: 330 To Hieu, Le chan, Hai Phong
- ✓ Telephone: 0313782321
- ✓ Education Level: 10/10
- ✓ Professional education level: Management
- ✓ Working progress:
  - + / 1994 – 1998: Deputy Director - Hai Phong Bus Joint Stock Company;
  - + / 1999 – 2008: Deputy Director - 3/2 Company
  - + / 2008 – present: Director - Hoang Huy Investment Services Joint Stock Company
- ✓ Current titles at other organizations: No

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- ✓ Number of shares: 555 shares (accounting for 0.0005% of total shares in circulation);
- ✓ Proportion of shares ownership of related persons: No
- ✓ Conflict of interest with the Company: No
- ✓ Debts to the Company: No
- ✓ Interests related to the Company: No
- ✓ Behaviors of law violation: No
- ✓ Remuneration and benefits related to the Company: Salary/Bonus of the Executive Board is paid in compliance with the company's salary regulation and the business performance of the Company.

**(2). *Mr. Hoang Thanh Tung – Deputy Director***

- ✓ Full name: Hoang Thanh Tung
- ✓ Title: Deputy Director
- ✓ Gender: Male
- ✓ Date of Birth: 26/10/1950
- ✓ ID No.: 030120550 issued on 02/01/2002 in Hai Phong
- ✓ Place of Birth: Hai Phong
- ✓ Nationality: Vietnam
- ✓ Ethnic Group: Kinh:
- ✓ Home Town: Vu Phuc – Vu Thu – Thai Binh
- ✓ Permanent Residential Address: 149 C Da Nang, Lac Yen, Hai Phong
- ✓ Telephone: 0313782321
- ✓ Education Level: 10/10
- ✓ Professional education level: Management
- ✓ Working progress:
  - + / 1969 – 1977: Soldier
  - + / 1978 – 1987: Officer - Hai Phong Water Supply Company
  - + / 1987 – 2008: Ill health retirement

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+ / 2008 – present: Deputy Director - Hoang Huy Investment Services Joint Stock Company

- ✓ Current titles at other organizations: No
- ✓ Number of shares: 0 share (accounting for 0% of total shares in circulation);
- ✓ Proportion of shares ownership of related persons: No
- ✓ Conflict of interest with the Company: No
- ✓ Debts to the Company: No
- ✓ Interests related to the Company: No
- ✓ Behaviors of law violation: No
- ✓ Remuneration and benefits related to the Company: Salary/Bonus of the Executive Board is paid in compliance with the company's salary regulation and the business performance of the Company.

**(3). Mr. Pham Van Man – Deputy Director**

- ✓ Full name: Pham Van Man
- ✓ Title: Deputy Director
- ✓ Gender: Male
- ✓ Date of Birth: 12/06/1945
- ✓ ID No.: 030008402 issued on 19/12/2007 in Hai Phong
- ✓ Place of Birth: Hop Duc – Kien Thuy - Hai Phong
- ✓ Nationality: Vietnam
- ✓ Ethnic Group: Kinh
- ✓ Home Town: Thai Binh
- ✓ Permanent Residential Address: 8/55 Nguyen Duc Canh, An Bien, Hai Phong
- ✓ Telephone: 0313782321
- ✓ Education Level: 10/10
- ✓ Professional education level: Management
- ✓ Working progress:

+ / T9/1967 – T4/1968: Leader of the Center for Wounded Soldiers and Social Affairs

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+/ T5/1968 – T12/1970: Officer in charge of reviewing list of wounded soldiers and martyrs - Ministry of Labour, Invalids and Social Affairs

+/ T1/1971 – 7/1973: Deputy Director of the Wounded Soldiers and Martyrs Department - Agency of Labour, Invalids and Social Affairs

+/ T10/1973 – 2/1979: Director of the Wounded Soldiers and Martyrs Department - Agency of Labour, Invalids and Social Affairs

+/ T3/1979 – 12/1984: Director of Ex-Serviceman Policy Department;

+/ T1/1985 – 2005: Director of Social Policy Department;

+/ 2005 – 2008: Retirement

+/ 2008 – nay: Deputy Director - Hoang Huy Investment Services Joint Stock Company

- ✓ Current titles at other organizations: No
- ✓ Number of shares: 0 share (accounting for 0% of total shares in circulation);
- ✓ Proportion of shares ownership of related persons: No
- ✓ Conflict of interest with the Company: No
- ✓ Debts to the Company: No
- ✓ Interests related to the Company: No
- ✓ Behaviors of law violation: No
- ✓ Remuneration and benefits related to the Company: Salary/Bonus of the Executive Board is paid in compliance with the company's salary regulation and the business performance of the Company.

