

The equitization steering committee and COMA (Construction Machinery Corporation - one member limited company) recommend investors to read carefully the information in this Prospectus and auction regulations before registering to attend the auction.

PROSPECTUS

INITIAL PUBLIC OFFERING OF CONSTRUCTION MACHINERY CORPORATION - ONE MEMBER LIMITED COMPANY (COMA)



❖ **THE AUCTIONEER**

HANOI STOCK EXCHANGE

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❖ **THE ISSUER**

CONSTRUCTION MACHINERY CORPORATION ONE
MEMBER LIMITED COMPANY (COMA)

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THE ADVISOR

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June, 2016



**INFORMATION ABOUT THE INITIAL PUBLIC OFFERING
CONSTRUCTION MACHINERY CORPORATION ONE MEMBER LIMITED
COMPANY (COMA)**

Name of the issuer:	CONSTRUCTION MACHINERY CORPORATION ONE MEMBER LIMITED COMPANY (COMA)
Head office:	125D Minh Khai, Minh Khai Ward, Hai Ba Trung District, Hanoi
Charter capital:	350,000,000,000 đồng (Three hundred fifty billion VND)
Total number of shares:	35,000,000 shares (Thirty five million shares)
Par value:	10,000 VND
Type of share issued:	Common stock
Total number of shares for IPO:	5,340,100 shares, equivalent to 15.26% of total charter capital
Starting price:	10,200 VND per share
Auction form:	Public auction
Limited order for domestic investors:	Min: 100 shares Max: 5,340,100 shares
Limited order for foreign investors:	Min: 100 shares Max: 5,340,100 shares
Bidding quantity:	Multiples of 100 shares
Incremental bidding price:	100 VND (one hundred VND)
Deposit :	10% of total value of share subscription at starting price



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PART 1: GENERAL INFORMATION

1. LEGAL FRAMEWORK

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 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 Government about transforming a 100% state-owned company into a jointstock company (Decree No 59);

Decree No 116/2015/NĐ-CP of Government about supplementing, modifying, or amending some articles of Decree no 59/2011/NĐ-CP dated Jul 18th 2011 of Government about transforming a 100% state-owned company into a joint stock company (Decree No 116);

Decree No 189/2013/NĐ-CP dated Nov 20th 2013 of Government about supplementing, modifying, or amending some articles of Decree No 59 (Decree No 189);

Decree No 91/2015/NĐ-CP dated Oct 13th 2015 of Government about State capital investment in enterprises, use and management of capital and assets in enterprises (Decree No 91);

Resolution No 15/NQ-CP dated Mar 6th2014 of 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 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 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 Ministry of 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);



Circular No 10/2013/TT-BTC dated Jan 18th 2013 of Ministry of Finance on guiding the mechanism of management and use of fund for support of enterprise development and structuring at the parent companies in economic groups, state corporations, parent companies in the parent company – subsidiary conglomerate;

Decree No 63/2015/NĐ-CP dated Jul 22nd 2015 of Government about regulations and policies on redundant labors when rearranging an one-member limited company owned by the State;

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 Government of transforming a 100% state-owned company into a joint-stock company;

Decision No 21/2012/QĐ-TTg dated May 10th 2012 of 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 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;

Decision No 37/2014/QĐ-TTg dated Jun 18th 2014 of Prime Minister about issuing criteria and category to classify state-owned enterprises;

Official Note No 283/TTg-ĐMDN dated Mar 5th 2012 of Prime Minister about approving the plan for structuring of state-owned enterprises under the management of Ministry of Construction;

Decision No 929/QĐ-TTg dated Jul 17th 2012 of Prime Minister about approving the plan “Restructuring of state-owned enterprises, with a focus on economic groups and state-owned corporations in the period 2011-2015” (Decision 929);

Document No 457/BXD-QLDN dated Mar 18th 2014 of Ministry of Construction about implementing equitization plans of enterprises under the management of Ministry of Construction;

Decision No 578/QĐ-BXD dated May 27th 2014 of Ministry of Construction about establishing equitization steering committee of COMA groups (Decision 578);

Decision No 642/QĐ-BCĐ dated Jun 10th 2014 of Ministry of Construction about establishing board of assistants of equitization steering committee of COMA groups;



Decision No 896/QĐ-BXD dated Jul 15th 2014 of Ministry of Construction about approving the equitization plan of COMA groups (Decision 896);

Decision No 1581/BXD-QLDN dated Jul 14th 2014 of Ministry of Construction about selecting VietCapital Securities as an equitization advisor (Decision 1581);

Decision No 1508/BXD-KHTC dated Jul 13th 2014 of Ministry of Construction about approving equitization expense (Decision 1508);

Decision No 416/QĐ-BXD dated Apr 14th 2015 of Ministry of Construction about adding more members to equitization steering committee of corporations under management of Ministry of Construction (Decision 416);

Decision No 2368/QĐ-TTg of Prime Minister dated Dec 23rd 2015 to approve the equitization plan and to transform COMA into a joint stock company;

Service contract No 28/2014/HĐ-TVHN.VCSC dated Sep 3rd 2014 between COMA one-member-limited Company and Viet Capital Securities JSC;

Resolution No 60/NQĐHCNVc dated Oct 14th 2015 of COMA about unusual employee conference of COMA when approving equitization plan;

Decision No 211/QĐ-BXD dated March 9th 2016 of Ministry of Construction about IPO of COMA;

Document No 3806/VPCP-ĐMDN dated May 24th of Government Office about time extension of IPO.

The prospectus written by COMA and Viet Capital Securities JSC., and is approved by the Steering Committee in 06/06/2016 .

Other relevant information.

2. PARTIES RESPONSIBLE FOR THE INFORMATION OF THE PROSPECTUS

2.1. *Representative of the Steering Committee*

Mr.Dau Minh Thanh

Position:Head of Corporate Management Department – Ministry of Construction, Member of Steering Committee of COMA

(According to Decision No 211 /QĐ-BXD dated 09/3/2016 of Ministry of Construction).

The prospectus written by COMA and Viet Capital Securities JSC., and is approved by the Steering Committee in 06/06/2016 .



2.2. Representative of the IPO company: COMA One Member Limited Company

Mr Le Van Khuong **Position:** Chairman of the Board, COMA groups

Mr Duong Van Hong Position: Managing Director

Mr Le The Thuy Position: Chief accountant

We commit that all the information and data related to Construction Machinery Corporation One Member Limited Company in this Prospectus is true and correct, sufficient in accordance with current situation of the company and applicable equity laws.

2.3. Representative of the equity advisor: Viet Capital Securities JSC

Mr Nguyen Quang Bao

Position: Deputy General Director of Viet Capital Securities JSC.

(Authorized paper No. 07/2015/QĐ.VCSC dated 1/7/2015 about authorizing Deputy General Director signs on behalf of General Director)

This Prospectus is an integral part of initial public offering documents with the preparation by Viet Capital Securities JSC. on the basis of the Service Contract with COMA. We assure that the analysis, evaluation, word choices and expressions on this Prospectus have been made in a reasonable and prudent manner under the information and data provided by COMA.

3. ABBREVIATIONS AND GLOSSARY

Các từ hoặc nhóm từ được viết tắt trong Bản công bố thông tin:

COMA	:	Construction Machinery Corporation One Member Limited Company
Equitized Company	:	Construction Machinery Corporation One Member Limited Company
MOC	:	Ministry of Construction
VCSC	:	Viet Capital Securities Joint Stock Company
Equitization advisor	:	Viet Capital Securities Joint Stock Company
JSC	:	Joint Stock Company
FS	:	Financial Statements
EV	:	Enterprise Value
EBT	:	Earning before tax
EAT	:	Earning after tax



PART 2: COMA BUSINESS CONDITION BEFORE EQUITIZATION

1. GENERAL INFORMATION OF THE EQUITIZED COMPANY

1.1. General information

1. Vietnamese name: TONG CONG TY CO KHI XAY DUNG - CONG TY TRACH NHIEM HUU HAN MOT THANH VIEN
2. English name: CONSTRUCTION MACHINERY CORPORATION – ONE MEMBER COMPANY LIMITED
3. Abbreviation name: COMA
4. Head office: 125D Minh Khai, Minh Khai Ward, Hai Ba Trung District, Hanoi
5. Phone: (04) 38631122
6. Fax: (04) 38631216
7. Website: www.coma.vn
8. Logo:

9. Business registration certificate: No. 0100106553 issued by Hanoi Planning and Investment Department in Nov 29th 2010 with 4th change in Nov 25th 2014
10. Charter capital according to business registration certificate: 181,927,000,000 VND
11. Shareholder's equity according to FS 2015: 101,341,009,820 VND
12. Charter capital according to approved equitization plan: 350,000,000,000 VND
13. COMA will re-register the business registration certificate with the new charter capital when officially becoming a JSC.



