

The English version of the prospectus is not an official translation. It is for information purpose only. The equitization steering committee and Vietnam National Construction Consultants Corporation (VNCC) recommend investors to read carefully the information in this Prospectus and auction regulations before auction subscription.

PROSPECTUS

INITIAL PUBLIC OFFERING OF SHARES OF PARENT COMPANY VIETNAM NATIONAL CONSTRUCTION CONSULTANTS CORPORATION ONE MEMBER LIMITED LIABILITY COMPANY



❖ **THE AUCTIONEER**

HANOI STOCK EXCHANGE

2 Phan Chu Trinh, Hoan Kiem District, Hanoi, Vietnam

Tel: 04.39412626

Fax: 04.39347818



❖ **THE ISSUER**

PARENT COMPANY- VIETNAM NATIONAL
CONSTRUCTION CONSULTANTS CORPORATION - ONE
MEMBER LIMITED LIABILITY COMPANY (VNCC)

243 De La Thanh, Lang Thuong Ward, Dong Da District,
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❖ **THE ADVISOR**

VIETCAPITAL SECURITIES

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May, 2016

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INFORMATION ABOUT THE INITIAL PUBLIC OFFERING OF PARENT COMPANY-VIETNAM NATIONAL CONSTRUCTION CONSULTANTS CORPORATION (VNCC)

Total number of shares for IPO	:	6,806,368 shares, accounting for 19.03% chartered capital
Type of share issued	:	Common stock
Par value	:	10,000 VND
Starting price	:	10,050 VND
Share offering method	:	Initial public offering of 100% state-owned enterprise by auction method
Auction method	:	According to "IPO Auction regulation of Parent company- Vietnam National Construction Consultants Corporation- One Member Limited Liability company" promulgated by Hanoi Stock Exchange
Minimum number of shares subscribed to buy	:	100 shares
Maximum number of shares	:	6,806,368 shares
Subscription quantity	:	Multiple of 100
Incremental bidding price:	:	100 VND (one hundred VND)
Deposit:	:	10% total value of shares subscribed to buy at starting price

EXPECTED CHARTER CAPITAL STRUCTURE

No	Shareholder	Number of shares	Par value (VND)	Percentage of charter capital
1	State	18,244,968	182,449,684,800	51%
2	Employees	1,779,500	17,795,000,000	4.97%
2.1	Employees purchase incentive shares based on number of working years (100 shares per year)	418,800	4,188,000,000	1.17%
2.2	Employees purchase incentive shares based on committed working year (200 shares per year)	347,200	3,472,000,000	0.97%
2.3	Employees who are high - qualified purchase incentive shares (500 shares per year)	1,013,500	10,135,000,000	2.83%



3	Initial public offering	6,806,368	68,063,675,200	19.03%
4	Strategic investors	8,943,612	89,436,120,000	25%
	Total	35,774,448	357,744,480,000	100%

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PART 1: GENERAL INFORMATION

1. LEGAL FRAMEWORK

1.1 Legal framework for state owned company equitization

- Enterprise Law No 68/2014/QH13 promulgated by the Eighth session of Thirteenth National Assembly of the Socialist Republic of Vietnam on Nov 26th 2014;
- Securities Law No 70/2006/QH11 promulgated by the Ninth session of Eleventh National Assembly of the Socialist Republic of Vietnam on Jun 29th 2006;
- Amendment of Securities Law No 62/201/QH12 promulgated by the Eighth session of Twelfth National Assembly of the Social Republic of Vietnam on Nov 24th 2010;
- Decree No 58/2012/NĐ-CP dated Jul 20th 2012 of the Government regulating instructions on the implementation of Securities Law and Amendment of Securities Law;
- Decree No 59/2011/NĐ-CP dated Jul 18th 2011 of the Government about transforming a 100% state-owned company into a joint-stock company (Decree No 59);
- Decree No 189/2013/NĐ-CP dated Nov 20th 2013 of the Government amending and supplementing a number of articles of Decree No 59 (Decree No 189);
- Decree No 116/2015/NĐ-CP dated 11/11/2015/NĐ-CP modifying and supplementing some articles of Decree No 59;
- Resolution No 15/NQ-CP dated Mar 6th 2014 of the Government on solutions to speeding up equitization and withdrawal of state capital from enterprises (Resolution No 15);
- Decision No 51/2014/QĐ-TTg dated Sep 15th 2014 of the Government about some contents on capital withdrawal, sale of share, transaction registration, and listing on the stock market of state-owned enterprises;
- Circular No 127/2014/TT-BTC dated Sep 5th 2014 of the Ministry of Finance about instructing on enterprise valuation when transforming a 100% stated-owned company into a joint-stock company (Circular No 127);
- Circular No 196/2011/TT-BTC dated Dec 26th 2011 of the Ministry of Finance guiding the initial sale of shares and the management and use of proceeds from the equitization of enterprises with 100% state capital into joint-stock companies (Circular No 196);
- Decree No. 63/2015/ND-CP dated July 22, 2015 of the Government providing the policies towards redundant employment in accordance with the restructuring of state-owned one member limited companies;
- Circular No 33/2012/TT-BLĐTBXH dated Dec 24th 2010 of Ministry of Labor-Invalids and Social Affairs on guiding the implementation of policies towards laborers according to Decree No 59/2011/NĐ-CP dated Jul 18th 2011 of the Government of transforming a 100% state-owned company into a joint-stock company;

- Decision No 21/2012/QĐ-TTg dated May 10th 2012 of the Prime Minister promulgating the regulation on management and use of fund for support of enterprise development and structuring;
- Circular No 184/2012/TT-BTC dated Oct 25th 2012 of the Ministry of Finance about guiding on some contents of regulation on management and use of fund for support of enterprise development and structuring, issued together with Decision No 21/2012/QĐ-TTg dated May 10th 2012 of the Prime Minister;

1.2 Legal framework of equitization for Vietnam National Construction Consultants Corporation

- Document No 1101/BXD-QLDN dated 29/5/2014 of the Ministry of Construction about equitization plan of state-owned enterprises under the management of the Ministry of Construction;
- Decision No 416/QĐ-BXD dated April 14th 2015 of the Ministry of Construction about supplementing member to equitization steering committee of Vietnam National Construction Consultants Corporation;
- Decision No.728/ QĐ-BXD dated June 23th 2015 of the Ministry of Construction about changing member of equitization steering committee of Vietnam National Construction Consultants Corporation;
- Decision No 1175/QĐ-BCĐ dated Sep 23th 2014 of the Ministry of Construction about establishing supporting group for equitization steering committee of Vietnam National Construction Consultants Corporation;
- Decision No 1365/QĐ-BXD dated Nov 14th 2014 of the Ministry of Construction about approving equitization plan of Vietnam National Construction Consultants Corporation;
- Document No 3100/BXD-QLDN dated Nov 28th 2014 of the Ministry of Construction about approving cost estimation for equitization and equitization advisor selection of Vietnam National Construction Consultants Corporation;
- Decision 728 / QĐ-BXD dated Jun 23th 2015 of the Ministry of Construction about changing members of the Equitization Steering Committee of the Corporation: Construction Machinery Corporation, Housing and Urban Development Corporation, Vietnam National Construction Consultants Corporation;
- Decision No. 980/QĐ-BXD dated Aug 25th 2015 of the Ministry of Construction on the enterprise value for the equitization of Vietnam National Construction Consultants Corporation at 0h 01/01/2015;
- Document No. 15/BXD dated Nov 2nd 2015 about the Ministry of Construction's state shares in VNCC;

- Service Contract No. 13/2015/HD-TVHN.VCSC (Number 46/TVXD/VNCC/2015) dated Apr 08th 2015 between Vietnam National Construction Consultants Corporation and VietCapital Securities Jsc.
- Decision No. 100/QĐ-TTg dated Jan 14th 2016 by the Prime Minister on approving the equitisation plan, and conversion into a joint stock company for Vietnam National Construction Consultants Corporation;
- Decision No. 327/QĐ-BXD dated April 04th 2016 by the Ministry of Construction on initial public offering of shares of Parent Company – Vietnam National Construction Consultants Corporation.
- Contract.....HNX and VNCC
- Other relevant documents.

2. PARTIES RESPONSIBLE FOR THE CONTENT OF THE PROSPECTUS

2.1 Representative of VNCC Equitization Steering Committee

- **Mr. Dau Minh Thanh** Director of Enterprise Management Department – Ministry of Construction

2.2 Representative of Issuer

- **Ms. Nguyen Thi Duyen** Chairperson of the Members' Council of VNCC
- **Mr. Dang Kim Khoi** Member of the Members' Council, General Director of VNCC

We are committed to all the information and data related to Vietnam National Construction Consultants Corporation in this prospectus is completely honest, accurate, sufficient and consistent with the actual situation of the corporation and compliant with provisions of the law on equitization.

2.3 Representative of Advising Organization

- **Mr Nguyen Quang Bao** Deputy General Director of Viet Capital Securities Jsc.

(According to Authorization Letter No. 07/2015/QĐ.VCSC dated 01/07/2015 of Viet Capital Securities Jsc. authorizing Deputy General Director to sign on behalf of the General Director)

The evaluation and selection of words used in this prospectus were performed in a reasonable and prudent manner by Viet Capital Securities Jsc. based on information and data provided by Vietnam National Construction Consultants Corporation. We ensure that

the steps taken and the content of the information comply with the order required under the provisions of the law, but does not intend to guarantee the value of the securities.

3. DEFINITIONS AND ABBREVIATIONS

List of abbreviations in the Prospectus:

Corporation	: Parent company-Vietnam National Construction Consultants Corporation
VNCC	: Vietnam National Construction Consultants Corporation
VCSC	: Viet Capital Securities
The Advisor	: Viet Capital Securities
TNHH	: Limited Liability
MTV	: Single Member
CBCNV	: Employees
TSCĐ	: Fixed assets
BCTC	: Financial report
GTDN	: Enterprise value
LNTT	: Profit before taxes
LNST	: Profit after taxes

4. PROSPECTIVE DECLARATION

The prospectus presents some declarations with prospective nature, intentions, trust, expectations and predictions from VNCC about the future, especially in the "Corporation development directions after equitization ". In essence, these statements with prospective nature contain risks and are not guarantee to take place in the future.

Besides other things, the declarations presented in this prospectus include statements regarding:

- The organizational structure of VNCC after equitization;
- Regulatory environment and general potentials of the construction consultancy sector in Vietnam;
- The cooperation and relationships of VNCC with strategic investors and the ability of investors to support VNCC strategic business development and the reform of corporate governance implementation;
- VNCC's business development strategies and plans to implement these strategies;
- VNCC business plan for the period of 2016-2018.

In addition, the declarations of financial condition, objectives and strategies, restructuring organization and operation model, the operating and management apparatus, business directions after equitization, plans and solutions of VNCC also claimed a prospective nature. In some cases, VNCC uses words such as "will", "trust", "anticipate", "expect",

"intend", "may", "plan", "likely", "risk", "should", "might" and other similar words to identify the prospective nature of some declarations. Although VNCC believes that the predictions reflected in the declarations with prospective nature are reasonable but VNCC cannot guarantee that they will be proved to be correct.

Except when required to disclose information under the provisions of the law on joint stock companies, public companies and listed companies later, VNCC is under no obligation to update, publicize or revise declarations with prospects presented in this prospectus, whether the cause may stem from new information, events occur in the future or other reasons or not. Investors should note this warning statement when considering the declarations with prospect presented in this prospectus.

PART 2: ENTERPRISE SITUATION BEFORE EQUATIZATION

1. GENERAL INFORMATION OF THE EQUITIZED COMPANY

1.1 General introduction

- Vietnamese name : TỔNG CÔNG TY TƯ VẤN XÂY DỰNG VIỆT NAM
- English name : VIETNAM NATIONAL CONSTRUCTION CONSULTANTS CORPORATION
- Abbreviated name : VNCC
- Head office : 243 De La Thanh, Lang Thuong Ward, Dong Da District, Hanoi
- Landline : (84-4) 37667463
- Fax : (84-4) 37667464
- Website : www.vncc.vn
- Logo : 
- Business registration certificate : No. 0100105278 issued by Hanoi Department of Planning and Investment on December 31st 2010 with the 1st change registration on March 24th 2014

1.2 Establishment and historical development

- Founded in April 1955, VNCC is the core unit in surveying, designing buildings and projects of national importance with different names over periods: Bureau of Civil Design, Institute of Architectural Design, Institute of Civil Design, Institute of Urban and Rural Construction, Institute of Housing and Public Building Design, Vietnam National Construction Consultants.
- On 21/07/2006, the Minister of Construction issued Decision No. 1061/QĐ-BXD establishing the Vietnam National Construction Consultants Corporation, on the basis

of restructuring Consultants under the management of the Ministry of Construction, operating under the model of parent company - subsidiary consisting of the parent company and 08 subsidiaries. In 2008, it includes the parent company and 09 subsidiaries.

- By 2010, the Parent Company - VNCC converted its model to operate as a Single Member Limited Liability Company according to the Decision No. 744/QĐ-BXD dated 22/7/2010 of the Minister of Construction.