**(4). Mr. Nguyen Trung Do - Deputy Director**

- ✓ Full name: Nguyen Trung Do
- ✓ Title: Deputy Director
- ✓ Gender: Male
- ✓ Date of Birth: 07/07/1973
- ✓ ID No.: 034073000604 issued on 25/11/2014 by Public Security Department for habitation registration and management and national data of residents
- ✓ Place of Birth: Thai Binh

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- ✓ Nationality: Vietnam
- ✓ Ethnic Group: Kinh
- ✓ Home Town: Tien Hai - Thai Binh
- ✓ Permanent Residential Address: 175 Vu Chi Thang, Le chan, Hai Phong
- ✓ Telephone: 0313782321
- ✓ Education Level: 12/12
- ✓ Professional education level: BA
- ✓ Working progress:
  - + / 2006 – 2007: Director of Import - Export Department - Hoang Thanh Trading and Production Company Ltd
  - + / 2008 – 2009: Director of Import - Export Department - Hoang Huy Investment Services JSC
  - + / 2009 – nay: Deputy Director - Hoang Huy Investment Services Joint Stock Company
- ✓ Current titles at other organizations: No
- ✓ Number of shares: 555 shares (accounting for 0.0005% of total shares in circulation);
- ✓ Proportion of shares ownership of related persons: No
- ✓ Conflict of interest with the Company: No
- ✓ Debts to the Company: No
- ✓ Interests related to the Company: No
- ✓ Behaviors of law violation: No
- ✓ Remuneration and benefits related to the Company: Salary/Bonus of the Executive Board is paid in compliance with the company's salary regulation and the business performance of the Company.

**13.3. Members of the Supervisory Board:**

- Mrs. Phung Thi Thu Huong - Head of the Supervisory Board
- Mr. Nguyen Trong Cuong - Member of the Supervisory Board
- Mrs. Bui Thi Tra - Member of the Supervisory Board

**(1). Mrs. Phung Thi Thu Huong - Head of the Supervisory Board**

- ✓ Full name: Phung Thi Thu Huong

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- ✓ Title: Head of Supervisory Board
- ✓ Gender: Female
- ✓ Date of Birth: 28/07/1970
- ✓ ID No.: 030963265 issued on 23/09/2009 in Hai Phong
- ✓ Place of Birth: Hai Phong
- ✓ Nationality: Vietnam
- ✓ Ethnic Group: Kinh
- ✓ Home Town: An Thang – Kien An – Hai Phong
- ✓ Permanent Residential Address: 329 Hai Ba Trung, Le chan, Hai Phong
- ✓ Telephone: 031 3782321
- ✓ Education Level: 12/12
- ✓ Professional education level: BA in economics
- ✓ Working progress:
  - + / 1997 – 1997: Accountant - Tan Thuan Company Limited
  - + / 1998 – 2002: General Accountant - Cuong Thinh Joint Stock Company
  - + / 2003-2007: General Accountant - Hoang Huy Trading Joint Stock Company
  - + / 2008 – present: Chief Accountant - Hoang Huy Investment Financial Services Joint Stock Company
  - + / 2010 – present: Head of Supervisory Board - Hoang Huy Investment Services JSC
- ✓ Current titles at other organizations: No
- ✓ Number of shares: 1113 shares (accounting for 0.001% of total shares in circulation);
- ✓ Proportion of shares ownership of related persons:
  - + / Phung Thi Hong Hoa (Relationship: younger sister): 8 shares (accounting for 0.000007% of total shares in circulation);
- ✓ Conflict of interest with the Company: No
- ✓ Debts to the Company: No
- ✓ Interests related to the Company: No

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- ✓ Behaviors of law violation: No
- ✓ Remuneration and benefits related to the Company: Remuneration and benefits for the Supervisory Board are paid based on the business results and efficiency of the Company and adopted by the General Shareholders' Meeting.

**(2). Mr. Nguyen Trong Cuong - Member of the Supervisory Board**

- ✓ Full name: Nguyen Trong Cuong
- ✓ Title: Member of the Supervisory Board:
- ✓ Gender: Male
- ✓ Date of Birth: 25/08/1976
- ✓ ID No.: 030953301 issued on 19/11/2010 in Hai Phong
- ✓ Place of Birth: Hai Phong
- ✓ Nationality: Vietnam
- ✓ Ethnic Group: Kinh:
- ✓ Home Town: Duc Hoa – Duc Tho - Ha Tinh
- ✓ Permanent Residential Address: 103/68 Ngo Quyen, Hai Phong
- ✓ Telephone: 031 3782321
- ✓ Education Level: 12/12
- ✓ Professional education level: BA in economics
- ✓ Working progress:
  - +/ 2000-2002: Technical staff - Hung Son Joint Stock Company
  - +/ 2003-2007: Deputy Director of Technical Department - Hoang Huy Trading Company Limited
  - +/ 2003-2007: General Accountant - Hoang Huy Trading Company Limited
  - +/ 2008 – present: Director of Business Department - Hoang Huy Investment Financial Services Joint Stock Company
  - +/ 2010 – present: Member of the Supervisory Board - Hoang Huy Investment Services JSC
- ✓ Current titles at other organizations: No
- ✓ Number of shares: 1113 shares (accounting for 0.001% of total shares in circulation);

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- ✓ Proportion of shares ownership of related persons:  
 +/- Tran Thi Thu Huong (relationship: wife): 19 shares (accounting for 0.000017% of total shares in circulation);
- ✓ Conflict of interest with the Company: No
- ✓ Debts to the Company: No
- ✓ Interests related to the Company: No
- ✓ Behaviors of law violation: No
- ✓ Remuneration and benefits related to the Company: Remuneration and benefits for the Supervisory Board are paid based on the business results and efficiency of the Company and adopted by the General Shareholders' Meeting.