1.2. Establishment and historical development

- In Nov 20th 1995. Minister of MOC issued Decision No 993/BXD-TCCB about the establishment of COMA on the basis of Union of Construction Engineering Enterprise.
- Between 1995 and now is the period that COMA business activities stabilize and develop, though it has experienced several changes in business model as follow:
 - In Dec 30th 2015. COMA operates under the business model of parent company – subsidiary according to Decision No 2439/QĐ-BXD dated December 20th 2005;
 - In Jun 2010. COMA changes its business model to One Member Limited Liability Company according to Decision No 94/TĐSĐ-HĐQT dated Jun 30th 2010;
 - In Jan 2010 when Prime Minister approving the scheme to establish Vietnam Construction Industry Group, COMA is under management of Vietnam Construction Industry Group; after two year piloting, in Oct 2nd 2012. Prime Minister terminated the scheme of Vietnam Construction Industry Group; According to Decision No 915/QĐ-BXD dated Oct 18th 2012. MOC transfered the rights and obligations of state ownership in COMA from the parent company - Song Da Corporation to MOC.
 - Continue to implement Government’s direction for restructuring state-owned enterprises, COMA was determined to restructure its inefficient subsidiaries, improve its management within the Corporation, hence focusing its capital on certain business activities and avoiding unnecessary investment. Since 2012. COMA has focused on ”Restructuring Corporation Scheme”; of these, the top priority is to equitize the remaining units and the Corporation itself on the basis of divestiture and share transfer of some companies: COMA 4. COMA 19. COMA Eng, Dong Banh Cement JSC, Huong Son Hydropower JSC.
 - Currently, the Corporation has successfully transformed 8/10 of its subsidiaries into JSC. Current structure of the Corporation includes 8 subsidiaries, 3 joint ventures, and 4 branches.

1.3. Licensed business activities

According to business registration certificate No. 0100106553 issued by Hanoi Planning and Investment Department in Nov 29th 2010. with the 4th change in Nov 25th 2014. current registered business activities of COMA are as follow:

- Producing tanks, reservoirs, and metal containers;
- Forging, pressing, stamping and rolling metal, processing metal powder;
- Producing metal structures;
- Mechanical treatment and coating of metals;
- Real estate;
- Vocational education;
- Sending laborers to work overseas;

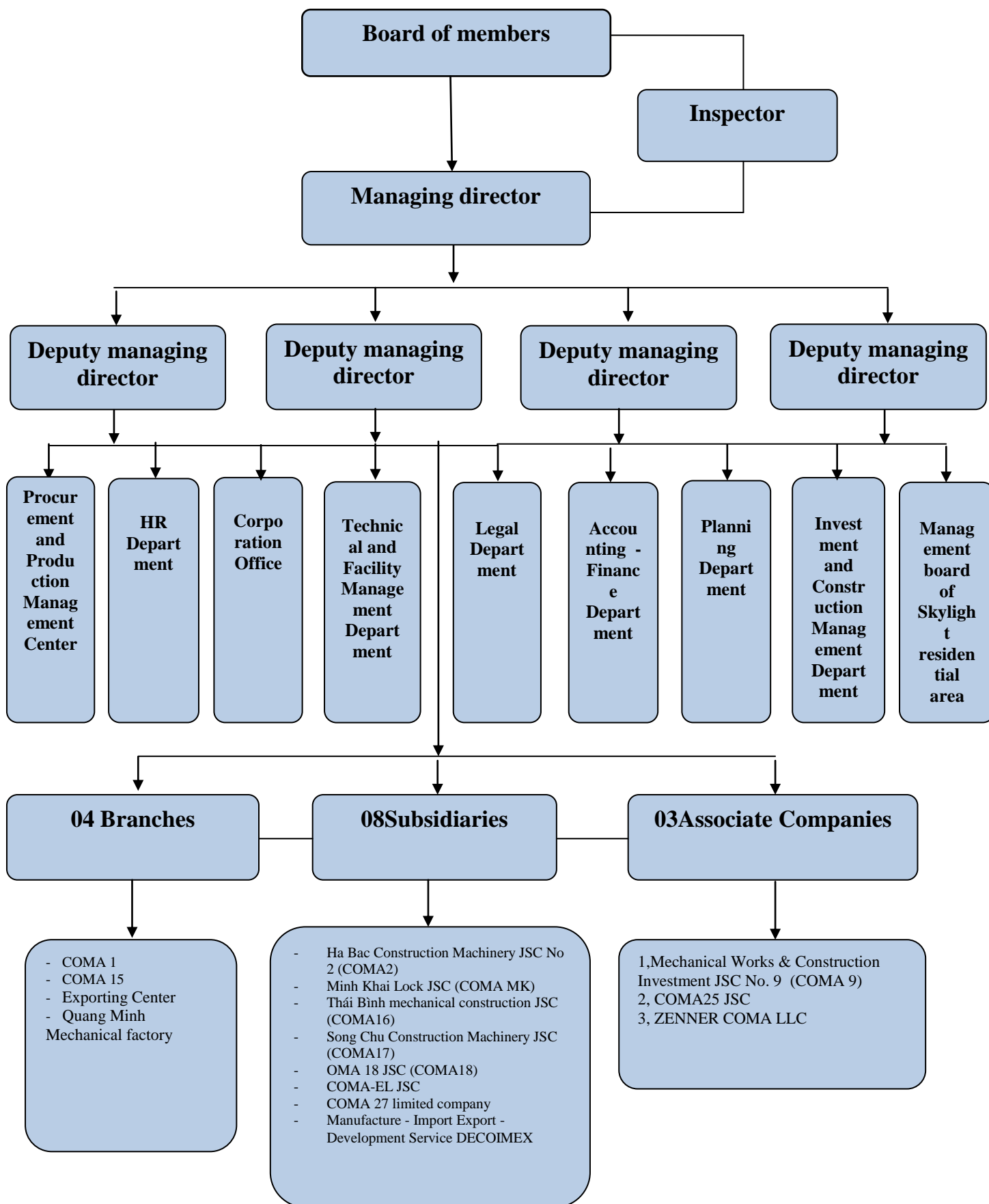


- Training, re-training, and improving skills for employees and technical workers specialized in technology and construction;
- Hospitality, restaurant, tourism (not including bar, karaoke)
- Office and house for lease;
- Design verification; bidding advice on design, construction, and installation; supplying materials and equipments; project management;
- Supervision of construction of road works with area of expertise: construction and competition;
- Supervision of construction of residential works with area of expertise: construction and competition;
- Supervision of construction of electricity system of industrial and civil works as well as infrastructure;
- Design construction planning and architecture;
- Investment and construction consulting for engineer projects, construction materials, electricity, telecommunications infrastructure, oil&gas, industrial, residential, urban infrastructure, industrial zone, and tourism zone project, which includes establishing and examining investment projects;
- Construction and installation of residential, industrial and transportation works (roads, railways, ports), irrigation (pump stations, canals, embankments and resevoirs), drainage, engineering work, urban infrastructure and industrial parks; construction of industrial power systems, electric control and residential electricity, the transmission line and power transformers;
- Construction and installation of synchronous equipment chains;
- Transportation (loading/unloading) services;
- Sale of transportation and loading/unloading vehicles;
- Production of materials for power and construction material industry;
- Production and distribution of electricity;
- Sale of synchronous chains, materials, machineries, equipments, spare parts, tools, accessories and products serving the construction, electricity, transportation, irrigation, mining and other economic and technical sectors;
- “Engineer, Procurement, and Construction” contractor of technical projects, construction materials, telecommunications infrastructure, oil and gas, residential and industrial projects;
- The corporation only performs its business activities prescribed by the law.