1.3 Business activities

According to the Certificate of business registration No. 0106000814 issued the first time by Hanoi Department for Planning and Investment dated Dec 31st 2010, with the first change registration on Mar 24th 2014, the current licensed business activities of Vietnam National Construction Consultants Corporation include:

Provision of investment and construction consultancy services including turnkey/EPC type of contracts (planning, design, provision of equipment, materials and construction) in the area of architecture, civil, industrial, transport, irrigation, urban infrastructure, industrial zones, water supply and drainage, environmental hygiene, ports, electricity works, nuclear power which cover the following scope of works:

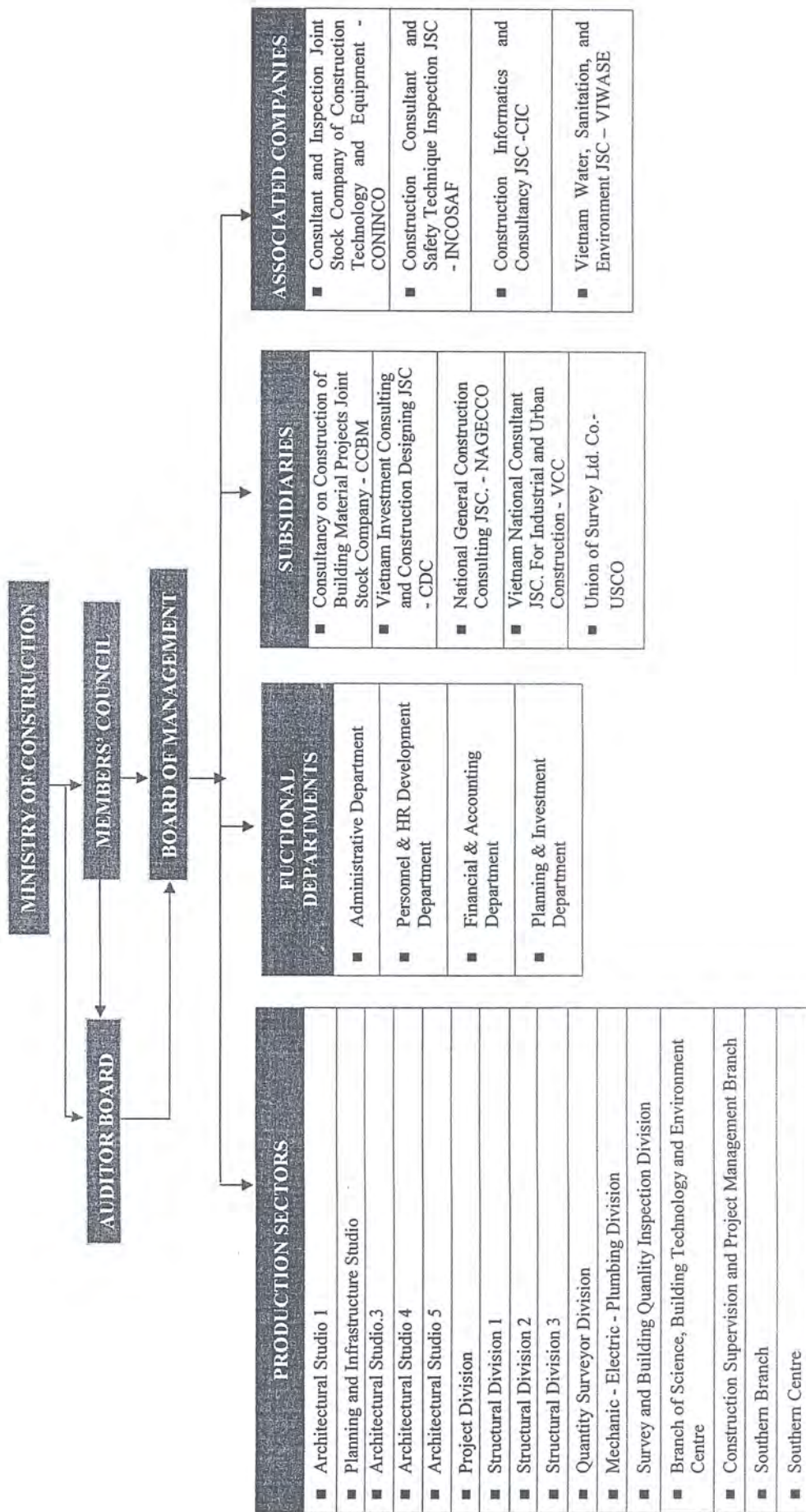
- Setting up and reviewing technical & economic reports, investment reports and construction investment projects; Urban & rural planning design;
- Setting up and reviewing technical design, detailed design documents, cost estimate for buildings and infrastructure works;
- Bidding consultancy; construction project management; construction supervision and equipment provision and installation;
- Consulting, designing and reviewing power networks and 220kv transformer stations, power systems, acoustic system, telecommunication, building control, ventilation and heating, air condition and treatment; surveying lighting protection and gas systems;
- Consulting, designing and reviewing nuclear power works; traffic works, irrigation works, ports and bridges;
- Consulting and designing fire alarm, fire fighting systems, and security equipment, interior and exterior decoration for buildings;
- Consulting and designing termite protection for buildings;
- Designing information system for communication works, telecommunication works;
- Consulting and designing indoor & outdoor water supply and drainage system, water and solid waste treatment;

- Consulting and designing cultural and sport works;
- Organizing competition and selection of architectural scheme;
- Consulting and setting up the quality management system according to ISO-9000;
- Providing services of social investigation about rural and construction works;
- Construction quality checking; testing soil, stone, water, ground, foundation piles and construction materials;
- Construction survey; measurement survey, topographic map measurement and drawing; settlement and inclination measurement; measuring movement and positioning works;
- Checking and certifying the quality conformance of works
- Evaluating environmental impact;
- Executing other civil and industrial works;
- Executing, installation of water supply & drainage pipeline;
- Foundation treatment;
- Interior and exterior decoration;
- Investment, business in office for lease, property business;
- Training, developing human resources in field of construction consultancy and granting training certificates in field of construction consultancy;
- Scientific study, studying and developing technology in field of planning, architecture and construction;



1.4 Organizational structure of VNCC on 7/04/2016

Table 1: Organizational structure of VNCC at 7/04/2016



Management and organizational structure of VNCC is as follows:

- a) Members' Council;
- b) Auditor;
- c) General Director;
- d) Deputy General Directors;
- e) 04 Functional Departments
- g) Production Sectors: Architectural Studios 1,3,4,5; Structural Divisions 1,2,3; Project Division; Planning and Infrastructure Studio; Quantity Surveyor Division; Mechanic - Electric - Plumbing Division; Survey and Building Quantity Inspection Division; Branch of Science, Building Technology and Environment Centre; Construction Supervision and Project Management Branch; Southern Branch, Southern Centre.
- h) Party Committee Office, Unions Office, Youth League Office.
- i) 05 subsidiaries.
- k) 04 associated companies.

1.4.1 VNCC

VNCC is a 100% State Owned Company under the management of Ministry of Construction. Thus, VNCC does not have a parent company.

1.1.1. Subsidiaries and associated companies

Table 2: List of Subsidiaries and Associated Companies

No	Unit name	Charter capital	Paid up capital by VNCC	Capital per results of enterprise value determination	Capital contribution rate (%)	Core business activities
	<u>A-Subsidiaries</u>					
1	Consultancy on Construction of Building Material Projects JSC-CCBM	13,400,200,000	683,410	12,308,006,894	51	Construction materials
2	Vietnam Investment Consulting and Construction	8,800,000,000	448,800	9,458,624,339	51	Construction consultancy



	Designing JSC - CDC					
3	National General Construction Consulting JSC. - NAGECCO	27,000,000,000	1,377,000	20,192,826,610	51	Constructi on consultan cy on civil and industrial works
4	Vietnam National Consultant JSC. For Industrial and Urban Construction - VCC	18,000,000,000	918,000	13,770,412,002	51	Constructi on consultan cy on civil and industrial works
5	Union of Survey Ltd. Co.- USCO	55,000,000,000	3,176,600	31,766,000,000	57,76	Design consultan cy and geological survey
	<u>B- Associated Companies</u>					
1	Consultant and Inspection Joint Stock Company of construction technology and equipment - CONINCO	44,000,000,000	1,122,000	18,719,787,295	25.5	Civil and industrial constructi on consultan cy; project managem ent and constructi on supervisio n
2	Construction	10,000,000,000	490,000	4,900,000,000	49	Inspection

	Consultant and Safety Technique Inspection JSC – INCOSAF					, safety technique training and construction consultancy
3	Construction Informatics and Consultancy JSC -CIC	6,750,000,000	330,700	5,014,928,170	49	Computer software design, construction design consultancy
4	Vietnam Water, Sanitation, and Environment JSC - VIWASE	29,998,490,000	1,060,500	18,150,943,554	35.35	Consultancy, survey, design of water supply and drainage works
	<u>C. Contributing Companies</u>					
1	Asia Pacific Engineering Consultants	3,222,800,000	58,010	1,429,630,315	18	Engineering consultancy for traffic and hydraulic works, civil works and other works

2	Tan Cang Infrastructural Development Investment JSC	91,200,000,000	800,000	8,503,244,194	8.77	Commerical constructi on and real estates
3	Real Estate Company LILAMA Land	209,425,560,000	1,300,000	13,100,188,899	6.21	Commerical constructi on and real estates

1.5 Total number of employees transferred to equitized company

1.5.1 Human resource structure on April 7th 2016

The number of employees transferred to equitized VNCC is 456 people, in which:

Table 3: Human resource structure

No	Contracted Employees	Quantity (person)	Ratio (%)
	Total employees	456	100
1	Grouped by education level		
	Graduate & post-graduate	427	93.64
	College	10	2.19
	Employees trained through technical workers schools, vocational training and unskilled workers	19	4.17
2	Grouped by labor contract		
	Unqualified for labor contracts	10	2.19
	Indefinite labor contract	335	73.46
	1 to 3 years labor contract	111	24.35
	Less than 1 year labor contract	0	0

Source: VNCC

1.5.2 Human resource evaluation

VNCC's workforce has grown in number and quality, basically meeting the needs of production and business. Construction consultancy's product is the "gray matter" shown in reports, design drawings, planning of projects, therefore the factor of human resources

quality is crucial to the success of business activities in the field of construction consultancy.

Regarding the quality of labor, VNCC has a large number of architects, engineers with high professional qualification and many experience in various design aspects. The proportion of employees owing university degrees and above is accounted for 93.64%.

VNCC also focuses on training and improving the level of human resources through training programs, internal vocational training, sending employees to study at the training centres, large-scale international consultants.

2. VNCC'S REAL VALUE AND THE STATE'S CAPITAL CONTRIBUTION

Pursuant to Decision 980/QĐ-BXD dated 25/08/2015 of the Ministry of Construction on the enterprise value for equitizing the Parent Company – Vietnam National Construction Consultants Corporation at 0h 01/01/2015:

Real value of the company for equitization: **503,049,986,001 VND**

- Assets that are not accounted in equitization:
 - Not-in-use asset: **185,656,415 VND**
- Real value of State's capital contribution for equitization: **357,744,482,485 VND**, specifically:

Table 4: Real value of VNCC and the State's capital contribution at VNCC as at 0h00 01/01/2015

Unit: VND

Category	Book value	Re-evaluated value	Difference
1	2	3	4 = 3 - 2
A. In-used assets (I+II+III+IV)	409,109,640,146	503,049,986,001	93,940,345,855
I. Fixed assets and Long-term investments	114,821,307,910	175,313,632,226	60,492,324,316
1. Fixed assets	17,478,305,759	16,033,364,406	(1,444,941,353)
a. Tangible fixed assets	16,987,474,589	15,542,533,236	(1,444,941,353)
b. Intangible fixed assets	490,831,170	490,831,170	0
2. Long-term financial investments	96,398,712,253	157,538,791,310	61,140,079,057
3. Construction in progress	0	0	0
4. Long-term receivables	700,904,898	1,498,091,510	797,186,612
5. Long-term prepaid expense	243,385,000	243,385,000	0
II. Current assets and short-term	294,288,332,236	310,947,922,838	16,659,590,602

investments			
1. Cash:	25,319,472,200	25,319,475,093	2,893
+ Cash in hand	7,914,274,307	7,914,277,200	2,893
+ Cash in bank	16,154,584,893	16,154,584,893	0
2. Short-term Financial investment	1,250,613,000	1,250,613,000	0
3. Receivables	193,089,115,000	193,089,115,000	0
4. Inventories	27,758,438,361	44,418,026,070	16,659,587,709
5. Other current assets	37,953,450,385	37,953,450,385	0
III. Goodwill	10,167,856,290	10,167,856,290	0
IV. Value of land use right	0	16,788,430,937	16,788,430,937
B. Not-in-used assets	0	0	0
I. Fixed assets and long term investments	185,656,415	185,656,415	0
II. Current assets and short-term investments	185,656,415	185,656,415	0
1. Fixed assets	185,656,415	185,656,415	0
II. Current assets and short-term investments	0	0	0
C. Disposal assets	0	0	0
I. Non-current assets and long term investments	0	0	0
II. Current assets and short term investments	0	0	0
1. Bad debts	0	0	0
D. Assets formed from the welfare and bonus funds	0	0	0
TOTAL ASSET VALUE (A+B+C+D)	409,295,296,561	503,235,642,416	93,940,345,855
In which:			
TOTAL ENTERPRISE VALUE (Section A)	409,109,640,146	503,049,986,001	93,940,345,855
E1. Actual value of liabilities	145,305,503,516	145,305,503,516	0
In which: value of transferred land use right that must be submitted to State budget	0	0	0

E2. Professional Fund	0	0	0
TOTAL ACTUAL VALUE OF THE STATE'S CAPITAL CONTRIBUTION [A-(E1+E2)]	263,804,136,630	357,744,482,485	93,940,345,855

Source: Minutes of enterprise valuation of VNCC

3. MAJOR ASSETS

3.1. Fixed assets

Table 5: Asset structure of VNCC on 31/12/2014 and 31/12/2015

Unit: Million VND

Items		31/12/2014	31/12/2015
1	Tangible fixed assets	15,542.5	3,411.0
1.1	Buildings and structures	11,856.0	0
1.2	Machinery and equipment	1,596.9	1,255.3
1.3	Transportation	1,787.3	1,683.0
1.4	DCQL equipment	302.3	472.7
2	Intangible fixed assets	490.8	69.9
2.1	Value of land use right	0	0
2.2	Brandname	0	0
2.3	Software	490.8	69.9
3	Real estate investment	0	11,473.5

Source: Audited financial statements in 2014, 2015 of the Parent Company -VNCC.