**(3). Mrs. Bui Thi Tra - Member of the Supervisory Board**

- ✓ Full name: Bui Thi Tra
- ✓ Title: Member of the Supervisory Board:
- ✓ Gender: Female
- ✓ Date of Birth: 20/01/1975
- ✓ ID No.: 030985760, issued on 25/07/2008, Place of issuance: Hai Phong
- ✓ Place of Birth: Hai Phong
- ✓ Nationality: Vietnam
- ✓ Ethnic Group: Kinh
- ✓ Home Town: Tien Hai - Thai Binh
- ✓ Permanent Residential Address: 160/173 Hang Kenh – Le Chan – Hai Phong.
- ✓ Telephone: 031 3782321
- ✓ Education Level: 12/12
- ✓ Professional education level: BA in economics
- ✓ Working progress:  
 +/- 1999 - 2002: Accountant - Hai That Company Limited  
 +/- 2003- present: Accountant - Hoang Huy Investment Financial Services Joint Stock Company

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**HOANG HUY INVESTMENT SERVICES JOINT STOCK COMPANY**

- ✓ Current titles at other organizations: No
- ✓ Number of shares: 110 shares, accounting for 0,0009 % of total chartered capital
- ✓ Proportion of shares ownership of related persons: No
- ✓ Conflict of interest with the Company: No
- ✓ Debts to the Company: No
- ✓ Interests related to the Company: No
- ✓ Behaviors of law violation: No
- ✓ Remuneration and benefits related to the Company: Remuneration and benefits for the Supervisory Board are paid based on the business results and efficiency of the Company and adopted by the General Shareholders' Meeting.

#### **13.4. Chief Accountant**

##### **Mrs. Ho Thi Xuan Hoa – Chief Accountant**

- ✓ Full name: Ho Thi Xuan Hoa
- ✓ Title: Chief Accountant
- ✓ Gender: Female
- ✓ Date of Birth: 08/03/1974
- ✓ ID No.: 031478227 issued on 01/04/2008 in Hai Phong
- ✓ Place of Birth: Nghe An
- ✓ Nationality: Vietnam
- ✓ Ethnic Group: Kinh:
- ✓ Home Town: Quynh Luu – Nghe An
- ✓ Permanent Residential Address: 2B/35/430 Tran Nguyen Han, Le Chan, Hai Phong.
- ✓ Telephone: 0313782321
- ✓ Education Level: 12/12
- ✓ Professional education level: BA in economics
- ✓ Working progress:

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+/ 1995-2001: Accountant - Bach Dang Construction Corporation

+/ 2002-2007: Accountant - Ngo Quyen Construction Company

+/ 2008 – T4/2008: In charge of the Business Department - Hoang Huy Investment Financial Services Joint Stock Company

+/ T5/2008 – present: Chief Accountant - Hoang Huy Investment Services JSC

- ✓ Current titles at other organizations: No
- ✓ Number of shares: 555 share (accounting for 0.0005% of total shares in circulation);
- ✓ Proportion of shares ownership of related persons: No
- ✓ Conflict of interest with the Company: No
- ✓ Debts to the Company: No
- ✓ Interests related to the Company: No
- ✓ Behaviors of law violation: No
- ✓ Remuneration and benefits related to the Company: Salary/Bonus of the Chief Accountant is paid in compliance with the company's salary regulation and the business performance of the Company.

#### 14. ASSETS

**Table of assets as at 31/12/2014 (only mother company, no consolidated figures)**

*Unit: VND*

Items	Original cost	Accumulated depreciation	Remained value
<b><i>Tangible fixed assets</i></b>	<b><i>5,945,191,345</i></b>	<b><i>635,630,579</i></b>	<b><i>5,309,560,766</i></b>
Building & architectonic model	-	-	-
Equipment & machine	-	-	-
Transportation	5,601,974,547	414,445,087	5,187,529,460
Management Equipments	343,216,798	221,185,492	122,031,306
<b><i>Intangible fixed assets</i></b>	<b><i>-</i></b>	<b><i>-</i></b>	<b><i>-</i></b>
<b>Total fixed assets</b>	<b>5,945,191,345</b>	<b>635,630,579</b>	<b>5,309,560,766</b>