1.4. Company structure of COMA by Dec 31st 2015



Company structure of COMA





The corporation has a structure as follows:

- a) Board of members;
- b) Inspector;
- c) Managing director;
- d) Deputy managing director;
- e) Chief accountant;
- f) 07 departments, 01 center for procurement and production management, 01 management board of Skylight residential area;
- g) Party Committee Office, Union Office, Youth Union of Corporation Office;
- h) 04 branches
- i) 08 subsidiaries
- j) 03 joint ventures

1.4.1. Subsidiaries

List of subsidiaries

Or d.	Name	Address	Core business activities	Charter capital (VND)	Capital contribution rate
1	COMA 27	Km14. Highway 1A, Thanh Tri, Hanoi	Construction and sales of materials and facilities	12,938,190,119	100%
2	DECOIMEX	40 Nguyen Trung Truc ward 9. Vung Tau city	Production, export, import of agricultural development service	127,295,272	100%
3	COMA 2	Tan Dinh - Lang Giang district - Bac Giang	Construction engineering	14,889,700,000	51.4%
4	COMAMK	Km14. Highway 1A, Thanh Tri, Hanoi	Manufacturing and sale of locks	6,600,000,000	67.5%
5	COMA 16	Le Quy Don street - Bo Xuyen ward - Thai Binh city	Machineries and construction	6,000,000,000	53.6%
6	COMA 17	266 Ba Trieu street - Dong Tho ward - Thanh Hoa city.	Machineries and construction	14,044,800,000	51%
7	COMA 18	Km 10 - Nguyen Trai street - Thanh Xuan district - Hanoi	Construction engineering	134,400,000,000	51%
8	COMAEL	84 Phuc Vien street - Bo De ward - Long Bien district - Hanoi	Construction engineering and installation of utilities	11,000,000,000	51.5%

Source: COMA

(*) For COMA 18: Implementing the scheme “restructuring the Corporation in the period of 2013 – 2015” which was approved by the Ministry of Construction at Decision No. 844 / QD-BXD



dated Sep 5th 2013. the Corporation submitted the Report No. 1425 / TCT HDTV dated Sep 10th 2015 to the Ministry of Construction for approval for the withdrawal of capital contributed by the Corporation at COMA18 through public auction which is expected to be implemented in 2016,

For COMA 27 and DECOIMEX: the enterprise valuedated June 30th2014 with Parent Company - Construction MachineryCorporation. Corporations are expected to perform equitisation two companies in 2016-2017,

1.4.2. Associate companies

List of associate company

Or d.	Name	Address	Core business activities	Charter capital (VND)	Capital contribution rate
1	Zenner-COMA	COMA buildings, 125D Minh Khai Minh Khai Ward, Hai Ba Trung District, Hanoi	Sale of water- industry equipment	3,797,484,966	31.0%
2	COMA 9	6-8 Thach Thi Thanh, Tan Dinh Ward, District 1. Ho Chi Minh City	Construction engineering	45,000,000,000	20.0%
3	COMA 25	No. 55 Nguyen Van Linh - Phuc Dong Ward - Long Bien District - Hanoi	Construction and equipment installation	52,000,000,000	20.6%
4	Construction and Engineer Number 5 JSC	Tay Mo ward, Nam Tu Liem district, Hanoi	Construction engineering	6,500,000,000	12.3%
5	Dai Mo Construction and Engineer JSC	3rd Floor, Tower A, Golden palace buildings, Me Tri, Tu Liem District Nam, Hanoi	Construction engineering	50,000,000,000	9.7%
6	Construction and Engineer Number 10 JSC	813 Giai Phong, Hoang Mai District, Hanoi	Construction, installation, utility	5,242,000,000	9.54%
7	COMA Investment and Real Estate JSC	COMA building, 125D Minh Khai Minh Khai Ward, Hai Ba Trung	Construction and real estate	10,000,000,000	5.62%



Ord.	Name	Address	Core business activities	Charter capital (VND)	Capital contribution rate
		District, Hanoi			
8	COMALAND Investment and Real Estate Development JSC	Room 307. Cotana Group Building, Linh Dam Peninsula, Hoang Liet ward, Hoang Mai District, Hanoi	Construction and real estate	100,000,000,000	6.83%
9	Huong Son Hydropower JSC	Km70. Highway 8A, 1 Kim Son, Huong Son District, Ha Tinh Province	Electricity	285,620,000,000	0.42%

Source: COMA

1.5. Number of employees transferred to the after-equitization COMA

- There are 367 people who will be transferred to work for COMA after equitization as follow:

Ord	Category	Number (individual)	Weight (%)
Total		367	100
By location			
1	Corporation Office	124	33.8
2	COMA 1 Branch	74	20.2
3	COMA 15 Branch	34	9.3
4	COMA 28 Branch	45	12.3
5	Trung tâm XNK – Chi nhánh Export/import Center Branch	24	6.5
6	COMA 27	22	6.0
7	DECOIMEX	44	11.9
By education qualification			
1	With university degree or higher	196	53.4
2	With college or high school degree	46	12.5
3	Vocational training/unskilled workers	125	34.1

Source: COMA



2. ENTERPRISE VALUE AND THE STATE'S CAPITAL CONTRIBUTION

- ✚ According to Decision No 716/QĐ-BXD dated Jun 18th 2015 of MOC about the enterprise value to support the equitization process of COMA.
 - Actual value of the enterprise is **1,689,007,633,632 VND**
 - In which actual value of State's capital contribution is **239,720,290,049 VND**
 - Assets that are not accounted in the enterprise value:
 - Not-in-used assets: 0 VND.
 - Assets handed over to Debt and Asset Trading Corporation: **308,761,506 VND.**

Enterprise value of COMA and the State's capital contribution at COMA as at 0h00 Jul 1st 2014

Unit: VND

Category	Book value	Re-evaluated value	Difference
1	2	3	4 = 3 - 2
A. In-used assets (I+II+III+IV)	1,526,400,215,630	1.689.007.633.632	162.607.418.002
I. Fixed assets and Long-term investments	246,169,809,891	345,622,575,229	99,452,765,338
1, Fixed assets	107,036,499,589	133,795,113,809	26,758,614,220
a. Tangible fixed assets	106,998,682,924	133,757,297,144	26,758,614,220
b. Intangible fixed assets	37,816,665	37,816,665	-
2, Long-term financial investments	126,841,326,631	201,119,276,923	74,277,950,292
3, Construction in progress	3,856,352,676	1,648,027,494	(2,208,325,182)
4, Long-term receivables	2,358,340,246	2,358,340,246	-
5, Long-term prepaid expense	6,077,290,749	6,701,816,757	624,526,008
II. Current assets and short-term investments	992,703,145,347	1.105.300.396.599	112.597.251.252
1, Cash:	51,744,301,513	51,743,226,716	(1,074,797)
+ Cash in hand	1,306,077,705	1,306,081,174	3,469
+ Cash in bank	50,438,223,808	50,437,145,542	(1,078,266)
2, Short-term Financial investment	31,487,671,837	31,487,671,837	-
3, Receivables	714,732,486,082	789,786,350,082	75,053,864,000
4, Inventories	159,419,767,136	196,964,229,185	37,644,462,049
5, Other current assets	35,318,918,779	35,318,918,779	-
III. Goodwill	-	2,089,244,932	2,089,244,932



IV. Value of land use right	287,527,260,392	235,995,416,872	(51,531,843,520)
B. Not-in-used assets	-	-	-
I. Fixed assets and long term investments			-
II. Current assets and short-term investments			-
C. Disposal assets	308,761,506	308,761,506	-
I. Non-current assets and long term investments	-	-	-
II. Current assets and short term investments	308,761,506	308,761,506	-
1,Bad debts	308,761,506	308,761,506	-
D. Assets formed from the welfare and bonus funds	-	-	-
TOTAL ASSET VALUE (A+B+C+D)	1,526,708,977,136	1,689,316,395,138	162,607,418,002
In which:			
TOTAL ENTERPRISE VALUE (Section A)	1,526,400,215,630	1,689,007,633,632	162,607,418,002
F1,Actual value of liabilities	1,401,482,675,059	1,446,446,118,277	44,963,443,218
In which: value of transferred land use right that must be submitted to State budget	-	-	-
F2, Professional Fund	2,841,225,306	2,841,225,306	-
TOTAL ACTUAL VALUE OF THE STATE'S CAPITAL CONTRIBUTION [A-(F1+F2)]	122,076,315,265	239,720,290,049	117,643,974,784

Source: Minutes of enterprise valuation of COMA

3. MAJOR ASSETS OF COMA

3.1. Fixed assets

Table 4: Asset structure of COMA in July 1st 2014,in Dec 31st 2014 and in Dec 31st 2015

Unit: million VND

	Asset	1/7/2014	31/12/2014	31/12/2015
1	Tangible fixed assets	133,757	108,847	130,764
1,1	Buildings and structures	118,033	96,506	116,664
1,2	Machinery and equipment	5,885	6,644	6,580
1,3	Transportation	5,949	4,125	7,410
1,4	DCQL equipment	3,890	1,573	3,007



2	Intangible fixed assets	238.122	238.102	2.089
2,1	Value of land use right	235.995	235.995	-
2,2	Brand	2.089	2.089	2.089
2,3	Software	38	19	0

Source: Auditted financial statements of 2014 and 2015 of COMA

Note:

- The value of tangible fixed assets at 31/12/2015 is adjusted in accordance with the decision to approve enterprise value.
- The value of intangible fixed assets at 31/12/2015 decreases as in 2015 the Corporation has transferred the investment project "Mixture of apartment complex, office, and supermarket in lot 2,5HH Le Van Thiem Street, Nhan Chinh Ward, Thanh Xuan District, Hanoi."