(*) Notes:

- The value of tangible fixed is adjusted in accordance with the decision on approval of enterprise value
- The value of intangible fixed assets on 31/12/2015 decreases compared to the value on 31/12/2014 and real estate investment on 31/12/2015 increases compared to the value on 31/12/2014 due to VNCC has transferred payment at VG office Building, lane 235, Thanh Xuan, Hanoi from homes and structures into real estate investment.

3.2. Land under the management and use of VNCC

Currently the Corporation is managing 2.500 m² of land as follows:

Table 6: Basic land use situation of VNCC

No	Location	Land area (m ²)	Current condition	Commission/leasing method

No	Location	Land area (m ²)	Current condition	Commission/leasing method
1	243 De La Thanh, Lang Thuong Ward, Dong Da District, Hanoi	1,627	Head office	Leasing with annual payment
2	243 De La Thanh, Lang Thuong Ward, Dong Da District, Hanoi	873	Outside the construction boundaries (in the open road boundary line)	

Source: VNCC

4. BUSINESS OPERATION IN 3 YEARS BEFORE EQUITIZATION

4.1. Operation Situation

4.1.1. Main services

VNCC provides construction and investment consultancy services, general contractors, including EPC of construction investment projects of civil, industrial, transportation, irrigation, urban infrastructure works, industrial areas and other buildings, mainly design consultancy of building works:

- Preparation and verification of technical and economic reports, investment reports, construction investment projects; planning and construction design of urban and rural areas;
- Preparation and verification of technical design, detailed design, building pricing, preparation of building and infrastructure cost estimation;
- Bidding consultancy; construction project management; supervision construction, supply and installation of equipment;

Some images of typical projects provided by VNCC:



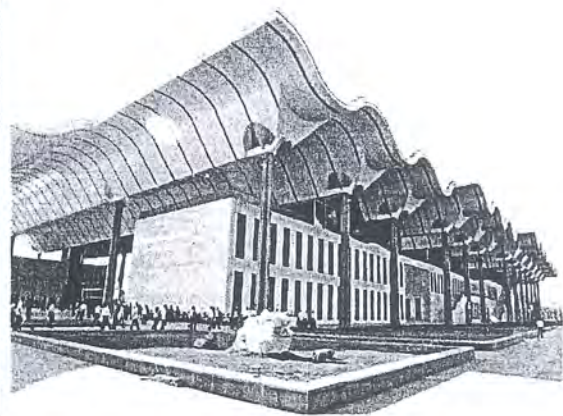
National Assembly House



Hanoi Museum



Keangnam Office Building Complex



National Convention Center

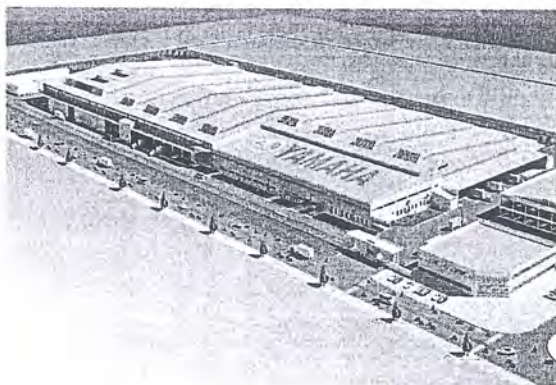


Thanh Nhan Hospital



High-Tech Building, German-Vietnam

Hospital



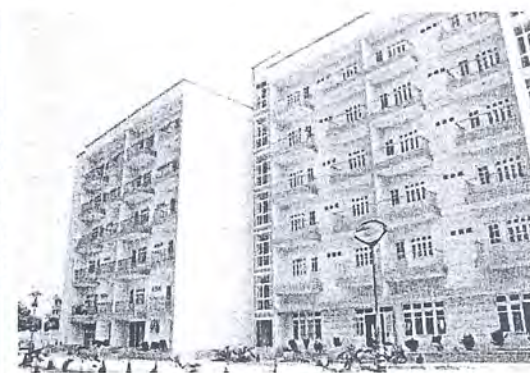
Yamaha Motor Vietnam Factory



Hitachi Cable Factory



Vietnam Military Medical Academy



Halong Gifted High School

■ Large-Scale and National Major Projects:

- Prepare the feasibility study report, technical design, construction drawings, cost estimate of the National Convention Center in Me Tri Commune, Tu Liem District, Hanoi – in partnership with GMP International GmbH - Inros Lackner (Germany);
- Prepare construction investment projects, technical design, construction drawings, cost estimation of the National Assembly House - in partnership with GMP International GmbH - Inros Lackner AG (Germany);
- Provide design consultancy services for the Hanoi Museum at My Dinh, Tu Liem, Hanoi, in partnership with GMP International GmbH - Inros Lackner (Germany);
- Prepare technical designs, construction drawings, cost estimates of the operations and telecommunication centre for the power industry of Vietnam at 11 Cua Bac, Hanoi – in partnership with Heerim Architects & Planners Co., ltd;
- Prepare detailed desing, cost estimate of A3, A4 Office Building of Central Party in Nguyen Canh Chan alley, Ba Dinh District, Hanoi;

- Prepare construction investment project, technical design, construction drawings, cost estimate of the National Planning Exhibition Palace;
- Prepare investment projects, construction drawing design and cost estimates of the Parliament Office Building in 35 Ngo Quyen, Hanoi;
- Prepare investment projects and design of Headquarters of State Audit Area II in Nguyen Chanh, Trung Hoa, Cau Giay District, Hanoi;
- Prepare construction investment project of the Hanoi University of Sciences (QG-HN07) in Hoa Lac, Hanoi;
- Prepare construction investment project, technical design, detailed design, cost estimate of construction investment project of 103 Military Hospital - Military Medical University – in partnership with Mediconsult Sdn. Bhd (Malaysia), with a capacity of 1200 beds;
- Prepare structural, ME design, and cost estimate of Bach Mai Hospital Area 2 in Liem Tuyen, Phu Ly, Ha Nam, with a capacity of 1,000 beds;
- Prepare technical design and cost estimate of the high-rise buildings, supporting technical area, studio, 30m-high antennas of the Program Production Center of VTC – Stage 2 - Phase 1, in partnership with Association of Integrated technology NHK Facilities, Inc. (Japan);
- Provide design consultancy services for T1 Terminal of Noi Bai International Airport, in partnership with ADP (France) and NTW TINTERNATIONAL (US);
- Prepare structural design of Passenger Terminal of Danang International Airport, in partnership with Louis Beger (USA).
- **Office Building Projects:**
 - Provide design consultancy for Headquarters of Ministry of Public Security under 239/05 project in Cau Giay, Hanoi, in partnership with GMP International GmbH-Inros Lackner (Germany);
 - Prepare construction investment project, technical design, detailed designs and cost estimate of the Police Office Building in Ha Tinh province;
 - Provide design consultancy services for Bitexco Financial Tower in District 1, Ho Chi Minh City – in partnership with AREP Ville (France), Lera (USA), DSA (UK), PAEC (Philippines);
 - Prepare construction investment project, basic design, detailed design and cost estimate of VTC Headquarters;
 - Prepare construction investment project, technical design, construction drawings and cost estimate of Headquarters of Hanoi Transportation Construction Company;
 - Prepare construction investment project, basic design, technical design, detailed design and cost estimate of Ha Noi Telecom Tower Project of Hanoi Telecom JSC;
 - Geological survey, construction investment project, construction drawing design of Operation Headquarters of Hydropower Plants along Vu Gia - Thu Bon - A Vuong Hydropower river system;

- Prepare detailed design of the 17-story building of VTN Building in Northern areas of Hanoi;
- Prepare construction investment project, detailed design, detailed cost estimate of Headquarters of Office Complex in Ninh Binh province;
- Prepare construction investment project, technical design and total cost estimate, detailed design of Bank for Investment and Development of Vietnam in Ho Chi Minh City;
- Prepare construction investment project, construction surveying, detailed design, cost estimate of Convention Center in Hung Yen Province;
- Prepare technical design, detailed design, cost estimate of Centre of Operation and Transaction VICEM in Cau Giay new urban area, Hanoi;
- The 2nd Building of VTN Centre in Hanoi, in friendship with Mooyoung Architects and Engineers (South Korea);
- Geological survey, detailed design and cost estimate of Inter Agency Office Building No.3 - Quang Ninh;
- Prepare basic design, technical design, detailed design of Ben Thanh Twin Tower – in partnership with Arquitectonica International Corporation (USA);
- Prepare basic design, technical design, total cost estimate, detailed cost estimate of Bank for Investment and Development of Vietnam in Hanoi – in partnership with P&T Consultants Pte., Ntd (Singapore);
- Prepare construction drawing design of office building and other items under the project of expansion of the headquarters of the Supreme People's Procuracy of Vietnam in lot 29, Cau Giay new urban area, Cau Giay District, Hanoi;

■ **Medical – Hospital Projects:**

- Prepare technical design, construction drawings, cost estimate of K Hospital in Tan Trieu, Thanh Tri, Ha Noi, with a capacity of 1,000 beds;
- Prepare construction investment project, technical design and total investment, construction drawing design, cost estimate of Thai Nguyen Cancer Center of Thai Nguyen Central General Hospital, with a capacity of 1,000 beds;
- Provide project Management Consultancy services of Children Hospital - Ho Chi Minh City, with a capacity of 1,000 beds;
- Prepare construction investment project, technical design and cost estimate of Thai Nguyen General Hospital, with a capacity of 1,000 beds;
- Provide design consultancy service of Bac Kan General Hospital, with a capacity of 500 bed;
- Prepare technical design, total cost estimate, construction drawings, detailed cost estimate of B-C treatment house under the project of renovation and expansion of the Central Obstetrics Hospital, with a capacity of 500 beds;
- Prepare construction investment project, construction drawing design of Hung Yen Obstetrics-Children Hospital, with a capacity of 500 beds;

- Prepare construction drawings design and cost estimate of Thanh Nhan Hospital - Phase II in Hai Ba Trung District, Hanoi, with a capacity of 500 beds;
- Prepare construction investment project, technical design, construction drawings design of Thanh Nhan Hospital in Hanoi, with a capacity of 500 beds;
- Prepare construction investment project of Construction Hospital in Hoang Mai, Hanoi, with a capacity of 500 beds;
- Prepare construction drawing design of clinics and testing building under the construction investment project of renovation and improvement of 71 Central Hospital, with a capacity of 500 beds;
- Geological survey, topography, construction drawing design, construction cost estimate of Dong Anh Hospital in Hanoi, with a capacity of 300 beds;
- Prepare construction investment project, technical design, construction drawing design of a high-tech treatment house of Vietnam-Germany Hospital, with a capacity of 300-beds;
- Prepare construction drawings design and cost estimate of Quang Ninh Hospital for Tuberculosis and Lungs, with a capacity of 300 beds;
- **Mix-used projects; apartment buildings, hotels, and commercial centers:**
 - Basic design, technical design, total cost estimates, detailed design, cost estimates of Vincom Commercial Center and Luxury Apartment at HH1 lot, 114 Mai Hac De, Hanoi;
 - Construction investment project establishment, detailed design, cost estimates of Office and Commercial Center Building of Military Petrochemicals JSC in Tay Son street, Hanoi;
 - Construction investment project establishment, technical design, detailed design of Service and Commercial Center of Condominiums and Residential Buildings at C1, in New Urban Area of Trung Hoa, Nhan Chinh, Hanoi;
 - Design consultancy of Vinh Tuy multifunctional complex at 122 Vinh Tuy, Hai Ba Trung, Hanoi;
 - Design consultancy of Complex of Services, Commercial Center and Project Management Office in new urban area at five-way-intersection, Cat Bi Airport, Hai Phong;
 - Detailed design, cost estimates of multifunctional guesthouse at lot D, La Thanh Hotel, National Convention Centre;
 - Design consultancy of architecture, structure, planning, and MEP of Marriot Hotel Hanoi – cooperation with Carlos Zapata Studio and Lera (USA); DSA (UK);
 - Construction investment project establishment, technical design, detailed design, cost estimates of Madarin Garden Residential Complex at Trung Hoa, Nhan Chinh, Hanoi;
 - Design consultancy of PetroVietnam Hotel Complex at the PetroVietnam Park;
 - Basic design, technical design, detailed design of Keangnam 5-star hotel - Commercial Center - Office – Apartment Complex, in partnership with Heerim, Samoo, Auon & Lee (Korea);