*(Source: Hoang Huy Investment Services Joint Stock Company)*

**Table of assets as at 30/06/2015 (mother company)**

*Unit: VND*

**THE PUBLIC OFFERING PROSPECTUS**  
**HOANG HUY INVESTMENT SERVICES JOINT STOCK COMPANY**

Items	Original cost	Accumulated depreciation	Remained value
<b>Tangible fixed assets</b>	<b>6,543,496,800</b>	<b>1,036,819,592</b>	<b>5,506,677,208</b>
Building & architectonic model	-	-	-
Equipment & machine	-	-	-
Transportation	6,200,280,002	794,506,055	5,405,773,947
Management Equipments	343,216,798	242,313,537	100,903,261
<b>Intangible fixed assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total fixed assets</b>	<b>6,543,496,800</b>	<b>1,036,819,592</b>	<b>5,506,677,208</b>

(Source: Hoang Huy Investment Services Joint Stock Company)

**Table of assets as at 30/06/2015 (consolidated)**

Unit: VND

Items	Original cost	Accumulated depreciation	Remained value
<b>Tangible fixed assets</b>	<b>11,436,824,073</b>	<b>1,580,522,624</b>	<b>9,856,301,449</b>
Building & architectonic model	-	-	-
Equipment & machine	-	-	-
Transportation	11,093,607,275	1,338,209,087	9,755,398,188
Management Equipments	343,216,798	242,313,537	100,903,261
<b>Intangible fixed assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total fixed assets</b>	<b>11,436,824,073</b>	<b>1,580,522,624</b>	<b>9,856,301,449</b>

(Source: Hoang Huy Investment Services Joint Stock Company)

## 15. PROFIT AND DIVIDEND PLAN FOR NEXT YEAR

### 15.1 Revenue - profit plan

**Table of consolidated revenue - profit plan in 2015**

Unit: VND mil

Indicators	Implemented in 2014	2015 Plan	
	Value	Value	% of increase/decrease compared to implemented figures in 2014
<b>Net revenue</b>	1,423,761	4,500,000	216.1%

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Indicators	Implemented in 2014	2015 Plan	
	Value	Value	% of increase/decrease compared to implemented figures in 2014
<b>Profit after tax</b>	135,853	550,000	304.8%
<b>Profit after tax/ Net revenue (%)</b>	9.54%	-	-
<b>Profit after tax/Shareholders' equity (%)</b>	21.83%	-	-
<b>Dividend payout rate</b>	20%	30%	10%

*(Source: Hoang Huy Investment Services Joint Stock Company)*

## 15.2 Rationale for the achievement of revenue, profit and dividend plan

- ✓ It is forecasted that the domestic economy in 2015 will gradually recover with the GDP growth rate of about 6%. Moreover, inflation has showed some signs of being well controlled and lower than the target of the Government. The World Monetary Fund (IMF) has assessment that Vietnam's economy has good potentiality to achieve a high growth rate in Asia in the coming time.
- ✓ The demand for cars of both people and enterprises to serve their business and production activity is increasing; Automobile import tax will be gradually decreased in line with the WTO integration roadmap of Vietnam by 2018. Besides, in recent years, the Government has issued macro-economic regulating policies in order to remove the difficulties in business and production, support the market, solve bad-debts...maintain the stability of exchange rates, and keep interest rates at a reasonable level. These advantages bring the automobile industry an opportunity to develop in the coming time.  
  
Taking the advantage of a veteran company in distributing medium and heavy trucks, Hoang Huy Investment Services Joint Stock Company will continue to maintain and further confirm its brand in the automobile industry, constantly expand and develop its products and services nationwide.
- ✓ The good business performance that the Company has achieved for the last 2 years will be the foundation for the Company to constantly try in all aspects.
- ✓ The Management Team of the Company who are passionate people with extensive experience in the financial and trading sector, and the group of employees who commit themselves to a long-relationship with the company will help the Company overcome all difficulties, together bring the Company to a next step of development;
- ✓ The housing development project for low income consumers at An Dong Commune, An

Duong District, Hai Phong City is being implemented and the Company expects to have additional revenue from selling apartments to low income people since 2015. . The Company evaluates that the project is feasible and in consistence with the direction, policy of the Party and the Government. Based on the joint-venture agreement between the Company and Prukca International Company Limited, Prukca Vietnam Company Limited has been established to develop the above project.

**16. ASSESSMENT OF THE CONSULTANCY ON THE REVENUE, PROFIT AND DIVIDEND PLAN**

Playing the role of a consultancy, Kim Long Securities Joint Stock Company would like to give our assessment on the revenue, profit and dividend plan in 2015 of Hoang Huy Investment Services Joint Stock Company after collecting information, analyzing the current business, operation, financial situation of Hoang Huy Investment Services Joint Stock Company. Kim Long Securities Joint Stock Company thinks that the estimated revenue and dividend plan in 2015 of Hoang Huy Investment Services Joint Stock Company is relatively appropriate and feasible if there is no abnormal fluctuation and event of force majeure affecting the business and operation activities of the Company.