3.2. Land

Currently, COMA và 02 subsidiaries including COMA 27 and DECOIMEX is managing and using 134.133,2 m²,

Table 5: List of current COMA construction land

Ord.	Location	Land area (m ²)	Current purpose	Commission/leasing	Lease period	Value
Corporation		86.945,6				
1	125D – Minh Khai Str, Hai Ba Trung Dist, Hanoi	2.438,3	Headquarter and office	Leasing with annual payment	until 01/01/2033	-
2	125D – Minh Khai Str, Hai Ba Trung Dist, Hanoi	15.537,3	Construction of Skylight Residential Area	- Land allocated without collection of land use fees: 11.259,4m ² - Land allocated with collection of land use fees: 4.277,9m ²	Long term	-
3	Km No 2. Xuan Phuong Str, Tu Liem Dist, Hanoi	8.970,0	Construction of head office and manufacturing facilities	Leasing with annual payment	until 30/01/2033	-
4	Lot 4.Quang Minh industrial zone, Me Linh, Hanoi	48.000,0	Head office and manufacturing facilities	Leasing with annual payment	until 17/05/2051	-
5	Tay Mo Ward, Nam Tu Liem Dist, Hanoi	12.000,0	Head office and manufacturing facilities	Land allocated with collection of land use fees	until 13/5/2016.	-

At the time of the Enterprise value of COMA, Lot 2.5HH Le Van Thiem, Nhan Chinh Ward, Thanh Xuan district, Hanoi is determined contract value 235,995,416,872 VND. However, in 2015 the Corporation has transferred this land under the Assignment Agreement dated 01.20.2015 with contract value 299 526 869 386, thus not in the plot of land use plans after equitisation.



PROSPECTUS
CONSTRUCTION MACHINERY CORPORATION
ONE MEMBER LIMITED COMPANY (COMA)

Subsidiary – COMA 27		2.152,0			
6	Km No 14. 1A Highway, Lien Ninh Commune, Thanh Trì Dist, Hanoi	2.152,0	Head office and manufacturing facilities	Leasing with annual payment	until 19/11/2054
Subsidiary - DECOIMEX		45.035,6			
7	40 Nguyen Trung Truc, Ward 9. Vung Tau City	272,4	Head office	Land allocated with collection of land use fees	Long term
8	40 Nguyen Trung Truc, Ward 9. Vung Tau City	252,0	Head office	Land allocated with collection of land use fees	Long term
9	Long Tam Ward, Ba Ria Town	1.510,6	Farmland	Farmland open to transferring	until 2018.
10	Ward 9, Vung Tau City	1.100,0	Manufacturing facilities	Land allocated with collection of land use fees	until 08/3/2056
11	Ward 9, Vung Tau City	835,0	Manufacturing facilities	Land allocated with collection of land use fees	until 08/3/2056.
12	Ward 9, Vung Tau City	1.137,0	Propose to convert current purpose to residential area	Land allocated with collection of land use fees	until 08/3/2056.
13	Ward 6 and Ward 9. Vung Tau City	39.928,6	Construction of residential area under the approved plan	Land allocated with collection of land use fees	Long term
Total		134,133.2			

Source: COMA

4. BUSINESS ACTIVITIES IN THE PERIOD OF 2013 – 2015

4.1. Business activities of COMA Corporation

4.1.1. Main services

Some pictures of construction by COMA



Hongsa – Lao thermal power project



Ban Ve hydropower project



Song Tranh hydropower project



Construction of raw material grinding machine
 for Bim Son Cement 3



Construction of hydropower valve



Construction of pressure pipe –Ban Ve hydropower plant

a) Machining, mechanical engineering and civil construction activities

- ***About cement-related construction:***
 - Production of non-standard equipment and steel structure for production line No 2 in the construction project of Bim Son and But Son Cement Factory;
 - Construction and installation of Ha Tien 1. Ha Tien 2. Hoang Thach, Song Gianh, Hai Phong, Thai Nguyen, Quang Tri, Tam Diep Cement Factory;
 - Provision of materials, machining, constructions of equipments for limestone breaker facilities, conveyors, dust filter of Cam Pha Cement Factory;
 - Construction and installation of of steel-structure roof frame, construction of material warehouse and silo 20.000T for Binh Phuoc Cement Factory;
 - Provision and installation of electric and automatic equipments for Dong Banh Cement Factory;
- ***About hydropower plant:***
 - COMA is successful in installing 11.596 tons of hydraulic, electric, automatic equipments



- for Ban Ve hydropower plan with a capacity of 320 MW;
- Installation of 5.334 tons of hydro-mechanical equipments and 2.444 electro-mechanical equipments for Song Trang 2 hydropower plant, which is highly praised by the installation capability and management of construction process;
- COMA is assigned as a main EPC contractor to design, supply, install, train, and transfer Dak Sin 1 hydropower plant;
- Designing construction drawing, provision and installation of mechanical and electrical equipments and pressure pipes for several hydropower plants: Srok Phu Mieng, Can Don, Se San 4. Buon Tua Sha, Nam Muc, Nam Non, Da Dang/Da Cho Mo, Song Chay 5. Nam Na 3. Nam Can 2. Chieng Cong 1. Chieng Cong 2;
- Designing, construction and installation of mechanical, hydro-electric, hydraulic equipments for Trung Son, A Luoi hydropower plant and pressure pipes for Huong Son hydropower plant.
- *About thermalpower plant:*
 - Chế tạo lọc bụi tĩnh điện Nhà máy nhiệt điện CAN tại Thổ Nhĩ Kỳ;
 - Production of electrostatic precipitators at CAN thermal power plant, Turkey;
 - Construction of gas pipeline and installation of equipment at Pha Lai 2 thermal power plant;
 - Continue to produce electrostatic precipitator which is exported to Korrgan Creak Australia;
 - Production of boiler shell equipments for Doosan Babcock company to export to the U.S.;
 - Construction of fuel tank for Phu My thermal power plant;
 - Construction and installation of equipments at Nghi Son, Cao Ngan thermal power plants;
 - Construction and installation more than 2000 tons of electrostatic precipitators for Vung Ang thermal power plant construction project;
 - In 2013. COMA won a bid to provide equipments, install and test on 20000 tons of equipments for Hong Sa thermal power plant with 1920 MW capacity in Laos.
- *About food, chemical, oil&gas project:*
 - Constructing and installing boiler 160T/h, conveyor, molasses tank of Nghe An, Son La sugar factory;
 - Constructing and installing tanks at Cai Lan vegetable oil plant, Ha Bac nitrogenous fertilizer plant, Dung Quat oil refinery pipeline;
- *About industrial works:*
 - Vietnam Float Glass Factory (VFG);
 - Thang Long Ceramic Tiles Factory;
 - Yen Ha Feldspar grinding Factory, Hai Phong steel laminating Factory;
 - Production of 500KV and 200 KV electric poles
 - Chế tạo cột điện đường dây 500 KV. 220 KV;
 - TV pole, microwave pole, frame for buildings and amusement park, sport stadium;
- *About transportation infrastructure projects:*
 - Construction and installation of 08 steel bridges for pedestrians in the projects to enhance traffic safety;