- Construction investment project establishment, detailed design, cost estimates of Residential apartments, offices, commercial services at lot H1, Trung Hoa, Cau Giay, Hanoi;
- Project management consultancy of commercial center and product introduction of Hong Ha Stationery Company, Hanoi;
- Structural design and cost estimates of 1A01 condominiums at Ecopark Urban Area;
- Construction investment project establishment, technical design, detailed design, infrastructure of high-rise and low-rise buildings of urban area C2, Yen So Park;
- Architectural, structural and electromechanical design of N01-T8 House, Diplomatic Area Project in Xuan Dinh, Tu Lien, Hanoi;
- Structural Design consultancy of 1B-02 and 03 high-rise condominiums, ECOPARK, Van Giang District, Hung Yen Province;
- Design consultancy of An Khanh New city development project;
- Design consultancy of low-rise residential houses at C2 new urban area, Yen So, Hoang Mai, Hanoi;
- Design consultancy of CT2 high-rise condominiums – Giao Luu City new urban area;
- Construction investment project establishment, basic design, technical design, detailed design, cost estimates of G2-G3 Ciputra Hanoi high-class condominium project;
- Construction investment project establishment, basic design, technical design, detailed design, cost estimates of C2 - Yen So high-class condominium project;
- Detailed design, cost estimates of construction and outdoor infrastructure of Residential Area for Low-income People at Dang Xa 2 new urban area, Gia Lam, Hanoi;
- Detailed design, cost estimates of Crown Plaza Hotel, Vieng Chan, Laos;
- Detailed design, cost estimates, bidding invitation document preparation for Vincom Dong Da Complex of Office for Rent, Commercial Center, Apartments at 56 Nguyen Chi Thanh, Hanoi;
- Construction investment project establishment, detailed design, cost estimates of Can Tho Commercial Center;
- Structural design of Minh Khai City Plaza, 201 Minh Khai, Hanoi;
- Construction investment project establishment, detailed design, cost estimates of FLC complex, 36 Pham Hung, Hanoi;
- Detailed design, cost estimates, bidding document preparation of T12, T16, T17, T20, T21 lot 6, Vinhomes Times City, 458 Minh Khai, Hanoi;
- Detailed design, cost estimates of Vung Me Hotel, Nha Trang;
- Architectural and structural design of Starcity Center at lot H, the urban area in the East of Tran Duy Hung street, Hanoi;
- Construction investment project establishment, detailed design of construction and infrastructure of FLC Sam Son Golf Link, FLC Sam Son Villa;
- 1/500 detailed planning, construction investment project establishment, detailed design, cost estimates of FLC Housing Complex, Thanh Hoa;

- Construction investment project establishment, detailed design, cost estimates of the Building HH-01, kindergarten, villas, townhouses, technical system of Dai Mo urban area, FLC Garden City;
- Construction investment project establishment, detailed design, cost estimates of infrastructure system for phase 3: 272 ha, ECOPARK;
- Basic design, technical design and detailed design of the VNECO Luxury Apartments, Commercial Center and Hotel Complex in Son Tra, Da Nang
- Architectural design of Vinhomes Lanmark Tower HCM at Vinhomes Tan Cang Urban Area, HCMC.
- General design consultancy, Feasibility Study Report preparation, detailed design of Ba Son - HCMC project in Nguyen Huu Canh, Ben Nghe Ward, District 1, HCMC.
- Detailed design and cost estimates of the complex of offices, supermarkets, garage, high-rise residential building and kindergarten of Phong Phu, Deawon – Thu Duc housing development project at 378 Minh Khai, Vinh Tuy, Hai Ba Trung, Hanoi.
- **Education and cultural projects:**
 - Master planning preparation, basic design, technical design, detailed design, cost estimates of Labor 11 -Vietnam Military Medical Institute, Ha Dong, Hanoi;
 - Detailed design, cost estimates of student dormitory of the People's Police University, Ho Chi Minh City;
 - Construction investment project establishment, technical design, detailed design, cost estimates of Thai Binh Medical University;
 - Detailed design, cost estimates of Kayson Phomvihan Cultural House, Savannakhet, Laos;
 - Detailed design, cost estimates of Bien Hoa high school for the Gifted, Liem Chinh Commune, Phu Ly City, Ha Nam;
 - Design consultancy of Water Resources University, Hung Yen;
 - Adjustment of infrastructure construction project of Hanoi National University in Hoa Lac;
 - Adjustment of 1/500 detailed planning and Construction investment project establishment of Hanoi University of Natural Science, Hanoi National University, Hanoi;
 - Detailed design, cost estimates of department offices, and training – research, scientific and technical services and international cooperation center, University of Economics and Industrial Engineering in Linh Nam;
- **Sports projects:**
 - Technical design, detailed design, cost estimates of Multipurpose Sporting Event Hall of Lao Cai, Lao Cai new urban area, Cam Duong, Lao Cai;
 - Construction investment project establishment, detailed design of constructions and infrastructure of FLC Sam Son Golf Links (phase 1) in Thanh Hoa;
 - Construction investment project establishment, 1/500 detailed planning of Vietsovpetro Sport Center, Phuoc Thuan Commune, Xuyen Moc District, Ba Ria -Vung Tau;

- Geological survey, detailed design, cost estimates of Phuc Yen Stadium, with a capacity of 1500 seats.
- Adjustment of construction investment project, detailed design, cost estimates of Ha Nam Stadium of 5000 seats;
- Design of A and B Grandstands, infrastructure, interior and exterior of Ninh Binh Stadium of 3600 seats;
- Construction investment project establishment, technical design, detailed design, cost estimates of Bac Ninh Sporting Event Hall of 2000 seats;
- Construction investment project establishment, technical design, detailed design, cost estimates of Vinh Phuc Sporting Event Hall, with a capacity of 2500 seats;
- Construction investment project establishment, technical design, detailed design, cost estimates of Hai Duong Sporting Event Hall, with a capacity of 2000 seats;
- Detailed design of Ninh Binh Sporting Event Hall, with a capacity of 3500 seats.
- **Industrial projects:**
 - Design and construction consultancy services provision for Tohoko Pioneer Hanoi plant construction project;
 - Structural design, architectural inspection of BTMV plant project in Dinh Vu Industrial area, Hai An, Hai Phong;
 - Detailed design of buildings and infrastructures in IHI Infrastructure Ltd. Branch's new factory construction project in Dinh Vu Peninsula, An Hai, Hai Phong;
 - Structural design of Bridgestone tires production plant in Dinh Vu industrial area, Hai Phong;
 - Detailed design of Meiko Factory in Phung Xa industrial area, Ha Tay;
 - Construction investment project establishment, detailed design, estimate cost of solid waste disposal plant project in Ninh Binh province and the buildings outside the fence of Ninh Binh fertilizer processing plant;
 - Design detailed design, estimate costs of Thang Long Garment Company factory;
 - Structural calculations, detailed design calculation for renovating foundation and Vietnam Yamaha Motor factory;
- **Planning – Infrastructure Projects:**
 - Infrastructure Design for Dai Phuoc Lotus project;
 - Construction investment project establishment, detailed design for technical infrastructure system of Southern urban area of 32 road, Hoai Duc, Hanoi
 - Adjustment of technical infrastructure system project (QG-HN02) of Hanoi National University in Hoa Lac;
 - Detailed design of route 11 under construction investment project of Hanoi National University in Hoa Lac;
 - Adjustment of 1/500 detailed planning of the University of Natural Science project (QG-HN07) in Hoa Lac;

- Technical design, and detailed design of underground garage, tunnels, renovation of Bac Son street, Hoang Van Thu street, Independence Street of the National Assembly House construction investment project;
- Design of urban areas, technical infrastructure, 1/500 detailed planning of Van Giang commercial & tourism urban area project in Hung Yen;
- Detailed design for infrastructure of People's Police University in Ho Chi Minh;
- Construction investment project establishment, detailed design for the technical infrastructure construction project of Van Tuong Ecotourism Park City investment project in Dung Quat Industrial Zone, Quang Ngai province;
- Detailed design of technical infrastructure for General Hospital of Khanh Hoa province;
- 1/500 detailed planning establishment for TB09 project - Ministry of Public Security in Thach That District, Hanoi;
- Adjustment of the 1/2000 and 1/500 planning for the road and service system to Yen Tu Charm Quang Ninh ;
- 1.500 topographic survey, 1.2000 detailed planning preparation for Yen Trung lake resort project, Quang Ninh;
- 1.500 detailed planning preparation, construction investment project establishment for technical infrastructure of I & II VietsoPetro Vung Tau subregional project;
- Master planning, design and construction supervision for Ha Long Star Project, Quang Ninh;
- **Construction survey:**
 - Static compression test to build Bien Giang secondary school (phase 1), Bien Giang Ward, Ha Dong, Hanoi;
 - Geological survey drilling for Keangnam Hanoi Landmark Tower construction project;
 - Geological survey drilling to support project planning and detailed design of Social Housing area in Lot N01, N02, N03, N04, N06, Dang Xa new urban area, Gia Lam, Hanoi;
 - Survey drilling for the construction project of Head-office of Public Security of Ninh Binh province;
 - Geological survey drilling for project establishment and design of National Assembly Office Building at 35 Ngo Quyen, Hanoi;
 - Geological survey drilling for construction investment project establishment and design of High Command of Marine Police Headquarter, Tay Mo Ward, Nam Tu Liem, Hanoi;
 - Geological survey drilling of Service Buildings of Hung Yen Convention Center;
 - Construction survey of route 3 of the general technical infrastructure QG-HN02, construction investment project of Hanoi National University in Hoa Lac, Hanoi;
 - Geological survey drilling for head-office of Register Department No 9;
 - Geological survey drilling of Anh Duc Trading and Service Center;

- Static compression test of barrette pile up to 3,030 tons for the construction project of Management and Information Telecommunication Center (EVN);
- **Construction supervision projects:**
 - Project management consulting of Pediatric Hospital, Ho Chi Minh City;
 - Construction and equipment installation supervision of occasional office of National Assembly in Da Nang;
 - Construction supervision of General Department V - Ministry of Public Security;
 - Supervision of construction and equipment installation of Viettel Management Headquarter and Commercial Center in Ho Chi Minh City;
 - Supervision of construction and equipment installation of Gia Lam Airport unit offices in Hanoi;
 - Construction Supervision of EPC package No 1 - Luu Xa metallurgical technology lines, Thai Nguyen Iron and Steel JSC;
 - Supervision of construction and equipment installation of Vietcombank Headquarter project;
 - Supervision of construction and equipment installation of Vietinbank Headquarter at 25 Ly Thuong Kiet, Hanoi;
 - Construction supervision of infrastructure development project of Bac Thang Long – Van Tri urban area;
 - Supervision of construction and equipment installation of Vietcombank Hanoi Branch renovation project;
 - Supervision of construction and equipment installation of CT5 building and external infrastructure of N05 land lot of Social housing for low-income staff of Ministry of Finance;
 - Supervision of construction and equipment installation of Vinaconex residential housing, working offices, and offices for rent project in Ha Dong;
 - Supervision of main structure construction and completion of duplexes and villas, Van Phu new urban area;
 - Project management consulting of Commercial Center and Product Exhibition of Hong Ha Stationary Company, 25 Ly Thuong Kiet, Hanoi;
 - Project management consulting of Dan Chu Hotel, Hanoi;

4.1.2. Revenue breakdown by products and services

Core business service of VNCC is construction design consultancy, which contributes over 80% of company revenue. VNCC business strategy is to focus on developing core business to increase revenue.

Table 7: Revenue breakdown by products and services of VNCC

Unit: Million VND

Items	2012		2013		2014		2015	
	Income	%	Income	%	Income	%	Income	%
Net revenue	148,874	83.07	157,730	82.96	173,803	87.08	231,860	88.91
Design Consultancy	148,874	83.07	157,730	82.96	173,803	87.08	231,860	88.91
Financial income	30,159	16.83	30,509	16.05	25,143	12.60	28,529	10.94
Other incomes	186	0.10	1,883	0.99	645	0.32	383	0.15
Total income	179,219	100	190,122	100	199,591	100	260,772	100

Source: Auditted Financial Statement in 2012, 2013, 2014 and 2015 of Parent company-VNCC

(Note: Financial income of 2014 is adjusted according to Enterprise Valuation result)

**Table 8: Revenue breakdown by products and services of the Corporation
(Consolidation)**

Unit: Million VND

Items	2012		2013		2014		2015	
	Income	%	Income	%	Income	%	Income	%
Net revenue	906.348	94,22	1.015.588	94,43	1.086.077	96,06	855,485	96.38
Design Consultancy	906.348	94,22	1.015.588	94,43	1.086.077	96,06	855,485	96.38
Financial income	49.814	5.18	38.004	3.53	28.458	2,53	27,208	3.07
Other incomes	5.809	0,60	21.927	2,04	9.742	0,87	4,955	0.56
Total income	961.971	100	1.075.519	100	1.124.277	100	887,648	100

Source: Consolidated Financial Statement Auditted in 2012, 2013, 2014 and 2015 of VNCC

a, Core business- Construction design consultancy

Design consultancy is the strength of VNCC. This activity is core, sustainable and lasting and it contributes for the highest proportion of VNCC revenue. In 2012, revenue of design consultancy reached VND 148.8 billion, contributes over 83% of net revenue and

continuously increased to VND 231.8 billion in 2015, equivalent to 88.91% of net revenue. Revenue from design consultancy which has made the highest proportion of net revenue over recent years, helps company business activities become more sustainable.

b. Financial income

Company financial income mainly comes from deposit interest; profit, dividend from long-term investments of affiliates, associated company and other long-term investment (Described in the following table). With investments including Lilama Land, Tan Cang Real estate, VNCC is trying to divest according to restructure plan of Ministry of Construction. Lilama Land is planning to decrease charter capital.

Revenue breakdown in 2014 and 2015 is presented in the following table:

Table 9: Financial income breakdown

Unit: Million VND

Items	2014	2015
Deposit interest, loan interest	15,505	15,948
Dividends from CONINCO, CDC, NAGECCO, APECO, CIC, VCC, VIWASE, INCOSAF, Lilama Land, SHB	7,429	8,406
Unrealized Profit	54	154
Selling stock option	1,914	3,750
Other financial incomes	241	271

Source: VNCC

c. Other incomes

VNCC's other incomes mainly come from liquidating, assigning fixed assets and tools (car of branch), income from architectural scheme competition support, grants and other incomes according to prevailing laws.