*We would like to note that our comments are given from the point of view of a consultancy, based on the collection of selective information and theories about finance and securities, and does not imply any guarantee about the value of securities as well as the reliability of the forecasted data. These comments are for reference only and the investors will make the investment at their own discretion.*

**17. SCHEDULE TO LIST THE SHARES ON A ORGANIZED STOCK MARKET**

Currently, Hoang Huy Investment Services Joint Stock Company has been listed on the HSX with the code of HHS.

According to the capital increasing plan approved by the 2015 Extraordinary General Shareholders' Meeting, all the additional shares (*including the number of newly offered shares and the number of shares issued to pay dividends*) will be additionally deposited and listed right after the completion of the public offering. Schedule to bring the newly issued shares into transaction: Quarter III-IV/2015

**18. INFORMATION ABOUT THE UNIMPLEMENTED COMMITMENTS OF THE ISSUER**

The company is implementing the housing development project for low income people at An Dong Commune, An Duong District, Hai Phong City.

The Company has been granted the investment certificate No. 02121000342 dated 12 July 2010, being changed for the first time on 26 July 2010 to implement the low income housing development project at An Dong, An Duong, Hai Phong with the total investment of VND 949,573,000,000 (including the equity of

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VND 277,998,000,000, loans and self-mobilized capital of VND 672,575,000,000); the Planning Certificate No. 143/CCQH dated 25 October 2010 issued by the Department of Construction of Hai Phong City, accordingly the project areas to be used are 21.15 hectares.

The People's Committee of Hai Phong City has granted the Investment Certificate No. 021022000215 dated 02 January 2013 approving the establishment of Pruksa Vietnam Company limited, the Certificate was adjusted for the 1st time on 11 February 2015. At the end of December 2014, the work of land clearance was officially completed.

On 13 July 2015, the Company received the Decision No.1614/QD-UBND of the People' Committee of Hai Phong City on land acquisition, land delivery, land leasing to implement the low income housing development project that the Company is the project owner.

Here is some information about the project:

a. Project Area: 20.1 ha (phase 1)

b. Size of project:

- ✓ 480 apartments in 5-storey buildings
- ✓ 1,719 apartments in 3-storey buildings
- ✓ 11 resettlement apartments other ancillary buildings (kindergartens, schools, hospitals, supermarkets, entertainment areas and other utility works).

c. Total investment: VND 1,029,000,000,000.

d. Project progress:

- ✓ In 2014 Completing land clearance and preparation activities for the investment
- ✓ In 2015 600 apartments are expected to be completed, sold and put into utilization
- ✓ In 2016 more 1,000 apartments are expected to be completed and put into utilization
- ✓ In 2017, the rest of works is expected to be completed and put into utilization.

**19. THE INFORMATION, DISPUTE AND LAWSUIT RELATED TO THE COMPANY WHICH MAY AFFECT THE OFFERING PRICE (if any):**

No

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**PART V. SHARES TO BE OFFERED**

- 1. Type of share:** **Common shares**
- 2. Denomination:** **VND 10,000/share**
- 3. Total amount of shares to be offered:** **122,095,112 shares**
  - Of which: + Paying dividends to existing shareholders (10:1): 11,099,555 shares
  - + Offering new shares to existing shareholders (1:1): 110,995,557 shares
- 4. Offering price:** **VND 11,000/share**
- 5. Pricing method:**

According to the decision of the General Shareholders' Meeting of Hoang Huy Investment Services Joint Stock Company, the price offered to the existing shareholders is VND11,000/share.

***Rationale for calculating the offering price:***

The book value of 01 HHS share as at 30/06/2015 is:

$$\begin{array}{rclcl} \text{Book value} & & \text{Shareholders' equity -} & 1,503,725,854,394 - & \\ \text{of 01 share} & & \text{Benefits of non-control} & 1,325,637,521 & \\ & & \text{shareholders} & & \\ = & \frac{\quad}{\text{Total of shares in circulation}} & = & \frac{\quad}{110,995,557} & = \text{VND 13,535/share} \end{array}$$

Market price of shares on the ex-rights date to finalize the list of shareholders to attend the 2015 Extraordinary General Shareholders' Meeting (18 May 2015) is VND 22,800/share.

However, by taking into account the influence of the market and the dilution degree of the share price after offering, the Board of Directors proposed the share price offered to its existing shareholders at VND 11,000/share and the proposal has been approved by the 2015 Extraordinary General Shareholders' Meeting.