- Construction and installation of a steel bridge for pedestrians to cross the road at Northern Thang Long – Hanoi industrial zone;
- Construction and installation: a large-aperture steel bridge for cars at Le Van Luong street – Lang street intersections; a steel bridge at intersection of Nam Hong Street and Thang Long to the Boi Bai airport ; a steel bridge at the intersection of Nguyen Tri Phuong - 3/2 - Ly Thai To;a steel bridge at intersection the junction between Vung Tau Highway 1 and Highway 51. Dong Nai;
- Construction of bridges and transportation roads: construction of transportation roads between Nghia Trung commune and Minh Duc commune, Viet Yen district, Bac Giang province; construction of roads between Hanoi and Hung Yen; construction of main roads at Nhon Hoi economic zone; construction of roads at Huong Song hydroelectric plant; construction and expansion of Highway 14 within Dong Xoai town, Binh Phuoc province; construction and renovation of Highway 26 between Khanh Hoa and Dac Lac; construction of Ka Nat 2 bridge at Gia Lai province, Vang Gianh bridge at Quang Ninh province, Lan Thap bridge at Quang Ninh province;
- *About civil and industrial constructions:*
 - Provision and installation of steel structures of National Convention Center;
 - Construction and renovation of the office of Government;
 - Provision, construction and installation of steel-structure roof of Hanoi Museum;
 - Construction and provision of telegraph pole for the 220 KV line. 500 KV line for EVN;
 - Construction of the People's Security Institute, Thai Binh Medical University, Kim Ma Cheo Theatre; Dancing and Music Vietnam Theatre;
 - National Planning Exhibition;
 - Indoor athletics stadium (Indoorgames);
 - Ensure to complete Thanh Giong Monument punctually, hand over and label with a sign 1000 years of Thang Long – Hanoi at the time of the ceremony; the construction is highly appreciated by Hanoi city leaders on the progress and quality;
 - Construction, design and installation of scaffolding for Tuan Chau dolphin show, Nam dinh Arena, and Binh Phuoc Cement Plant;
 - Construction and installation of hard core of 8 main columns and the entire structure and roof materials of XL-01 package, XL-02 Parliament House package by using crane of 1.200 ton capacity, ensuring progress and quality;
 - Provision and installation of equipments and construction of headquarter of Ministry of Foreign Affair;
 - Machining, construction, installation and transportation of steel structure of Keangnam building;
 - Installation of steel structure for Nghi Son thermal power;
 - Construction and installation of tank of Hiep Phuoc vegetable oil factory;
 - Provision, equipment and installation for Thang Long Ceramic Tiles Factory and Yen Ha Fesdspar grinding plant;
 - Provision, equipment and installation Hai Phong Steel Factory;
 - Provision of boiler equipment and conveyor at Nghe An Sugar Factory. Son La Sugar Factory;



- Construction and installation of tanks for Cai Lan Vegetable Oil Factory;
- Provision and installation of microwave poles for Telecom - Hanoi CDMA-2 for Nortel Networks Vietnam Ltd;
- Installation of roof structure of Expo Danang;
- Construction of the dormitory building for Hanoi Pedagogical University;
- Skylight Condominium project at 125D Minh Khai;
- Westa - Ha Dong Condominium Projects;
- Dream House Condominium Project - Dai Mo, Tu Liem, Hanoi and many civil and industrial constructions;

Mechanical construction and installation and civil construction are considered core business activities, contributing the majority of revenue for the Corporation, with an average revenue of four years 2011, 2012, 2013, and 2014 of 375 billion, accounting for 56% of total revenue.

To maintain the brand, quality and progress of construction works, COMA Corporation is increasingly trusted by customers and wins in the bidding processes of more complex projects that require high experience and technology.

b) Real estate investment

Besides the core business activities, COMA also optimally took advantage of its human resources and material resources to apply to a number of other business areas such as construction of houses for sale. In 2012 and 2013, this business activity also contributed to 31% - 45% of total revenue of COMA and in 2014 that business activity accounts for 31,53%.

COMA has started the construction of luxurious residential areas Skylight since 8/2009 on the area of 1,5 ha at 125D Minh Khai, Minh Khai ward, Hai Ba Trung district, Hanoi. The project was completed and has been put into use since quarter 4 2013 and is currently in the process of finalization of the project. Therefore, property sales in four most recent years of COMA (2011 – 2014) comes mainly from project Skylight. Besides the construction work, the recovery of capital is also important. COMA directs the Steering Committee to collaborate with the supervision consultants and investors to definitively settle the existing or arising problems to complete the recovery of capital. As of Dec 31st 2014, COMA had completed and handed over 496 Skylight apartments; the remaining apartments 8 units are planned to be handed over in 2015,

Besides projects Skylight, COMA 18 JSC, a subsidiary of the COMA, is implementing the project luxurious building Westa with more than 300 apartments and 41,000 m² construction area in the Mo Lao Residential Area, Ha Dong district, Hanoi. The project Westa building was put into use at the end of 2014, and COMA 18 currently is selling the apartments to recover its capital.

In the recent period, COMA has been influenced by macro-economic difficulties such as frozen real estate market, rising interest rate, and increasing bad debts. These problems directly affect the output of real estate and construction activities of COMA.

c) Other business activities

Beside core business activities, COMA also maintains and develops other business activities as follows:



- *Labor export business activity:* Although the domestic and world economy are volatile, but the labor export business activity of COMA remains stable and focused on the Middle East, Taiwan, and Japan market. In 2011 and 2012, the center had sent more than 600 labors abroad, contributing 2-3 billion per year to the total revenue of the company. Thanks to the reputation and quality guaranteed, in 2013 the number of labor export had almost doubled to 1,175 people and contributed more than 4 billion to the revenue in 2013,
- *Service business activity:* COMA and its business members provide supplies and goods for construction works, mainly within the Corporation; in addition, there include the infrastructure and office for rent, and provision of utility services. The revenue from these activities was approximately 8 billion per annum.

4.1.2. Revenue structure between 2013 and 2015

Table 6: Revenue structure between 2013 and 2015

Unit: Million VND

Category	2013		2014		2015	
	Revenue	Weight (%)	Revenue	Weight (%)	Revenue	Weight (%)
Revenue from recurring activities	611,000	86.22	1,095,244	97.88	725,711	96.96
Mechanical construction and installation activities	309,117	43.62	644,786	57.62	387,000	51.70
Real estate activities	259,453	36.61	345,341	30.86	316,227	42.25
Other operating revenue	42,430	5.99	105,117	9.39	22,484	3.00
	-	-	171	0.02	68	0.01
Revenue from financing activities	16,421	2.61	21,989	1.97	22,127	2.96
Other revenue	2,384	0.38	1,733	0.15	723	0.10
Total	629,805	100	1,118,795	100	748,493	100

Source: Audited financial statement since 2012 until 2015 of COMA

Mechanical construction and installation are the strengths of the Corporation. This is the core, sustainable and lasting activity, which accounts for the largest part in the revenue structure of the Corporation. In 2013-2015, revenue from mechanical construction and installation activities reaches accounting for over 51% of net sales. In 2014, due to revenue from real estate projects, the proportion of sales from these activities decreased to 57% of net sales.

In recent years, COMA has captured business opportunities in real estate and construction, investing in some projects such as high-class residential area Skylight. The project was completed in 2014, which helped increase sales in 2014 to 1.095 billion VND, up 179% compared to 2013,

Besides, COMA also has a number of other activities to contribute to operating revenue such as the exporting labor, service activities, the provision of construction materials, which account for small proportion in the revenue structure.



The detail of transfer of shares from 2011 to March 12/2014 is as follow:

Table 7: Income from the sale of shares of financial investment

Unit: thousand VND

Ord.	Corporation	Value of transferring shares	Revenue from transferring shares	Year
1	COMA 4	423,877	132,770	2011
2	COMA 19	4,991,894	3,095,061	2011
3	COMA Eng	772,650	-	2011
4	Đông Anh Cement JSC	171,142,950	-	2013
5	COMALAND	109,870,048	99,870,048	2013 – 2014
6	Nhon Trach 2 thermal power JSC	6,142,220	2,657,220	2014
7	COMA 7	10,200,000	-	2015
8	COWAELMIC	2,600,000	-	2015
	Total	306,143,639	105,755,099	

Source: COMA

Beside, in 2015. COMA has continued to implement this withdrawal of capital from COMA 7 and COMA 3 with value of transferred shares worth 12,8 billion and dissolve the joint venture at these companies.

In 2013. and 2014. other revenues reached respectively 4 billion. over 2,3 billion and over 1,5 billion, mainly from disposal of fixed assets and collecting money from customers for breach of contract.

4.1.3. Gross profit structure

Table 8: Gross profit since 2013 until 2015

Unit: million VND

	2013		2014		2015	
	In number	Gross profit on Revenue (%)	In number	Gross profit on Revenue (%)	In number	Gross profit on Revenue (%)
Gross profit	74,162	12,14	337,710	30,84	79,019	10,89
Mechanical construction and installation	32,100	5,25	42,867	3,91	14,937	2,06
Real estate and investment	34,010	5,57	279,530	25,53	57,058	7,86
Other business	8,053	1,32	15,485	1,41	7,093	0,98



activities					
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Source: Audited financial statement since 2012 until 2015 of COMA

In 2014, luxurious residential area Skylight was finished, making revenue from real estate and investment surge drastically, which accounts for 83% of gross profit in 2014, Since 2015, COMA has focused on core business activities: mechanical construction and installation.