4.1.3. Operating expense breakdown

Table 10: Operating expense breakdown of VNCC

Unit: Million VND

Items	2012		2013		2014		2015	
	COGS	%	COGS	%	COGS	%	COGS	%
Cost of good sold	126,254	84.02	133,318	84.43	148,946	88.42	197,859	87.55
Design Consultancy	126,254	84.02	133,318	84.43	148,946	88.42	197,859	87.55
Financial expense	492	0.33	2,010	1.27	(2,224)	-	130	0.06
Administration	23,396	15.57	22,126	14.01	19,377	11.51	27,623	12.22

expense								
Other expenses	118	0.08	444	0.28	125	0.07	395	0.17
Total	150,260	100	157,898	100	166,224	100	226,007	100

Source: Auditted Financial Statement in 2012, 2013, 2014 and 2015 of Parent company-VNCC

Table 11: Operating expense breakdown of the Corporation (Consolidation)

Unit: Million VND

Items	2012		2013		2014		2015	
	COGS	%	COGS	%	COGS	%	COGS	%
Cost of good sold	742.433	83.22	848.925	84.61	909.922	86.76	705,897	85.68
Design Consultancy	742.433	83.22	848.925	84.61	909.922	86.76	705,897	85.68
Finacial expense	1649	0.18	800	0.08	(1.798)	-	939	0.11
Administration expense	147176	16.50	142.157	14.17	134.340	12.81	115,669	14.04
Other expenses	893	0.10	11.408	1.14	4.499	0.43	1,388	0.17
Total	892.151	100	1.003.290	100	1.046.963	100	823,893	100

Source: Consolidated Financial Statement Auditted in 2012, 2013, 2014 and 2015 of VNCC

- **Cost of good sold:** is the expense occupying the highest proportion of VNCC total expense. This expense mainly incurred from to VNCC design consultancy related activities. More specifically, they are employees salary, raw material expense and other outsourcing services expense. The percentage of cost of good sold over total expense increased from 84.02% in 2012 to 87.55% in 2015.
- **Financial expense:** VNCC does not use bank loans to finance business activities. Therefore, VNCC financial expense completely comes from provision cost for investment and other cost relating to stock option sale of VNCC at other companies. In 2014, financial expense is VND -2.22 billion as a result of reversing the devaluation provision for investments.
- **Administration expense:** includes fuel expense, salary expense, fixed asset depreciation expense for management activities, tax and fees, provision cost and other out sourcing service expenses. Adimistration expense decreased for the period from 2012 to 2014. Administration expense in 2015 increased as company hired the office at Hoa Binh International Tower at 106 Hoang Quoc Viet, Cau Giay, Ha Noi.

4.1.4. Production costs

Production costs in the field of design consultancy mean salaries paid to experts, employees with high qualification and design inputs including design softwares, printing, stationery, references for the design process. .. In order to prevent production cost from increasing, VNCC takes some preventive measures as follows:

- From the bidding process, VNCC calculates carefully the inflation of raw material and consequently determine the necessary raw material demand for design process.
- During the design process, VNCC concentrates on utilizing raw material but still ensure the product quality.
- Select the trustworthy suppliers to ensure the stability of inputs.

4.1.5. Technology

VNCC concentrates on promoting research and development in effective energy-saving technical solution. VNCC try to master the technology in new areas such as designing skyscrapers, complicated underground work, energy projects, nuclear power plants, marine work, industrial building, energy saving projects, ecological housing, green architecture. Simultaneously, VNCC also deploys the high technology application in designing, cost management, energy calculation and simulation (BIM technology), reduces the designing time, increases productivity and product quality.

4.1.6. Product quality control

VNCC always try to build up credibility to customer by establishing the quality standard system. VNCC not only standardizes the management system according to ISO 9001-2000 but also standardizes all the designing process, ensure that all products can meet the international quality standard. ISO 9001-2008 helps company determine the responsibilities and rights of each person, increases the management effectiveness and product quality.

4.1.7. Marketing activities

Marketing activities always play an important role in attracting the designing consultancy contracts. VNCC always makes an effort to keep its trademark by continuously upgrading the product quality to satisfy the demand of customers. In domestic market, VNCC promotes marketing activities not only with residential buildings but also promote marketing activities to industrial buildings, transport work, technical infrastructure project to expand the market share and customer type. In addition, company also concentrates on cooperating with foreign architecture companies to promote company trademark to international market.

4.1.8. Trademark, patent registration and copyright

Trademark certificate No 111464 issued according to Decision No 21166/QĐ-SHTT, dated 16/10/2008 of Intellectual Property Department.

4.1.9 Remarkable signed consultancy contracts

Table 9: List of signed consultancy contracts

No	Contract number	Content	Value	Partner
1	01/2015	Adjusted design of CT1 Apartment Building - Block A,B,C at Nam Thang Long Urban Area - Tay Ho- Ha Noi.	3,451,377,000	Citra Westlake City Development limited company
2	09/2015	Detailed design drawing of the complex of buildings, trade center, office and apartment PVC – VinaPharm.	4,195,695,000	Vinaconex – PVC construction investment joint stock company
3	11/2015	Infrastructure design according to adjusted master plan - New urban area Bac An Khanh Project- Splendor Project in Hoai Duc, Ha Noi	11,000,000,000	An Khanh New City Development Joint Venture Company Limited (ANKHANH JVC)
4	16/2015	Detailed design drawing, cost estimation of BIDC complex at Meanchey Phnompenh, Cambodia	4,037,292,000	Bank for Investment and Development of Cambodia
5	21/2015	Detailed design drawing - Cost Estimation of Investment Construction Project for faculty offices, education centers, research and international cooperation center - University of economic and technical industries- phase II in 456 Minh Khai, Ha Noi.	5,500,000,000	University of economic and technical industries
6	23/2015	Technical design, detailed design drawing, cost estimation for 02 blocks of CT2 building in Kien Hung, Ha Dong, Hanoi	3,700,000,000	MIPEC JSC
7	35/2015	Master planning, architectural scheme, construction investment project establishment, detailed design drawing, cost estimation for Orchird Valley (lot 9-12),	3,603,094,000	Viet Hung Urban Development and Investment joint stock company

		Van Giang commercial urban area and tourism		
8	36/2015	Planning, concept design, detailed design drawing, cost estimation for Mimosa Valley villa and Ecopark.	6,350,906,000	Viet Hung Urban Development and Investment joint stock company
9	37/2015	Detailed design drawing - Cost Estimation for structural part of complex building- Mai Khai City Plaza- 201 Minh Khai, Hai Ba Trung District, Ha Noi.	7,000,000,000	Vietracimex
10	39/2015	Design consultancy for Dolphin Plaza phase 2 in Tran Binh Street, My Dinh 2, Nam Tu Liem, Ha Noi.	4,350,897,000	TID joint stock company
11	42/2015	Detailed design drawing, cost estimation for complex building at Noongtha, Vietian, Laos.	5,344,000,000	Lao Viet Bank
12	51/2015	Technical design, detailed design drawing - Cost estimation for structural part- Bach Mai General Hospital project 1 - 2 in Liem Tuyen, Ha Nam.	16,635,500,000	36 Corporation
13	52/2015	Feasibility Study Report, design for Nha Trang Conference Center	6,100,000,000	Vinpearl Nha Trang Limited company
14	65/2015	Design of the building at Vu Quynh, Tam Hiep, Thanh Tri, Ha Noi.	4,870,000,000	Vinaconex - PVC construction investment joint stock company
15	68/2015	Creation of adjusted technical plan document, construction investment project, technical design, detailed design drawing, cost estimation for the complex building at 47 Nguyen Tuan, Thanh Xuan, Cau Giay	15,500,000,000	Mua Dong joint stock company
16	73/2015	Technical design of infrastructure for the lot 9-12, 81,24 ha Valley area, Ecopark	7,500,000,000	Viet Hung Urban Development and Investment joint stock company
17	77/2015	Construction investment project establishment, detailed design drawing, cost estimation for Safari zoo in Phu Quoc, Kien	12,500,000,000	Phu Quoc tourism investment and development

		Giang		joint stock company
18	95/2015	Design consultancy for Dong Phuong Sea villas and hotel in Hai Hoa, Ngu Hanh Son, Da Nang	3,784,800,000	Oriental Sea villas and hotel limited company
19	97/2015	Detailed design drawing, cost estimation for residential building for officer - Ministry of Defense	12,916,000,000	789 Corporation
20	99/2015	Detailed design of architecture and MEP, cost estimation (excluding fire protection) for the complex building at 265 Cau Giay, Ha Noi	8,150,000,000	FLC Corporation
21	103/2015	Detailed design drawing, cost estimation for complex building at A10- Nam Trung Yen urban area, Cau Giay, Ha Noi	15,694,000,000	Hanoi housing development and investment corporation
22	106/2015	Detailed design drawing- cost estimate of Headoffice of Marine Police Command in Tay Mo, Nam Tu Liem, Ha Noi	7,050,000,000	Vietnam coast guard
23	116/2015	Adjustment of master planning and architectural scheme; Feasibility Study Report; technical design, detailed design drawing for Star City Complex at lot HH, Urban area in the South-east of Tran Duy Hung sreet, Cau Giay, Ha Noi.	33,737,000,000	Vincom construction management 3
24	117/2015	Survey, master planning, infrastructure design and construction supervision of Ha Long Star Project, Quang Ninh	49,157,890,088	Nakheel Corporation
25	133/2015	Design consultancy of VNECO Son Tra complex of high quality apartments, Commercial Center and hotel, Da Nang.	10,686,000,000	BE Viet Nam Limited
26	150/2015	Feasibility Study Report preparation, detailed design drawing, cost estimation of Lac Hong apartment building combined with Commercial Center in Tran Hung Dao Ward, Ha Long	6,200,000,000	Lac Hong Investment joint stock company
27	156/2015	Feasibility Study Report	32,137,000,000	Ecology

		preparation; technical design, detailed design drawing, cost estimation for Vinhomes Central Palace complex building at 29 Lieu Giai, Ba Dinh, Ha Noi.		Development and Investment Joint Stock Company
28	158/2015	Technical design, detailed design drawing for Vinhomes Landmark Tower Ho Chi Minh City in Vinhomes Tan Cang Urban area	10,890,000,000	Tan Lien Phat Construction Investment Corporation
29	165/2015	Technical design, detailed design drawing, cost estimation of Ethic Guest House at 349 Doi Can, Ha Noi.	9,696,525,083	Ethic Guest House
30	172/2015	Detailed design drawing, cost estimation of Song Da commercial center in Huu Nghi ward, Hoa Binh city, Hoa Binh province	5,369,497,000	Hoang Son Joint-Stock Investment Power Construction Trade Company
31	05/2016	Detailed design drawing, cost estimation for Song Hau thermal plant project in Hau Giang	13,596,027,473	Vietnam Lilama corporation
32	16/2016	General design consultancy: feasibility study report, basic design, detailed design drawing, cost estimate, author supervision for Ba Son-HCMC project in Nguyen Huu Canh, Ben Nghe Ward, District 1, HCMC.	79,946,000,000	Thanh pho Ho Chi Minh Investment Service Trading Jsc
33	27/2016	Detailed design drawing, cost estimation for complex of office, supermarket, high-rise apartment buildings, garage and kindergarten of Phong Phu - Daewon Thu Duc housing development project at 378 Minh Khai, Vinh Tuy, Hai Ba Trung, Hanoi	13,281,674,840	Phong Phu-Daewon- Thu Duc Housing Development JSC

Source : VNCC

4.2. Financial performance and operation results:

Table 13: Financial indicators for the period from 2012 to 2015 of Parent company

Unit: Million VND

No	Indicator	2012	2013	2014	2015
I	Financial indicators and business result				
1	Total asset	402,012	402,550	503,050	530,773
2	Book value of state equity	88,060	88,060	279,024	279,024
3	Liabilities	141,572	129,887	145,306	166,503
3.1	Short-term debt	2,900	2,600	0	0
	Overdue debt	0	0	0	0
3.2	Long- term debt	0	0	0	0
	Overdue debt	0	0	0	0
4	Receivables	23,115	26,666	47,873	45,332
	Overdue receivables	2,120	6,052	0	0
4.1	Short term receivables	23,115	26,406	47,629	45,230
4.2	Long term receivables	0	260	243	102
5	Total number of employees	508	508	499	520
6	Total salary budget	74,863	70,625	76,824	86,684
7	Average salary (VND/person/month)	9.0	9.7	10.8	12.9
8	Total revenue	179,219	190,122	199,227	260,771
9	Total costs	150,260	157,898	166,224	226,006
10	Pretax income	28,959	32,224	33,003	34,765
11	Net income	23,840	26,354	27,272	28,910
II	Important indicators, ratios				
A	Capital structure				
1	Long term liabilities/ Equity (%)	1.70	1.26	0.81	0
2	Liabilities/ Equity (%)	54.36	47.64	40.62	45.71
3	Equity/ Total asset (%)	64.78	67.73	71.12	68.63
4	Liabilities/Total asset (%)	35.22	32.27	28.88	31.37
B	Liquidity ratios				
1	Current ratio	2.08	2.29	2.18	2.03
2	Quick ratio	1.70	1.93	1.92	1.47
C	Profitability ratio				
1	Return on asset (ROA) (%)	5.93	6.55	5.42	5.45
2	Return on equity (ROE) (%)	9.15	9.67	7.62	7.94
3	Return on sale (ROS) (%)	13.30	13.86	13.69	11.09
D	Activity ratio				
1	Receivables turnover	7.89	6.28	7.15	5.62
2	Inventory turnover	2.42	2.97	3.92	4.84
3	Asset turnover	0.37	0.39	0.35	0.44

Source: VNCC

(*)Note:

- Total revenue includes net revenue, financial income and other incomes
- Total expense includes cost of good sold, financial expense, management expense and selling expense.