**6. Method of distribution:**

The share offering will be divided into two parts, including Part one: Issuing shares to make the advance payment for the dividend in 2015 to existing shareholders by using the method of rights execution with the ratio of 10:1 (*it means that each shareholder who hold 10 shares will receive 01 new share*) and Part Two : Offering new shares to the existing shareholders by using the method of rights execution with the ratio of 1:1 (*it means that each shareholder who holds 01 share is entitled to buy 01 new share at the price of VND 11,000/share*). Specifically:

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No.	METHOD OF DISTRIBUTION:	METHOD OF IMPLEMENTATION:	NUMBER (share)	PROPORTION (%)
Part 1.	Issuing shares to advance dividends to the existing shareholders	<p>The method of rights execution with the ratio of 10:1 (each shareholder who holds 01 share will receive 01 right of receiving dividend in share, each shareholder who holds 10 rights of receiving dividend in shares will receive 01 new share).</p> <p><u>For example:</u> On the day to finalize the list of shareholders, a shareholder who holds 117 HHS will receive <math>117 \times 10\% = 11.7</math> shares issued to pay dividend, which is rounded down to 11 shares. Accordingly, a shareholder who owns 117 shares will receive 11 shares issued to pay dividend. 0.7 odd shares will be canceled.</p>	11,099,555	9.09%
Part 2.	Offering new shares to existing shareholders	<p>The method of rights execution with the ratio of 1:1 (each shareholder who holds 01 share will receive 01 right of buying new shares, each shareholder who holds 01 rights of buying new shares is entitled to buy 01 new share).</p> <p><u>For example:</u> On the day to finalize the list of shareholders, a shareholder who holds 117 HHS is entitled to buy <math>117 \times 1 = 117</math> newly issued shares. Accordingly, a shareholder who owns 117 shares is entitled to buy 117 newly issued shares.</p>	110,995,557	90.01%
	<b>TOTAL</b>		<b>122,095,112</b>	<b>100.00%</b>

**7. Time to distribute shares:**

The distribution of shares is expected to be performed by the Company within 90 days since the Company received the Public Offering Certificate issued by the State Securities Commission of Vietnam.

Steps of offering of shares will be made as follows:

No.	TASKS	TIME OF IMPLEMENTATION
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No.	TASKS	TIME OF IMPLEMENTATION
1	Receiving the Public Offering Registration Certificate issued by the State Securities Commission of Vietnam.	D
2	Determining the date to finalize the list of shareholders and informing Vietnam Securities Depository Center (VSD), Ho Chi Minh Stock Exchange (HOSE) to implement the securities offering and payment of dividend in shares to the existing shareholders. .	D to D+2
3	Performing information disclosure about the offering on 01 electronic newspapers or newspapers in 03 consecutive editions	D to D+7
4	The ex- rights date.	D + 10
5	Final registration date	D+12
6	Collaborating with VSD to allocate the rights of receiving dividend in shares and buying shares and informing about the rights of receiving dividend in shares and buying shares to the depository members and the shareholders who has not made securities depository yet.	D+19 to D+26
7	The existing shareholders register, transfer their rights of buying shares and pay for the purchase.	D+20 to D+40
8	Synthesizing the payment of dividend in shares, the implementation of purchase rights of the existing shareholders.  Preparing and submitting the proposal to the Board of Directors to decide the solution for handling the odd number of shares and the number of unsold shares ( <i>if any</i> ).	D+41 to D+50
10	Handling the odd number of shares and the number of unsold shares ( <i>if any</i> ).	D+50 to D+51
11	<ul style="list-style-type: none"> <li>– Reporting the SSC about the results of the offering</li> <li>– Submitting the dossier of additional depository and additional listing registration.</li> </ul>	D+52
12	Receiving the Certificate of additional depository and the Certificate of additional listing	D+62
13	Making press release about additional listing.	D+63

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No.	TASKS	TIME OF IMPLEMENTATION
14	Returning the certificate of ownership of shares to the shareholders whom have not made securities depository yet.	D+53 to D+64
15	Transacting additional issued shares	D+65

**8. Registering, transferring and exercising the right of buying shares :**

Within 20 days since the purchase rights become effective, shareholders in the list of final ownership will register to exercise their purchase rights and deposit money by the approved purchase ratio. Shareholders open their accounts and make securities depository at which depository member will register to exercise their purchase rights and deposit money to buy shares at such depository member. Shareholders who has not made securities depository will register to exercise their purchase rights at the Company and deposit money into the blocked account (*details of the blocked account specified at Item V.14.*).

**8.1. Rights of buying transferable shares:**

*Principle of transferring:* The owners of the purchase rights are entitled to transfer their rights to other people but the transference can be done for 01 (*one*) time (*the transference to the third person is not allowed*).

*Procedures for transferring the purchase rights:* Shareholders who own the purchase rights will look for partners and negotiate the transfer agreement by themselves(*if have the demand*). Shareholders who have made securities depository will perform the transfer of their purchase rights at the Depository Member where they open their accounts. Shareholders who have not made securities depository will perform the transfer of purchase rights at the Head Office of HHS.

*Disclosure of information about the transfer/ receiving of purchase rights:* Internal shareholders (*including members of the BOD, members of the Executive Board, members of the Supervisory Board, Chief Accountant, person in charge of information disclosure*) need to disclose information about the transfer/receiving purchase rights in compliance with current regulations stipulated at the Circular No. 52/2012/TT-BTC.