4.1.4. Cost structure

Table 9: Cost structure of COMA since 2013 until 2015

Unit: million VND

Category	2013		2014		2015	
	In number	Cost On Renueue (%)	In number	Cost On Renueue (%)	In number	Cost On Renueue (%)
COGS	536,837	85.24	757,363	67.68	646,623	86.39
Mechanical construction/ installation	277,017	43.98	601,920	53.80	372,064	49.71
Real estate and investment	225,443	35.80	65,811	5.88	259,168	34.63
Other activities	34,377	5.46	89,632	8.01	15,391	2.06
Financial expense	29,288	4.65	38,139	3.41	7,477	1.00
Selling expense	1,206	0.19	1,700	0.15	294	0.04
G&A expense	36,635	5.82	43,884	3.92	32,695	4.37
Total	603,966	95.90	841,087	75.18	687,089	91.80

Source: Audited financial statement since 2013 until 2015 of COMA

COGS (Cost of Good Sold)

Cost of construction activities includes expenses incurred by the Corporation and the expense incurred by the finalization of projects of COMA's subcontractors and member units.

Cost of investment in real estate of COMA includes cost of materials and other construction cost; of these, material cost always accounts for a majority proportion.

Cost of other revenue comes mainly from sale of materials and offices for rent.

Cost of mechanical construction and installation activities accounts for a majority part of total cost, which corresponds to a high proportion of total revenue and sustainable growth of this sector compared to other business activities of COMA. In 2014, cost of mechanical construction and installation activities was sharply higher than that of the past years (compared with 45,1% in 2013). It can be explained that in the past years COMA recognized the cost of Skylight project higher than actual cost; as a result, in 2015, the remaining cost to be finalized of the project was negligible.

Finance expense

Financial expenses incurred during the years are mainly interest expenses, realized exchange rate differences, unrealized exchange rate differences, provision for devaluation of



investments, recorded losses from disposal of investments and other financial expenses. The basis for provisioning is when there is a difference between the initial real capital contribution and real value of equity calculated at the time of reporting financial statements.

General and administrative expense

G&A expenses include fuel expense, salary expense, depreciation expense, tax, fees and charges, provision, outside services expenses and other cash expenses. Of these, salary expense accounts for over 40%; tax, charges and fees account for 10%; fuel costs account for about 3%; and office rental costs account for about 3% of the total G&A expenses.

4.1.5. Material

In the recent years, the fluctuating prices of raw materials and inputs had created difficulties for most companies in the construction industry. However, along with the development of mechanical materials market, the number of domestic and foreign suppliers of raw materials in the market has increased significantly. The increasing number of suppliers diversifies categories as well as the quality of raw materials, creating more choices for companies such as COMA.

Evaluating the inputs market, COMA has actively applied effective measures to be proactive in maintaining sustainable inventory level to support mechanical construction and installation activities:

- *Create detailed and long-term materials plan for construction projects to actively source raw materials.*
- *Supervise and manage the construction activities, optimally utilizing materials used for construction in order to save cost while ensuring the quality of the constructions.*
- *Continuously update and proactively source new material suppliers in the market.*
- *Select reputable suppliers in the construction market and establish strategic relationship with them to maintain stable supply of materials. COMA has started to sign long-term procurement contract with main material suppliers such as steel, cement, and oil&gas.*

These fluctuations in raw material prices on the market will have an impact on the cost of the building, thereby affecting the overall profitability of the corporation. To prevent the risk of increasing material prices, since the bidding and construction estimation, COMA always calculates reasonable inflation level of the materials into its estimation and creates a provision for a sudden high price volatility. Additionally, machining, manufacturing and construction of mechanical and real estate projects are agreed upon by COMA itself and investors in the form of price adjustment contract. In the case of rising raw material price during construction projects, COMA will negotiate with its investors to compensate for the cost difference of the main materials.

The other business activities of COMA is service activities, so they do not incur cost of raw materials.

4.1.6. Technology level

Investing is recognized as an important mission that confirms the existence and development of the Corporation in accordance with new requirements. Therefore, since its establishment, the



Corporation has determined that its development strategy would include: Mastering design technology with additional investments in factory and equipment upgrade; Investing in new projects to diversify products and capital development; Developing land fund and available potential land areas of the Corporation and its members to invest in projects to build new factories or housing development projects.

During this period, the Corporation has invested to upgrade its office; upgrade and improve the factories of COMA 2. COMA 5. COMAEL, COMA 16. COMA 17; construct standard laboratories with modern equipment for nondestructive weld testing and metal analysis.

The Corporation also engaged in intensive investment, enhancing its production capacity in: Tig, Mig and Mag welders, steam cutter, large bending machines, bending up to 50mm thick, 600-ton hydraulic press, specialized CNC machining threaded hole sphere, cranes and hoists, self-invested units to upgrade production facilities, grounds, static aluminum and steel paint lines, metal painting and cleaning lines in the workshop or mobile in accordance with the manufacturing technologies ranging from embryo to cleaning and painting products.

The Corporation currently owns equipments used for production and business activities imported from many countries such as Korea, Japan, China and European countries (Germany, Belgium, England, Switzerland, etc).

In addition, the Corporation and its members use specialized softwares to calculate building structures like STAAD, SAP or ANSYS; design software such as AUTOCAD.



Table 10: List machinery corporations are using

T T	EQUIPMENT NAME	SPECIFICATIONS	QUANTITY	OF SUCH	
				Parent company	Members
A - CONSTRUCTION EQUIPMENTS					
1	Tower Cranes	1,5 / 6T; R50m	7	1	6
2	Self-propelled Cranes	Q = 20-135T	8	2	6
3	Gantry Crane	Q = 10-30T	22	1	21
4	Crane	Q = 5-20T	36	6	30
5	Pa lang, electric windlass	2T-10T	36		36
6	Truck with crane	Q = 2.5-5T	10		10
7	Hoist	Q = 1-1.5T	19		19
8	Excavators and loaders	V = 0.75-1M3	3		3
9	Bulldozers	N = 150 -300Cv	3		3
10	Vibrating Roller	G = 10-20T	4		4
11	Forklifts	3T	15		15
12	Concrete Truck	V = 15-20M3	4		4
13	Semi-truck	25T-40T	8	1	7
14	Trucks, bel cars	2.5T-12T	10		10
15	Automobile pickup			10,	10
16	Concrete Mixers	250-350L	11		11
17	Mortar Mixers		10		10
18	Compressors	p = 6,9 to 8 bar	17	1	16
19	Generators	N = 60-180KW	12		12
B - MECHANICS PROCESSING EQUIPMENT					
20	Welder	U = 220-380V, I = 300-350A	216	10	206
21	Semi-automatic and Automatic Welding Machines	U = 220-380V, I = 300-350A	29		29
22	500-Degree Welding Rods Oven	5KW	6	1	5

Advisor: Viet Capital Securities Jsc.



23	Welding Generators	75KW	10		10
24	Lathes	N = 4.5-30KW	56		56
25	Vertical Lathes	N = 45kW	14		14
26	Amputated Lathes	N = 40kW	12		12
27	Thread Rolling Machine	N = 4.5KW	8		8
28	Sphere Milling Lathes	N = 30KW, Đ/k CNC	3		3
29	Drill	DLO = 10-30	42	5	37
30	Punching and shearing machine	Metal roof 20	75	3	72
31	Planers	N = 5-40KW	18		18
32	Vertical and horizontal milling machines,	N = 5-40KW	20		20
33	Grinding machine	N = 5-15KW	21	10	11
34	Tole rolling machine	Tole 40	15	1	14
35	Beam bending machine	22KW	5		5
36	Steel bending machine	H300	5		5
37	Attached hinged beam combination machine	H1000	3		3
38	Beam welding machine	H1000	3		3
39	Tube bending machine	D300	04		4
40	Steam hammer	P150	5		5
41	Saws	D180	4		4
42	Bolts tightening machine	D36	5	1	4
43	Hydraulic presses	100t	4		4
44	Hydraulic flanging machine	35kW	5		5
45	Sprayers	10AT	20	1	19
46	Automatic coating spray system	10AT	5		5
47	Metal surface cleaning system	60KW	5		5
48	Punching and shearing line, steel pole manufacturing line	CNC Controls	2		2
49	Electrostatic paint and decorating aluminum line	10-15000T / year	2		2
50	dip galvanizing furnaces Hot	30 t / year	1		1
51	Key Coating Line	300 T / year	1		1
52	Plastic Production Lines (India)	Q = 0.25-1.5T / batch	1		1
53	Furnace	0.5-1T	2		2
54	Ram furnace	0.5-1T	2		2
C - MEASUREMENT DEVICES					



55	Coating thickness gauge	0-1250 microns	3		3
56	Electronic theodolite	CX: 10	"14	3	11
57	Leica jogger	CX: 20	"15	3	12
58	Total Station	CX: 02"	6	4	2
59	Magnetic tester	Yoke 6. Yoke 7	4	3	1
60	Ultrasound	USM 35X DAC	4		4
61	X-Ray Camera	Baltospot	2	1	1
62	Paint thickness gauge	Baltospot	11	3	8

4.1.7. Research and development of new products

In the next years, the Corporations focus on expanding construction and engineering services market at home and abroad . The Corporation will invest in research to produce new products and services to satisfy customers.