**Table 14: Financial indicators for the period from 2012 to 2015 of Corporation
(consolidated)**

Unit: Million VND

No	Indicator	2012	2013	2014	2015
I	Financial indicators and business result				
1	Total asset	1,335,459	1,279,264	1,015,988	1,091,361
2	Book value of state equity	88,060	88,060	279,024	279,024
3	Liabilities	927,669	854,345	596,011	621,005
3.1	Short-term debt	18,431	21,835	14,687	12,156
	Overdue debt	0	0	0	0
3.2	Long- term debt	2,700	2,600	2,600	0
	Overdue debt	0	0	0	0
4	Receivables	269,266	302,274	276,963	272,395
	Overdue receivables	9,192	0	0	0
4.1	Short term receivables	268,599	301,498	276,913	272,222
4.2	Long term receivables	667	776	50	173
5	Total number of employees	3,893	4,203	4,035	4,222
6	Total salary budget	402,327	404,795	390,256	422,930
7	Average salary (VND/person/month)	8.6	8.0	8.1	8.3
8	Total revenue	961,971	1,075,519	1,124,277	887,649
9	Total costs	897,389	1,007,934	1,055,428	828,482
10	Pretax income	64,582	67,585	69,479	64,047
11	Net income	49,519	51,099	53,896	51,618
II	Important indicators, ratios				
A	Capital structure				
1	Long term liabilities/ Equity (%)	13.07	6.88	2.19	.68
2	Liabilities/ Equity (%)	292.35	256.15	155.96	166.61
3	Equity/ Total asset (%)	23.76	26.07	36.33	34.15
4	Liabilities/Total asset (%)	69.46	66.78	56.66	56.90
B	Liquidity ratios				
1	Current ratio	1.26	1.28	1.43	1.45
2	Quick ratio	0.79	0.81	1.10	1.08
C	Profitability ratio				
1	Return on asset (ROA) (%)	3.71	3.99	5.12	4.73
2	Return on equity (ROE) (%)	15.61	15.32	14.10	13.85
3	Return on sale (ROS) (%)	5.15	4.75	4.79	5.82

D	Activity ratio				
1	Receivables turnover	3.32	3.55	3.75	3.11
2	Inventory turnover	2.49	2.92	4.04	3.56
3	Asset turnover	0.70	0.78	0.93	0.80

(*)Note:

- Total revenue includes net revenue, financial income and other incomes
- Total expense includes cost of good sold, financial expense, management expense and selling expense.

4.3 Factors affecting business activities of VNCC in the last three years

Advantages:

- Have more than 60 year experience in design consultancy business. VNCC is one of largest design consultancy company in Vietnam. Brand of parent company and member companies are first class brand in design consultancy business.
- Have high skilled workforce with architectures, engineers, experts. Parent company: 456 people and the whole corporation: more than 3000 staffs at the time of April 7th, 2016.
- Have experience in implementing large scale projects, special projects and national key projects.
- All divisions are organized in specialization, flexible with full of services: planning, architecture, civil & structure, mechanical & electrical design (MEP), cost estimate, supervision, inspection, taking it easy for customer's selection.
- As a leading unit of Ministry of Construction in field of design consultancy, VNCC is always trusted by the Party and the Government to assign important, national key projects.

Disadvantages:

- Competition ability of VNCC compared with other foreign design consultancy companies is not really strong. Productivity of VNCC is much lower than that of foreign design consultancy companies. VNCC has high skilled workforce but not qualified enough to take VNCC to the ASEAN level in the fields of skyscrapers, performance, electricity, nuclear, underground transportation, development research and project management as EPC contractor.
- Domestic design consultancy environment has a lack of regulation. Design Consultancy Company Classification is done with equivalent project level, suitable with capability which leads to difficulties for investor to select the appropriate design consultant. It is also disadvantageous for design consultancy companies that operate professionally.

- Design consultancy has become saturated, demanding VNCC foster promotion to industrial construction (energy construction, industrial chemical and petrochemical construction...); traffic construction; infrastructure construction; urban design.
- Research and development activities in master plan, design, construction meet many troubles due to limited expense.

4.4 Position of VNCC in the industry

4.4.1 Position of VNCC in the industry

Along with the development of the economy and infrastructure development policy of State, construction design consultancy has made a substantial improvement in both quantities and quality. With open design consultancy nowadays, number of operating firms in the design consultancy sector has bloomed with large numbers. Main competitors of VNCC are foreign design consultancy companies, foreign-domestic partnership and domestic companies. On the other side, due to no technical barrier so that domestic and foreign design consultancy companies are easily established, make design consultancy market become more competitive. VNCC has the strength of strong brand, 60 years of history and implementation of large scale projects, special grade, grade-I projects, national key projects, international cooperation projects, projects of Ministry, cities in Vietnam. This established the leading position of VNCC in the industry. VNCC has the leading position in the design consultancy industry as it has the following competitive advantages:

- **Product quality:** To provide the best quality products and services, VNCC has established and maintained the ISO 9001:2008 quality standard. This standard controls the operation of every division in the company. Company commits all products and services meet the demand of customer with motto “**Quality is the top priority**”. This standard along with high skilled, professional workforce is the key factor in implementing large scale national key projects. Company’s products and services have gained prestige from domestic and foreign customers. Also, company’s products and services are diversified and meet the market trend by applying new software in designing. This ensures that products have high quality and meets the complex requirements of projects. Product quality of company has certified by the following prizes: Independence first class, second class and third class, Viet golden star award, BCI Asian Awards, TOPTEN Architecture companies in Asia.
- **Personnel:** Human resources quality is crucial to the success of business activities in the field of construction consultancy. Therefore human resources quality is the top priority of VNCC. It enables VNCC to be at the leading position in design consultancy, research and development. VNCC owns a large staff of architects, engineers with high expertise, methodical, professional and experienced in the field of design. VNCC also focuses on training and raising the quality of human resources through training

programs, internal vocational training, sending employees to study at the training centers, big international consultants companies.

- **Production structure:** Production divisions are organized into specialization and have main products: Master plan, design, structure, electrical mechanical products, cost estimation, supervision, project management, and inspection... convenient for customer to select consultants.
- **Board of Management:** VNCC's management board has high skilled, long standing experience in design consultancy industry, and commit with the business development of VNCC in long time.
- **Trademark:** With 61 years experience in design consultancy industry, VNCC is one of the biggest design consultancy companies in Vietnam. Trademark of parent company-VNCC and other member companies are collection of recognized leading trademarks in the construction consultant industry.
- **Product price:** Product price of VNCC is flexible according to customer demand. Company helps customer to reduce expense through solution, new technology but still maintain the product quality.
- **Customer service:** VNCC always determine customer is the key factor in development strategy of VNCC. Therefore, VNCC always concentrate on customer services:
 - Understanding customer: VNCC establishes the existing and potential customer portfolio through data collection of VNCC and subsidiaries and classified into categories: Key customers, potential customers, new customers.
 - Customer services: Approach, nurture and collect customer feedback through: direct conversation, poll votes, media, seminars etc.
- **Research and develop technology:** VNCC always focus on reasearching, investing in modern technology applications, cost management and simulation calculation of energy consumption(BIM design technology), shorten design time, increasing productivity, increasing quality of products to master new technology like skyscraper design, complex underground works, energy projects to upgrade the design level of VNCC equal to international standard.

4.4.2 Industry prospect

Overall, growth prospects for the construction sector in 2016 and the next year was quite positive based on the following factors:

- Effective monetary policy for the construction industry, with the base rate remained at 9%/year, relatively low rate in a decade. At the same time, inflation rates remain low and stable over the past 2 years, in 2015 this rate is at substantial low level of 0,63%. The combination of input prices at a stable level with a lower interest rate on bank loans will spur construction companies develop more projects in the future.
- The situation of Vietnam's economy has signs of prosperity. Total domestic product (GDP) in 2015 rose 6,68% in 2014, in which, and the construction industry has the highest growth rate by quarter compared to the services sector and agriculture, forestry,

seafood. This shows signs of recovery of the real estate market over time and positive effects of the program supported by the Government for this sector. This showed that the prediction is feasible. Economic growth means national income is improved and demand for real estate also increase.

- FDI into Vietnam has a tendency to increase. Economic growths and stable politics attract foreign investors, especially in fixed asset development. According to the Foreign Investment Department - Ministry of Planning and Investment, for both new and capital increase, in 2015 FDI registered in Vietnam reached USD 22.7 billion, up 12,5% compared to 2014, with about 80 % capital flows into projects related to construction, real estate, manufacturing and processing.
- The government launched a series of policies to support the construction industry. In May 6/2013, Vietnamese government launched stimulus packages of 30,000 billion VND loan to build houses for low-income people. In May 11/2014, amended Housing Law was officially enacted to allow foreign organizations and individuals owning houses in Vietnam ... The policy supports many new opportunities for the real estate market in Vietnam.
- Vietnam is a country with more than 90 million people with a young population structure (focused on ages 15-59), the speed of urbanization increases demand for housing in urban areas.
- Amended Housing Law by the National Assembly on 25/11/2014 prescribing organizations and foreign individuals to own houses in Vietnam contribute to sustainable development of the real estate market in general.
- According to BMI, the growth rate of the construction sector is forecast to average 6.2% / year in the period 2015-2018.

4.4.3 Compare the consistency of VNCC development strategy with the sector development, the State's policies and global trend

In the course of operation and development, VNCC always develop production and business activities according to the objectives and orientation of Vietnamese design consultancy sector, includes the following activities:

- Develop long-term business strategies for each field in line with the general orientation of VNCC as well as design consultancy sector.
- Develop VNCC to reach the level of advanced consultancy in the ASEAN, mastering the application of modern technology in design consultancy.
- VNCC has reasonable organizational structure, improved and competitive labor productivity; continuously improve the quality of human resources, build a team of consultants working with incompetent ability to implement national key projects,

becomes EPC contractor.

- Promote scientific research and application of technology to promote energy saving and efficiency.

PART 3: INVESTMENTS SCHEME AND DEVELOPMENT STRATEGY OF VNCC AFTER EQUITIZATION

1. EQUITIZATION OBJECTIVES

1.1 Equitization target

According to the policy of the Government, the Corporation Vietnam Construction Consultants perform equitisation to shift from State-owned enterprises hold 100% of the company shares .

Equitization VNCC to diversify ownership, attracting capital and foreign investment, capital structure to support the strategic expansion of production and business activities, investments, building a strong unit VNCC top the building design consultancy for industrial projects and national key projects; have reasonable capital structure, production and business operations stability and efficiency; innovative methods of corporate governance in the streamlined and intensive.

According to government policy, VNCC performs equitization to tranform from state owned enterprise to Joint Stock Company.

VNCC equitization to diversify ownership, attracting domestic and foreign investment, capital restructures to support the strategic expansion of bussiness activities. It also makes VNCC becomes the leading unit in designing for industrial and national key projects; have reasonable capital structure, stable and efficient business activities. VNCC equitization also makes corporate management method more intensive and simple.

1.2 Equitization requirement

- To ensure the stable development of VNCC after equitization
- Ensure stable business development , utilizing the advantages of the new shareholding structure
- Ensure harmony between the interests of the State , businesses , shareholders and employees
- Implement transparency according to market principles.

2. FORM OF EQUITIZATION

Form of equitization: Sale of the State's share at VNCC.

Rationale for selecting equitization form:

- Equitization form selection based on investment plan and capital demand of VNCC in the future.
- State's shareholding rate: 51%
- According to real condition of VNCC, investment plan and capital demand of VNCC after equitization, chartered capital is adjusted to utilize resources, thereby improving the capital utilization efficiency of VNCC.