**8.2. Time to implement the transference of the purchase rights.**

Time for the shareholders to implement the transfer of their purchase rights (*if required*) is 18 days since the day of distributing the purchase rights.

Notes: *During the period of exercising the purchase rights, if the shareholders don't execute their rights,*

*they will lost the rights to buy new shares without receiving any compensation from HHS.*

**9. Handling the remaining shares after the offering**

- \* The number of shares issued to pay dividends will be rounded down to the units. Number of odd shares (*if any*) in case of paying dividend in shares will be canceled and not be issued,
- \* The number of additional shares offered to the existing shareholders will be rounded down to the units. Regarding the arising odd shares (*if any*) due to the rounding of offered shares, and the unsold shares arising because the shareholders don't register to execute their purchase rights, the target objects of buying such shares and the quantity of shares to be distributed will be decided by the BOD in order to bring the best efficiency to the Company. The selling price of such unsold shares, odd shares may be lower than their book value at the offering time but not lower than VND 11,000/share.

In case of necessity, the BOD will ask the SSC for the extension of time to distribute securities but the maximum days will not exceed 30 days. In case that the extended time ends, but the offered shares are not still sold out, the remaining unsold shares will be considered as not being issued, as the results, the total number of shares of this offering will be reduced by a corresponding amount.

**10. Limit on the ownership proportion of foreigners**

The Company's charter of organization and operation does not limit the ownership proportion of foreigners.

The ownership proportion of foreigners at the Company will be complied with the Decree No. 60/2015/ND-CP. The circular detailing the implementation of this Decree is developing by the governmental management agencies.

**11. Restrictions related to the transfer**

*Restrictions related to the transfer of the rights:*

- \* The right of receiving dividends in shares is not transferable.
- \* The right of buying transferable shares is allowed but the transfer can be done for the only 1 time within a certain regulated period (*can not transfer to the third party*).

*Restrictions related to the transfer of shares:*

All the shares issued to pay dividends and the new shares offered to existing shareholders in this offering are common shares with no restrictions of transferring.

**12. Related taxes**

**Taxes related to securities investment activities**

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***Personal Income Tax***

Regarding the transfer of securities and the rights of buying newly offered shares: will be implemented under the Law No. 26/2012/QH13 dated 22/11/2012 amending and supplementing some articles of the Law on Personal Income Tax.

**Taxes related to business and operation activities of the Company**

***Corporate Income Tax***

Pursuant to the Decision No.2206/QD-UBND of the People's Committee of Hai Phong city dated 22/12/2008 on the recognition of the business and operation unit of disabled people and the Decree No.122/2011/ND-CP dated 27/12/2011, the Company enjoy a tax exemption for its core business lines under the tax exemption condition of " production and business establishments of disabled people "the business and operation unit of disabled people."

***Added value tax applicable to imported goods***

Added value tax applicable to imported goods Tax rate of 10% for all type of goods

***Import tax rate for each type of products as follows:***

No.	Name of group of products	Type of Product	Import Tax (%)
1	Cargo vans	Model 260HP, 300HP ...	15%
		Model 230HP	15%
2	Dump Truck	Dump Truck 300HP, 340HP, 375HP	10%
		Dump Truck below 8 tons	30%
3	Cement and fuel truck	180HP, 260HP, 300HP	15%
4	Concrete mixer trucks:	340HP, 340 HP tank 8m3 and tank 9m3	15%

*Source: Hoang Huy Investment Services JSC*

Notes: HP is the abbreviation of Horse Power

**13. Registering Depository and additional listing of the offered shares**

Hoang Huy Investment Services Joint Stock Company commits to register to perform the securities depository and list all additional offered shares after completing the public offering in compliance with legal regulations.

**14. Blocked account to receive money to buy shares**

Account name: Hoang Huy Investment Services Joint Stock Company (Blocked account in VND)

Account number: 43603600055027046688

Bank: Lien Viet Post Joint Stock Commercial Bank, Hai Phong Branch

**THE PUBLIC OFFERING PROSPECTUS**  
**HOANG HUY INVESTMENT SERVICES JOINT STOCK COMPANY**

**PART VI. PURPOSE OF OFFERING**

The offering of shares in 2015 to increase chartered capital of Hoang Huy Investment Services Joint Stock Company is implemented in accordance with the Resolution No.02/2015/NQ-ĐHĐCĐ of the 2015 Extraordinary General Shareholders' Meeting dated 25/06/2015. Accordingly, the purpose of this offering is to supplement working capital. Being authorized by the GSM, the BOD of the Company has developed the plan for using the mobilized fund from the offering, detailed at the Part VII below.