4.1.8. Quality management system

Product quality management is of strong interest to the Corporation. The Corporation issued strict regulations and management processes to keep track of the quality of products and services for equipment manufacturing, equipment examination and construction safety inspection at the production site as well as at construction site to meet the complete product quality requirements of investors.

Currently, the entire office of the Corporation and its members has adopted and implemented ISO 9001: 2008 quality management standards to all officials and employees as shown in the quality manuals of the Corporation. Every year the Corporation has experts assess manufacturing processes, manage and monitor corporation economic contract with customers and subcontractors to ensure conformity with standards.

The Corporation establishes a quality management system consistent with the scale of each project as follows:

- Assign responsibility individually, to each department for the quality control of construction works;
- Arrange manpower, supply materials and construction equipment as required by the contract and the provisions of law;
- Prepare and approve construction methods which specifies measures to insure people and construction equipment;
- Perform inspection and materials, components, construction equipment, technological equipment testing before construction and installation in buildings in accordance with standards and requirements of the design and of the construction contract ;



- Create construction diary, construction completion drawings as required; implement schedule, quality, quantity, safety and sanitation of construction at the request of investors.

4.1.9. Marketing activities

Due to the business sector's characteristics, to seek contracts with great value and high profits, the Corporations always focus on investment in marketing activities, specifically training for professional and skilled marketing executives, to collect and process market and customer data in order to determine the needs of the market, the financial situation of the client to devise marketing strategies to suit a particular time to bring the Corporation valued orders in the process of implementing business strategy.

With a long history and the COMA brand was established on domestic and foreign markets for years, the Corporation is aware of the importance to constantly consolidate and develop its brand to maintain its position in the market through a variety of ways: build a website, advertise through radio, television, participate in specialized trade fairs ... In particular, the Corporation always aims at ensuring construction progress, quality, technicality and aesthetics and keeping its commitments to investors, this is the best way to promote for the Corporations. It will get credibility from investors and main contractors to be undertaking many projects in the field of Mechanical Engineering building.

4.1.10. Trademarks, registered patent and copyright

Trademark registration certificate No. 67762 is granted by Decision A11700/QĐ-ĐK dated 02/11/2005 and has been extended to 08/04/2024 under Decision No. 11834/QĐ-SHTT dated 02,27,2014 of the Intellectual Property Department. Trademark registration certificate No. 67762 is granted to group number 6 - list of brand products /service: Building materials made of metal, and the metal structures used in construction, especially: construction steel, metal roofing sheets, aluminum frames and bars of all kinds, rolling doors, door frames, metal purlins; metal pipes, metal pipes to put lines, metal downspouts, metal scaffolding, metal space frame structure; Petanque (ground metal bullets) to crushed material in cement and/or building materials industry; metal tanks.

Trademark registration certificate No. 67763 is granted by Decision A11701/QĐ-ĐK dated 02/11/2005 and has been extended to 08/04/2024 under Decision No. 11834/QĐ-SHTT dated 02,27,2014 of the Intellectual Property Department. Trademark registration certificate No. 67763 is granted to group number 7 - list of brand products /service: Machinery and equipment used in construction, especially: machines and tools, construction equipment , quarrying machines, crushers, compactors, punching machine, drilling machine, nailing machine, punching and shearing machine, tools grinder, saws, cutter, lathes, welding equipment, generators; lifting equipment, cranes, conveyors (machines), elevator.



Both brands are registered on copyright and granted by Intellectual Property Department as stated.



4.1.11. *In-progress or completed contracts*



Table 11: List of major contracts implemented in 2015

Ord.	Content	Date signed	Date of deployment	Contract Value (million)	Project status	Remaining work completion plan
1	Assemble hydro mechanical equipment, provide hydraulic valve cylinder, goat leg gantry crane, ... Nam Muc Hydropower Project	17/6/2011	01/2016	94.952	Completed supply valves, swivel cushion valve, hanging valve, hydraulic cushion cylinders; Installed 32 ton crane; 56,5 billion implemented	Completion of 03 goat leg gantry crane DT, CNN and factory HL verification
2	Hydro mechanical equipment manufacturing contract for Trung Son Hydropower Project	15/4/2013	03/2016	17.842	Completed and delivered hydro mechanical equipments and watergate; 16,2 billion implemented	Continue the remaining work
3	Contracts for providing and installing air conditioner piping - ventilation for TB-09 construction, projects for Ministry of Diplomacy head office construction	26/02/2013	31/12/2016	48.674	Supplied materials and equipment and started installing air-conditioning and ventilation system for each floor; 25,2 billion implemented	Continue installing air-conditioning and ventilation system for each floor
4	Construct training ground with sideway arena seating University of	04/11/2013	03/2016	15.492	The court, running track and arena seatings are under construction	Continue remaining work and manufacture, install roofing for arena seatings



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	Physical Education and Sports Bac Ninh					
5	Install space frame structure (package no.2,1 and 2,2 - Indoor coal yard A, B) project: RAW MATERIALS HANDLING SYSTEM - FORMOSA	10/10/2014	20/06/2015	60.312	Received supplies and prepared equipment for the installation of space frame material handling structure at Formosa Ha Tinh project; 42,4 billion implemented	Install space frame according to contract's progress
6	Install structural steel, tubes and racks, finish painting package 1A. Nghi Son petrochemical refinery project	11/17/2014	03/2016	40.497	Installed structural steel, tubes and racks, finished painting package 1A of Nghi Son petrochemical refinery project; 19,633 billion implemented	Continue installation of steel structures, tubes and racks, finish painting package 1A according to signed contract's progress
7	Produce, transport and install steel structure bridge. Long Bien District Center intersections construction project	06/8/2015	01/2016	147.941	Finished steel bridge structure and currently delivering; 70 billion acceptance implemented	Continue painting several steel structure items
8	Supply, transport and install a complete hydro-mechanical equipment for Nam Cun hydropower project's sewage category	13/11/2015	28/02/2016	1.841	Surveyed the site, planned for the construction, contracted subcontractors, suppliers for implementation	
9	Supply and install hydro mechanical equipment and technical services - Spillway category - Krong No 2 hydropower project	11/04/2015	10 months from the effective date of contract	28.286	Designed blueprints, bought supplies for implementation	Manufacture mechanical spillway equipment Equipment installation and adjustment complex
10	Supply and install	10,12,2015	05/2017	46.287	Just started	

Advisor: Viet Capital Securities Jsc.