3. COMPANY PROFILE AFTER EQUITIZATION

3.1. General information

- Vietnamese name: TONG CONG TY TU VAN XAY DUNG VIET NAM- CTCP
- English name: VIETNAM NATIONAL CONSTRUCTION CONSULTANTS JSC
- Trading name: VNCC
- Head office: 243 De La Thanh, Lang Thuong, Dong Da, Ha Noi.
- Phone: (84-4) 37667463 Fax: (84-4) 37667464
- Website: www.vncc.vn
- Logo:



3.2. Business activities of Joint Stock Company

- Investment and construction consultancy; main consultant, EPC contractor (plan, design, equipment supply) civil, industrial,rural, transportation,irrigation, urban infrastructure facilities, industrial parks, drainage water, sanitation, nuclear projects, detailed as follows:
 - Preparation and verification of technical and economic reports, investment reports, investment and construction projects; Design construction planning of urban and rural areas;
 - Create, design and verify technical design, shop drawing, cost estimation, technical infrastructure system;
 - Investment consultancy; construction project management; construction supervision, equipment supply and installation;

- Design consultancy, line and 220kV substation verification, electric system, sound, information, telephone, house control system, heating ventilation and air conditioning, environmental treatment, lighting protection system design, gas system design;
- Design, verify nuclear project; transportation projects, irrigation projects; ports and whares projects;
- Design consultancy and design verification of fire alarm system, fire fighting system, exterior-interior decoration;
- Design consultancy for termite protection for construction;
- Design information system for communications works, post and telecommunications;
- Design consultancy for in and outdoor drainage system; waste water and waste solid treatment plants;
- Consultancy, design cultural and sport works
- Organization of architectural plan selection
- Consult management system according to ISO 9000 standard
- Social investigation service about cities and construction projects
- Check the project quality, testing of soil, rock, water, background, pile foundation works and building materials;
- Construction survey; topographic mapping; subsidence measurement, inclinometer, project positioning
- Testing and certification of quality conformity of construction works ;
- Environmental Impact Assessment ;
- Construction of the civil works and works in other industries;
- Construction of water supply pipeline
- Handling the foundation works
- Construction of interior and exterior
- Exploitation of ground water
- Investment and using offices for rent
- Train and develop human resources in the field of design consultancy
- Scientific research, research and develop technology in planning, architecture and construction

3.3. Organization structure after equitization

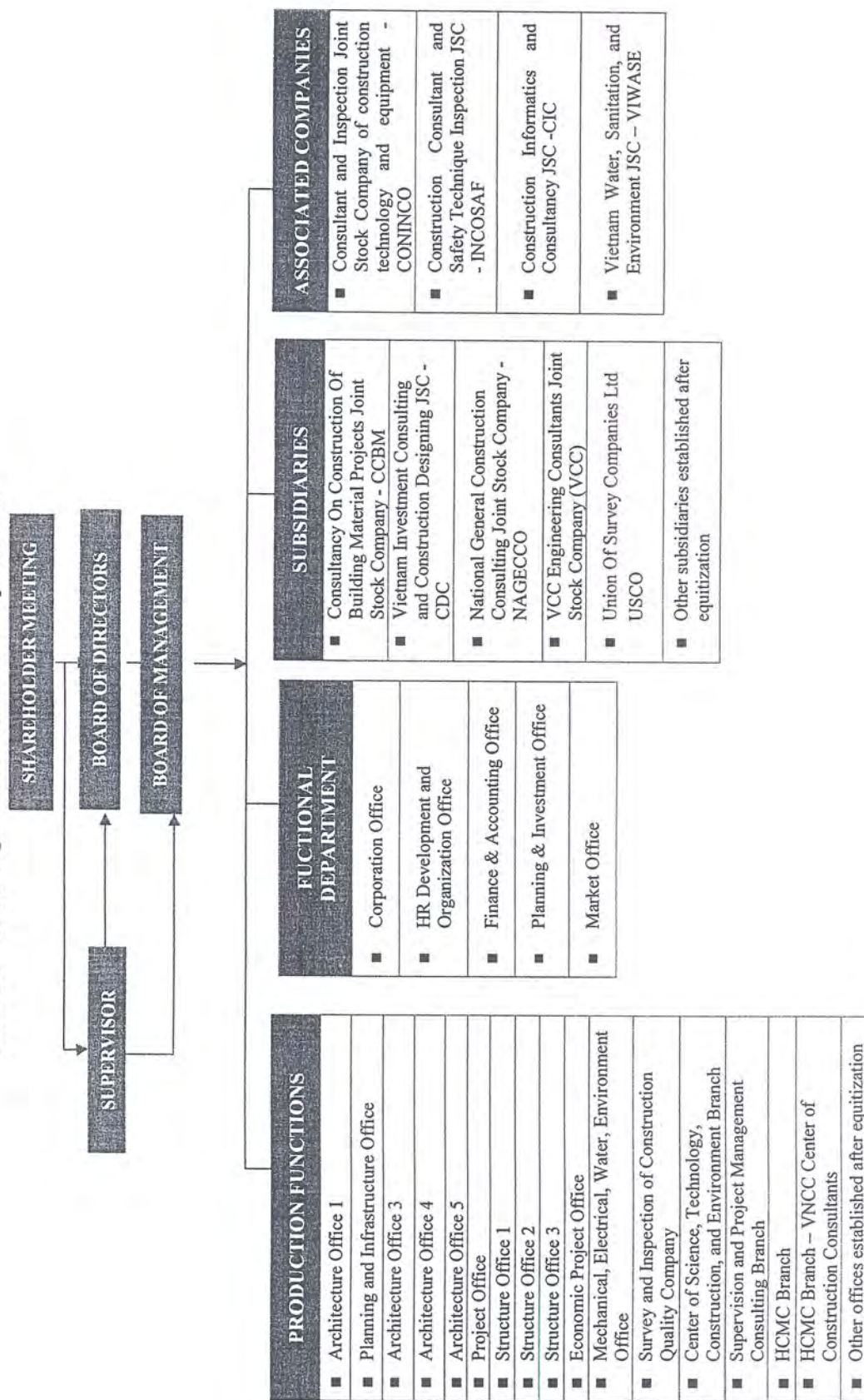
3.3.1 Organization structure

Organization construction of VNCC after equitization on the basis of consolidation, reorganization of member units in VNCC group and rearrange department according to the following orientation:

- Organize, construct companies group include parent company, member companies, associated companies to create the value chain that maximum optimize market demand.

- Upgrade management level, coordination ability between parent company and member companies based on parent company policy.
- Divest state capital from less efficient operating member companies, associated companies and less correlated to core business. Increasing chartered capital for efficiently operating member, associated companies with low chartered capital.
- Orienting business strategy horizontally to explore the relationship between companies (share technology application development, market information, training, promotion) Categorize companies into groups to promote, coordinate in specific areas such as design consultancy (VNCC, NAGECCO, VCC, CDC); Project management, construction supervision, quality inspection and testing (CONINCO, INCOSAF); Consulting, manufacturing construction materials (CCBM); Construction consulting, investment sector and environmental drainage (VIWASE); Surveying and construction, foundation treatment (USCO), manufacturing, business building computer software (CIC). Categorizing companies comes from opportunities to share activities in the value chain. This will create competitive advantages for VNCC.
- Organizational structure clearly assigned specific responsibilities for each department. Centralized management is the foundation for efficient business operation and minimal operating expense. Departments actively coordinate and solve the assigned tasks for the overall effectiveness of VNCC.
- Ensuring flexible organization, dealing with changing factors of external business environment. Systematic Internal operating procedures quickly adapt to changing situation of the organization ;
- Establishing member companies from branches of VNCC and establishing new entities in different fields: Furniture, landscaping, facade, cost management.... in order to expand markets, increase revenue, production.

Table 15: VNCC organization chart after equitization



VNCC organization structure after equitization

- Shareholder meeting: Shareholder meeting is the most powerful unit of VNCC.
- Board of Directors: Board of Directors is the governing body of the Corporation , has full authority on behalf of VNCC to decide , exercise the rights and obligations of VNCC. These rights are not under controlled by Shareholder meeting.
- Supervisor: Supervisor is elected by Shareholder meeting, on behalf of shareholders to control all business activities , management and administration of VNCC .
- General Director : General Director who runs the daily business of VNCC, subject to the supervision of the Board of Directors and is responsible to the Board of Management and the law for exercising rights and assigned tasks. Deputy directors take the responsibility with the General Director, Board of Directors and the law about assigned tasks.
- Fuctional departments, production offices, centers operation bases on the organizaiothn of VNCC before equitization and can be developed according to production demand in the following years.
- Unit members are subsidiaries, associated comapnies.
- Orgnization management, control and supervision include hierarchy relationship between Shareholder meeting, Board of Directors, Supervisor, CEO according to corporate charter.
- Representative of The state at VNCC after equitization is decided by Ministry of Construction.

3.3.2 Organization structure

Table 16: List of susidiaries, associated companies of VNCC after equitization

Companies that VNCC owns over 50% chartered capital	
1	National General Construction Consulting Joint Stock Company – NAGECCO
2	Union Of Survey Companies Ltd USCO
3	Vietnam Investment Consulting and Construction Designing JSC – CDC
4	Vietnam National Consultant JSC for Industry and Urban Construction - VCC
5	Consultants for Building Material Project JSC – CCBM
Companies that VNCC owns from 20% to 50% chartered capital	
1	Vietnam Water, Sanitation, and Environment JSC - VIWASE
2	Consultant and Inspection JSC of Construction Technology and Equipment - CONINCO
3	Construction Consultant and Safety Technique Inspection JSC – INCOSAF

4	Construction Informatics Company -CIC
Long term investment	
1	Asia Pacific Engineering Consultants JSC
2	Lilama Land JSC
3	Tan Cang Real Estate JSC

4. CHARTER CAPITAL, STRUCTURE OF CHARTER CAPITAL

4.1. Charter capital

In order to ensure the capital for the normal operations after equitization, the suggested charter capital is determined as follows:

- Charter capital: 357,744,480,000 VND (Three hundred fifty seven billion, seven hundred forty four million, forty hundred eighty thousand dong)
- Par value: 10,000 VND (Ten thousand dong)
- Number of share: 35,774,448 (Thirty five million, seven hundred seventy four thousand, forty hundred forty eight dong)

4.2. Structure of charter capital

According to Decision No 100/QĐ-TTg dated 14/01/2016 of the Prime Minister approve Equitization Plan of Vietnam National Construction Consultant, the charter capital structure of VNCC as follows:

Table 17: Charter capital structure

No	Shareholder	Number of shares	Par value	Percentage of charter capital
1	State	18,244,968	182,449,684,800	51%
2	Employees	1,779,500	17,795,000,000	4.97%
2.1	Employees purchase incentive shares based on number of working years (100 shares per year)	418,800	4,188,000,000	1.17%
2.2	Employees purchase incentive shares based on committed working year (200 shares per year)	347,200	3,472,000,000	0.97%

2.3	Employees who are high - qualified purchase incentive shares (500 shares per year)	1,013,500	10,135,000,000	2.83%
3	Initial public offering	6,806,368	68,063,675,200	19.03%
4	Strategic investors	8,943,612	89,436,120,000	25%
	Total	35,774,448	357,744,480,000	100%

5. DEVELOPMENT STRATEGY AND INVESTMENT PLAN OF VNCC AFTER EQUITIZATION

5.1. Development strategy after equitization

Developing Parent company- VNCC to the advanced technology level of ASEAN, mastering the application of design consultancy and has the reputation in ASEAN market. VNCC has reasonable structure, improving labor productivity, competitiveness, production efficiency and labor skill. VNCC will have competent consultant team to implement national key projects and it will become reputable EPC contractor.

Completing the activities of VNCC in the form of joint stock companies; Mobilizing and utilizing equity in the most effective manner, focusing on core business, maximizing profit, guaranteeing benefits for shareholder, fulfill obligation to the state budget.

Developing human resources, capital, infrastructure, science and technology, training to perform EPC contractor for big projects; Creating competitive advantage in domestic and international bidding; Improving productivity to the level of design consultancy company in ASEAN; Building brand of company in ASEAN market.

Developing domestic market share in large scale projects; Strengthening consultancy service to gain market share for the following projects: Energy projects, Petrochemical projects, light industry projects, overhead railway projects, subway projects, technical infrastructure projects, urban development projects... Promoting cooperation with foreign partners and expand market outside of ASEAN market. Revenue growth increases from 5-10%.

Basing on the market current condition, VNCC will continue adjust shareholding in subsidiaries and associated companies, create new subsidiaries that have business relating to Parent company core business to increase revenue, profit and competitive advantage.

Focusing on developing core services: Structural, MEP, cost estimation; promoting architecture idea, company brand through domestic and international bidding.

Promoting scientific research and technology application in proposing technical solutions that is more economical, energy saving and efficient; Mastering technology in new areas such as designing skyscrapers, complex underground works, energy projects, nuclear and

power plants, marine works, industrial building, energy efficient housing, ecological housing.

5.1. Development activities

Table 10: VNCC Development plan from 2016 – 2018

Investor	Vietnam National Consultants Corporation
Name	Head office of Vietnam National Consultants Corporation at 243 De La Thanh, Lang Thuong, Dong Da, Hanoi
Total investment amount	145,607,115,000 VND
Location	243 De La Thanh, Lang Thuong, Dong Da, Ha Noi
Construction scale	New office with 08 floors; Construction density is about 63.7%; Total floor area is about 7,674m ² and 02 basement floor is about 3.220 m ² ; Total building height from sidewalk elevation to roof deck is 30.2 m.
Construction level	Civil Building - Grade 2
Construction period	4 th quarter of 2015- 4 th of 2017.
Source of funding	Equity and Borrowing

Currently, head office project of Vietnam National Construction Consultants Corporation is under first construction period: implementing mass bored pile and next bidding package .

5.2. Main financial indicators from 2016-2018

Target indicators:

Business plan of Parent company- VNCC 03 years after equitization is based on company business orientation and restructuring plan of subsidiaries in order to enhance operation efficiency.

Table 19: Main financial indicators Parent company- VNCC from 2016 – 2018

Unit: Million VND

Items	2016	2017	2018
Charter capital	357,744.48	357,744.48	357,744.48
Total number of shares	35,774,448	35,774,448	35,774,448
Income	248,400	277,257	275,221
Design consultancy income	233,400	248,503	264,700
Financial income	15,000	11,254	10,521
Other incomes	0	17,500	0
Total cost and expense	227,023	251,527	247,308



Cost of good sold	201,349	213,134	226,132
Administration expense	25,674	21,893	21,176
Other expense	0	16,500	0
Profit before tax	21,377	25,730	27,913
Profit after tax	17,102	22,024	23,770
Profit allocated to the Investment and Development Fund	1,368	2,202	2,377
Profit allocated to the Bonus and Welfare Fund	855	2,202	2,377
Remuneration for Board of Directors, Board of Supervisors	336	432	384
Dividend	14,542	17,619	19,016
Dividend-to-charter capital ratio	4.1%	4.9%	5.3%
EPS (VND/share)	478	616	664
Salary budget	78,750	81,900	83,952
Total number of employees (person)	525	525	530
Average income of employee (million VND/person)	12.5	13	13.2

Source: VNCC

Note: Aboved information is for whole year of 2016, however dividend paid for 2016 will come from VNCC after tax profit, which is calculated from moment VNCC becomes joint stock company to December 31th, 2016.