**PART VII. PLAN FOR USING THE MOBILIZED FUND FROM THE OFFERING**

The expected amount of fund mobilized from the offering of Hoang Huy Investment Services JSC is VND 1,220,951,127,000. Specifically:

No.	Contents	Number of shares	Value by denomination (VND thousand)	Amount of money to be collected (VND thousand)
1	<b>Before offering</b>	110,995,557	1,109,955,570,000	
2	<b>Estimated offering</b>	122,095,112	1,220,951,120,000	1,220,951,127,000
2.1	<i>Paying dividends in shares</i>	<i>11,099,555</i>	<i>110,995,550,000</i>	<i>0</i>
2.2	<i>New offering (The offering price: VND 11,000/share)</i>	<i>110,995,557</i>	<i>1,109,955,570,000</i>	<i>1,220,951,127,000</i>
3	<b>Chartered capital after issuance</b>	233,090,669	2,330,906,690,000	
4	<b>Total estimated mobilized fund from the offering</b>			<i>1,220,951,127,000</i>

**Plan for using the mobilized fund from the offering**

No.	Purpose of fund utilization	Amount of investment(VND)	Proportion (%) of the mobilized fund
1	Supplementing working capital for import payment and transaction activities	1,220,951,127,000	100%
	<b>Total</b>	<b>1,220,951,127,000</b>	<b>100%</b>

Pursuant to the Resolution No. 11/NQ-HĐQT of the Board of Directors of HHS dated 15/07/2015, the expected plan for using the mobilized fund from this offering as follows:

**THE PUBLIC OFFERING PROSPECTUS**  
**HOANG HUY INVESTMENT SERVICES JOINT STOCK COMPANY**

<b>No.</b>	<b>Purpose of fund utilization</b>	<b>Amount of investment(VND)</b>
<b>1</b>	To supplement working capital to import Ben trucks with 2 drive wheels, 8 tons	227,890,000,000
<b>2</b>	To supplement working capital to import Ben trucks with 3 drive wheels	120,500,000,000
<b>3</b>	To supplement working capital to import Chassis 315 Central Bridge 5050	250,600,000,000
<b>4</b>	To supplement working capital to import tractors L375 Bridge, 7 tons	180,560,000,000
<b>5</b>	To supplement working capital to import Chassis trucks, 3 drive wheels C260	85,053,000,000
<b>6</b>	To supplement working capital to import Chassis trucks, 2 drive wheels B190	76,000,000,000
<b>7</b>	To supplement working capital to import Chassis trucks, 2 drive wheels B170	256,000,000,000
<b>8</b>	To supplement working capital to import other type of cars and spare parts	24,348,127,000
	<b>Total</b>	<b>1,220,951,127,000 (*)</b>

(\*) The actual investment amount will depend on the actual mobilized fund from the offering

**PART VIII. PARTNERS RELATED TO THE OFFERING**

**1. CONSULTANCY: KIM LONG SECURITIES JOINT STOCK COMPANY - KLS**



Head Office: 22 Thanh Cong, Ba Dinh, Hanoi  
Telephone: +84.(84) 3772 6868 Fax: (84-4) 3772 6131  
Hochiminh City Branch: 2F, Center Tower Building, 72-74 Nguyen Thi Minh Khai,  
District 3, HCMC; Telephone: (84-8) 3823 3923; Fax: (84.8). 3827/7380

**2. AUDITOR: VACO AUDITING COMPANY LIMITED - HAIPHONG BRANCH**



Address: No. 499, Quan Toan, Hong Bang, Hai Phong  
Telephone: (84-31) 3534 655; Fax: (84-31) 3534 316  
Website: <http://www.vaco.com.vn/>

**3. OPINION OF THE CONSUTANCY ABOUT THE OFFERING**

The target buyers of this offering to increase chartered capital in 2015 of HHS are the existing shareholders of the Company with the offering price of VND11, 000/share (much lower than the market price of shares of HHS); this offering of HHS has high potentiality of success.

Performing the role as the consultancy of HHS, we think that the successful implementation of this offering will help HHS mobilize the amount of cash of VND 1,220,951,127,000. This will create an impact on the financial situation and corporate value of HHS on some following aspects:

- \* Increasing the current ratio, quick ratio, cash ratio of HHS. However, this will bring not many meanings because the existing ratios of HHS are really at a very good level. The company has no outstanding loans to supplement its capital, no capital appropriation from customers, at the same time, maintain a quick inventory turnover;
- \* The capital increase will make a change to the capital structure of HHS by increasing the proportion of equity in the total capital amount of the Company, while reducing the financial leverage ratio. Such safe capital structure helps the Company mitigate its financial risks, however, reduce the efficiency of capital use.. This issue is reflected by the shares dilution, making earnings per share decrease in comparison with the scenario of not raising capital. *(Details have been presented in Part of Shares Dilution Risks).*

We would like to note that our comments (*including opinions and other comments and assessment in this Prospectus*) are given from the point of view of a consultancy, based on the collection of selective information and theories about finance and securities, and does not imply any guarantee about the value of securities as well as the reliability of the forecasted data. These comments are for reference only and the investors will make the investment at their own discretion.