PART 4: GENERAL INFORMATION OF THE AUCTION

1. RISK ANALYSIS

1.1. *Economic risks*

As a company operating in the marketable company, VNCC's business performance as well as its development strategy is affected by the fluctuation of the domestic macroeconomic. In 2014 and the first half of 2015, it experienced the positive signs of recovery of the world economy and the Government's effort to stimulate the economy by flexible monetary and financial policy but still achieving basic targets such as controlled inflation and stabilized exchange rate that help to support the manufacturing companies and VNCC.

- GDP growth: GDP in 2015 increased 6,68% compared to 2014. These recent movement shows our economy is recovering, demand capacity is increasing and business performance of companies is also improving.
- Inflation: From 2-digit inflation in 2012 backwards, by operating the inflation control policy and stabilizing the macro economy drastically, the Government has led the inflation in 2015 fallen to substantial low level of 0.63%.
- Interest rate Presently, State Bank of Vietnam continues to operate interest policy with declining interest rates, in consistent with macroeconomic situation, monetary policy and inflation in order to decrease lending interest rate and unplug difficulties for the economy in general and corporations in particular.. From beginning of 2012 up to now, deposit interest rate fell sharply the helps local corporations to access loans with lower interest expenses. From high interest rate of 20% in 2010 – 2011, lending rate plunged to common rate of 10-12%/ year recently.

1.2. *Legal and regulatory risks*

Being a state-owned enterprise converted into joint stock company, the operation of VNCC will be regulated under Corporate Law 2014 and other related regulations. Hence, VNCC will be regulated by other legal documents of securities and stock exchange when having converted into public listed company. Law and other legal documents in this field are in completing stage, any changes in policies may incur at any time and when it incurs, adversely impacts may affect business performance and management of an entity.

1.3. *Specific risks*

VNCC core business is design consultancy in industrial and civil construction. Industrial and civil construction prospect affects substantially to business of VNCC. Government still concentrates on investing for infrastructure to support economy growth therefore design consultancy market will still grow. This makes more opportunities for VNCC to participate in projects, especially key infrastructure projects. Besides, global integration makes more opportunities for VNCC to participate in international projects, especially ASEAN and Asia projects.



1.4. Risk of public offering

Public offerings of shares by the company are subject to the status of the stock market and macroeconomic conditions. Negative signs of those factors affect judgement of investors and absorption capacity of the market.

1.5. Other risks

Besides the above specific risks of tea business, other risks such as asfire, war, disaster, epidemic diseases etc. Are inevitable risks that will cause damage to assests, people and business operation of VNCC.

2. SHARE OFFERING METHOD

2.1. Method of share offering and payment of share purchase for investors participating in auction

a) Auction form:

- Number of offered shares: **6,806,368** shares
- Type of shares: Ordinary shares
- Par value: VND 10,000 per share
- Starting price: VND 10,050 per share
- Share offering method: Initial public offering of 100% state-owned enterprise by auction method
- Auction method: According to “ IPO Auction regulation of Parent company- Vietnam National Construction Consultants Corporation- One Member Limited Liability company”

b) Auction participants and number of shares registered to buy

- Auction participants: Foreign and domestic organizations, individuals satisfying conditions as required by the Regulation of the initial public offering of VNCC
- Minimum number of shares subscribed to buy: 100 shares
- Maximum number of shares: **6,806,368** shares
- Limited amount for local investors: Maximum **6,806,368** shares
- Limited amount for foreign investors: Maximum **6,806,368** shares
- Subscription quantity: Multiple of 100
- Deposit: 10% total value of shares subscribed to buy at starting price



c) Time schedule and location

- Time schedule and location of disclosure of information, auction subscription, deposits, distributing tickets to attend the auction and other information: Following provisions of Regulations of initial public offering of VNCC.
- Location of the auction: Hanoi Stock Exchange

2.2. Auction method and settlement of shares for strategic investors

a) Offering price

According to Decision 327/QĐ-BXD dated 07/4/2016 of Ministry of Construction: Share Price to be offered for strategic investors is the agreed sale price between the Equitization Steering Committee and strategic investors (for the direct share purchase agreement) or the successful bid (for the case of auction among strategic investors) but not lower than the lowest successful bid of the initial public offering.

b) Offering volume

Shares to be offered to strategic investors: **8,943,612** shares, accounting for 25 % of charter capital of VNCC.

c) Criteria for strategic investor selection

General criteria:

- Strategic investors shall be domestic or foreign investors who have the financial capacity and written commitment by the authorized person to co-operate with company for long-term benefits and support company after equitization in terms of new technology transfer; human resource training; financial capacity improvement; business management; design consultancy market development and concept, architecture, structure, MEP specialization.
- Strategic investors can not transfer their purchased shares within five years since company's initial Business Registration Certificate is issued according to the Enterprise Law. In special case that these shares needed to be transferred before deadline, the transaction must be approved by Shareholder Committee.
- Strategic investor shall not perform any transaction with VNCC after equitization leading to interest conflict and creating monopoly or unfair competition with clients, other investors of VNCC after equitization.

Specific criteria:

- Financial capacity:
 - + Strong financial status, no overdue debts and accumulated losses at the time of document submission, no law violation.
 - + Evidence of sufficient funds to buy shares at least equal to the subscribed capital contribution to be strategic shareholders;
 - + Profitable business (shown in the audited financial statements for Year end 2013, 2014, 2015 before enrolling);



- + Not to be strategic investor or major shareholders owning more than 5 % of charter capital in any business operating in the field of construction consultancy in the territory of Vietnam at the time of enrollment as a strategic investor;
 - + Have no transaction with other companies, which results in a conflict of interest with VNCC
 - Having operated for at least 5 years from the moment of registration to be strategic shareholder;
 - To be the investor registering to buy at least 1,790,000 shares, accounting for 5% of the charter capital
 - Written commitment of authorized person about following contents:
 - + Ensuring stable development and continuing to implement the development strategy till 2020 of VNCC Corporation which was approved by Minister of Construction.
 - + Using employees according to the equitization plan approved by the Prime Minister and the committing to support training of the existing employees to meet the the job requirements;
 - + Respecting all activities of political organizations, political - social organizations in the company in accordance with Article 6 of the current Enterprise Law.
 - In addition to the above criterias, the foreign investors must have an account at one of the organizations providing payment services. These organizations must operate in the territory of Vietnam and complies to Vietnamese law. All activities related to shares purchase must be done via this account. The foreign investors must have written authorization (authorization contracts, trust contracts, investment appointment contracts) if authorizing their representative organization in Vietnam to implement share purchase.
- d) Share offering method, order and procedure of strategic investor selection
- Share offering method:
 - Direct share purchase agreement after initial public offering. In case that there are more than 03 (three) qualified investors registered to participate or the total number of subscribed shares are more than the number of shares to be offered to strategic investors under the approved equitization plan, the auction shall be held among qualified investors under the regulation.
 - Share Price to be offered strategic investors is the agreed sale price between the Equitization Steering Committee and strategic investors(for the direct share purchase agreement) or the sucessful bid (for the case of auction among strategic investors) but not lower than the lowest successful bid of the intial public offering.
 - Order and procedure of strategic investor selection:
 - Step 1: Ministry of Construction and VNCC Corporation post the notices on the website to invite interested investors to become a strategic shareholder.
 - Step 2: Ministry of Construction announces the decision of strategic investor criterias, selection procedures , share offering method for strategic investors and the deadline to

- apply (posted on the website of Ministry of Construction and VNCC Corporation) immediately after the decision takes effect.
- Step 3: Investor applies 02 sets of profiles (01 original and 01 copy) to Ministry of Construction (Enterprise Management Department) or to VNCC Corporation. Profiles include a Registration Letter to participate as strategic shareholder, a written Commitment to cooperate with VNCC for long-term benefits and support VNCC Corporation after equitization, Audited Financial Statements for Year end 2013, 2014, 2015, Company Capacity Profile. Application deadline: 07 days after the date VNCC Corporation finishes the initial public offering.
 - Step 4: VNCC Corporation is responsible for receiving/gathering profiles; assessing, proposing to select strategic investors and reporting to the Equitization Steering Committee. The Equitization Steering Committee/Enterprise Management Department the evaluation, submit Ministry of Construction for consideration and approval of the strategic investor list, the number of shares to be offered and the sale price for strategic investors.
 - Step 5: Pursuant to the decision approving the strategic investor list, the number of shares to be offered and the offered price for strategic investors approved by Ministry of Construction, the Equitization Steering Committee/ Supporting Group for the Equitization Steering Committee of VNCC Corporation and investors shall negotiate, agree and sign contract to buy / sell shares in accordance with the law.

2.3. Auction method and settlement of shares for employees

a) Offering price

According to Decree no.59/2011/NĐ-CP dated Jul 18th 2011 and Decree No 116/2015/NĐ-CP dated 11/11/2015/NĐ-CP :

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

b) Offering volume

Table 17: Offering volume

No.	Shareholder	Number of shares	Percentage of charter capital
1	Employees purchase incentive shares based on number of working years (100 shares per year)	418,800	1.17%



2	Employees purchase incentive shares based on committed working year (200 shares per year)	347,200	0.97%
3	Employees who are high - qualified purchase incentive shares (500 shares per year)	1,013,500	2.83%
Tổng cộng		1,779,500	4.97%

Source: VNCC's Equitization plan

(*) Note: In case share sale is not completed, Equitization Steering Committee will authorize for VNCC General Director to continue share sale process according to prevailing laws.

3. UTILIZATION PLAN OF THE PROCEEDS FROM THE INITIAL PUBLIC OFFERING

According to Article 42 of the Decree 59/2011/NĐ-CP dated July 18, 2011 relating to transferring of 100% state-owned enterprise to joint stock company, the proceeds from the equitization which include par value and capital surplus will be utilized for settlement of equitization costs and payment for employee redundancy in accordance with prevailing regulations. The remaining balance (if any) will be transferred to the Arrangement and Business Development Supporting fund.

The expected funds collected from the equitization to be returned to the Arrangement and Business Development Supporting fund is: **VND 173.278.700.485**

Table 18: Expected funds collected from the equitization

Unit: VND

No	Content	Unit	Amount of money
1	Total actual value of the State's capital contribution according to Decision of approving the Enterprise Value and Equitization Plan of Ministry of Construction	VND	357,744,482,485
2	Charter capital after equitization	VND	357,744,480,000
3	Amount of money VNCC returns to the State in case of capital decrease	VND	2,485
4	Starting price (VND/share)	VND	10,050
5	The proceeds from equitization	VND	174,487,698,000

5.1	The proceeds from sale of shares to employees (Receive 60%)	VND	2,525,364,000
5.2	The proceeds from sale of shares to employees (Additional purchase)	VND	13,675,035,000
5.3	The proceeds from sale of shares in public auction	VND	68,403,998,400
5.4	The proceeds from sale of shares to strategic investors	VND	89,883,300,600
6	The extra capital, which is kept in company, is equivalent to the percentage of new shares issued and new charter capital	VND	0
7	Cost of equitization	VND	1,209,000,000
8	Cost of settlement for staff redundancy	VND	0
9	Total amount returned to Enterprise Arrangement Supporting Fund (9)=(3)+(5)+(6)-(7)-(8)	VND	173,278,700,485

Source: VNCC's Equitization plan

4. SCHEDULE OF LISTING, REGISTRATION FOR TRADING AFTER EQUITIZATION

According to Article 17, Decree No.60/2015/NĐ-CP of the Government dated 26/06/2015 about amending, supplementing several article of Decree No. 58/2012/NĐ-CP and Article 3, Circular 180/2015/TT-BTC dated 13/11/2015 of Ministry of Finance on providing guidance on registration of securities trading on trading system of unlisted securities, VNCC has the following obligation:

- a) Within a maximum period of 90 days from the end date of the public securities offering for the purpose of equitizing state-owned enterprises in accordance with legal regulations on equitization, and within a maximum period of 30 days from the end date of the public securities offering by other enterprises in accordance with legal regulations on securities, the issuing company must complete procedures for corporate re-registration (if any), share or stock depository registration with the Vietnam Securities Depository and transaction registration through the Upcom system;
- b) If a state-owned enterprise that carries out equitization operations under the provisions of Article 22 hereof in the form of a public securities offering conforms to listing requirements stipulated in Article 53 or Article 54 hereof, this enterprise is required to submit application for listing immediately after the end of each offering and report the offering outcome to the State Securities Commission.

After the completion of equitization, in case VNCC meet all requirements for the public company and the listed company according to legislation and applicable regulations, VNCC commits to follow these regulations.

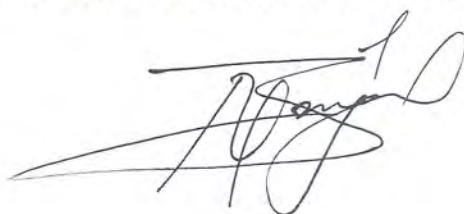
Hanoi, May 2016

**REPRESENTATIVE OF THE EQUITIZATION STEERING COMMITTEE
ENTERPRISES MANAGEMENT DEPARTMENT**




Dau Minh Thanh

**REPRESENTATIVE OF THE EQUITIZED ENTERPRISE
VIETNAM NATIONAL CONSTRUCTION CONSULTANTS CORPORATION
CHAIRMAN OF THE MEMBER'S COUNCIL**



Nguyen Thi Duyen

GENERAL DIRECTOR




Dang Kim Khoi

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DEPUTY GENERAL DIRECTOR**




Nguyen Quang Bao