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	spillway gates valve. Alin 3 cluster and steel pressure pipe from anchor segments to plant - A Lin B1 Hydropower plant project					
11	Design construction blueprints, supply and install hydro-mechanical equipment - Plant category - Cam Thuy Hydropower project	12/2015	12 months from the effective date of contract	24.946	Just started	
12	Construct steel dome structure for ring 3 terminal under urban railway construction in Hanoi	12/2015	15/6/2016	16.153	Just started	
13	Construct steel dome structure for Van Khe station under urban railway construction in Hanoi	12/2015	15/6/2016	15.603	Just started	
14	Construct steel dome structure for Ha Dong bus station under urban railway construction in Hanoi	12/2015	15/06/2016	16.393	Just started	



**4.2. Financial status and business performance three years before
equitization**

4.2.1. Financial indicators and business performance from 2013 to 2015

Table 12: Operational performance from 2013 to 2015

Unit: million VND

Ord.	Items	2013 FY	2014 FY	2015 FY
1	Total assets	1,524,974	1,335,186	990,975
2	Total State's equity	118,504	121,708	217,122
3	Short-term liabilities	120,727	83,550	80,554
	In which: Over-due debt	-	-	-
4	Long-term liabilities	179,494	896	1,035
	In which: Over-due debt	-	-	-
5	Doubtful debts	22,597	26,527	376
6	Total number of employees (*)	748	849	692
7	Total salary budget	57,095	74,492	60,619
8	Average salary	6.36	7.31	7.3
9	Total revenue	629,805	1,118,795	748,493
10	Total expenses	614,601	882,291	705,188
11	EBT	15,204	236,504	43,305
12	EAT	9,758	173,722	31,084
13	ROE	8.64%	146.27%	14.51%

Source: Financial statement financial year 2013,2014,2015

Note:

()Total number of employee: Include temporary workers*

*(**) 2014 Income before tax was 257,4 billions because the investment project in Skylight deferred recording revenue and cost until 2014. which led to unregularly increase in income. The income included profit of partners according to Agreement no 911/COMA-KMK signed between COMA and Minh Khai Key jsc (estimated value: 83 Billions) and the amount pay for Hanoi's Municipal People's Committee as profit from selling 20% of housing fund (estimated value: 49 Billions)*



Table 13: Operational consolidated performance from 2013 to 2015

Unit: million VND

Ord.	Items	2013 FY	2014 FY	2015 FY
1	Total assets	2,545,906	2,329,031	1,932,610
2	Total State's equity	11,274	-32,495	132,969
3	Short-term liabilities	304,142	313,593	277,350
4	Long-term liabilities	395,440	127,268	109,678
5	Doubtful debts	56,453	69,066	29,914
9	Total revenue	1,115,682	1,648,305	1,176,169
10	Deduction	1,368	276	1,955
11	Total expenses	1,093,011	1,483,441	1,130,380
12	EBT	22,760	164,067	44,639
13	EAT	12,110	88,948	25,269
14	ROE	107,42%	-273,73%	19,00%

Source: Financial statement financial year 2013,2014,2015

4.2.2. Main financial indicators from 2013-2015

Table 14: COMA headquarter's main financial indicators

Items	Unit	2013 FY	2014 FY	2015 FY
Activity ratio				
Accounts receivable turnover		2,62	3,42	2,02
Inventory turnover ratio		4,03	5,41	5,51
Accounts payable turnover		2,91	4,89	3,28
Assets turnover		0,40	0,82	0,73
Liquidity ratios				
Current ratio		0,82	0,70	0,91
Quick ratio		0,66	0,59	0,77



Cash ratio		0,06	0,03	0,04
Profitability ratios				
Operating profit margin (Profits before taxes/sales ratio)	%	12,14	30,84	10,89
Net profit margin (Profits after taxes/sales ratio)	%	1,60	15,86	4,28
Return on equity (ROE)	%	8,23	142,74	14,32
Return on total assets (ROA)	%	0,64	13,01	3,14
Leverage ratios				
Debt-to-capital ratio		0,92	0,91	0,78
Debt-to-equity ratio		11,87	9,97	3,56
Equity/ total capital		0,08	0,09	0,22
Current liabilities/ Total Debt		0,71	0,99	1,00
Long-term debt/ Total Debt		0,29	0,01	0,00
Profitability ratios				
Total Asset growth rate	%	(13,27)	(12,45)	(25,78)
Revenue growth rate (ROE)	%	(19,27)	79,25	(33,74)

Source: COMA's annual audited reports financial year 2013,2014,2015

4.2.3. Factors affecting business activities of COMA in the last three years

Advantages:

- Vietnam is a developing country, the demand for developing industries is increasing, which creates opportunities for the company to provide service for big projects for the country
- The company has 40 years of traditions and experiences in in the field of construction and installation of industrial and civil works as well as negotiating contract both domestically and internationally



- The Corporation has staff which has a tradition of unity, experienced and devoting for the Corporation and in the construction industry.
- The regulation for process of production and business management, business administration from the Headquarter and its members has been built complete and perfect.
- Government Issued Directive No. 16/ CT-TTg dated 18/06/2014. which overcome difficulties and promote implementation of development strategy for Vietnamese mechanics industry until 2010 and vision to 2020. direct the Ministry of Construction to restructure, improve the ability, human capacity and equipment with modern technology to assume a pivotal role in the Association, to conduct the research, design, manufacture domestic equipment for thermal power plants under Decision No 1791/2012 / QD-TTg of December 29. 2012. which is approving to design mechanism and manufacture domestic equipment for thermal power plants in the period 2012-2025,
- With the strength and experiences in the construction industry, the Corporation has grown to become the main contractor for the construction of major projects in the country and aiming to export products to foreign partners.

Disadvantages:

- The size and the development of domestic mechanical engineering industry is low with no long-term strategy, the contribution of engineering to the whole manufacturing industry accounted for a small proportion.
- Wage policies of the Government hinder the stability of workforce in the industry, which lead to passivity in the construction and installation of projects around the country.
- The cut in public investment also reduces businesses for firms in the field of Mechanical Construction.

4.3. *Position of Construction Machinery Corporation compared with competitors in the industry*

4.3.1. *Position of COMA in the industry*

From a firm specialized in manufacturing and supply of separate parts and equipment for the constructing-materials industry, the company has actively improved, participated in many national key projects; produce and install super-sized equipments, non-standard equipments,



complex steel structures for different industries, which include cement, electricity, petroleum, hydropower, chemical, food, electrical lines, construction ..., occupy the domestic market and replace a portion of imported products. COMA brand has quickly established reputation in the market.

With leading efforts of the board of directors, employees, key companies such as COMA 2. COMA 5. COMA 6. COMA 7. COMA 17. COMA 25. COMAEL are always pioneers which takepart in most of the contract signed by the Headquarter with highest integrity, self-discipline, applying the technological in manufacturing to delivery the highest quality of the product.

Table 15: Main projects of COMA

About EPC contract

- Implement EPC Package 7- repair and maintenance buildings and factories, which belong to Dung Quat oil-refinery factory projects.
- EPC main contractor designs, supplies, installs, provides training and technology transfer of Dak Sin Hydropower Plant 1;
- Main contractor constructs and installs equipment for construction indoor stadium (Indoorgames);
- General contractor BT construct, supply and install the Hanoi's intellectuals complex

About cement plant projects

- Production of non-standard equipment and steel structures for lines 1 and 2 of Bim Son cement plant construction ;
- Fabrication and installation of equipment for cement plants, which are Ha Tien 1 and Ha Tien 2. Huangshi, Mai Son, Gianh, Hai Phong, Thai Nguyen, Quang Tri, Tam Diep;
- Providing materials, equipment for limestone as well as machining and fabrication for dam stations, conveyors and dust filter of Cam Pha Cement Plant;
- Fabrication and assemble of roof frame structural steel, building warehouses and silo flour 20,000T for Binh Phuoc Cement Plant;
- Supplying and installation of electrical equipment and automation for Dong Banh Cement plant;

About hydropower plant

- COMA succeeded in installing 11.596 tons of hydraulic equipment, electrical and automation for Ban Ve hydropower plant with a designed capacity of 320 MW;
- COMA installed 5334 ton of hydraulic mechanical equipment and 2.444 tons of electrical mechanical equipment for Song Tranh 2 Hydropower factory and received appreciation from main investors about constructing abilities as well as the operating organization of construction;
- COMA received the role as the EPC main contractor for the design, supply, installation, training



and transfer of Dak Sin Hydropower Plant 1;

- COMA designs, supplies and installs electromechanical equipment, penstock for following hydroelectric plants: Srok Phu Mieng, Càn Đon, Sê San 4. Đasiat, Suốt sập, Buôn Tua Sha, Nậm Múc, Nậm Nơn, Đa Dâng và Đa Chô Mô, Sông Chảy 5. Nậm Na 3. Nậm Cấn 2. Chiềng Công 1. Chiềng Công 2;
- Providing design, manufacturing and installation of hydro-mechanical equipment for Trung Sơn Hydropower and A Luoi, Lai Chau; providing penstock to Hương Sơn hydropower;

About thermal power

- Production of electrostatic precipitators for CAN Thermal Power Plant in Turkey;
- Production of gas pipeline for Pha Lai Thermal Power Plant 2;
- Manufacturing dust filter and exports to Korgan Creak of Australia;
- Production of fuel tanks for the Phu My thermal power;
- Production of boiler shells for Doosan Babcock which exports to the US;
- Production and installation equipment of Nghi Sơn, Cao Ngan thermal power plants;
- Production and installation of 2.000 tons of dust filtration equipment for construction of Vung Ang Thermal Power Plant;
- In 2013. COMA signed the contract to deliver equipment, installation and pre-commissioning of 20.000 tons of equipment including stackers, Maldives rakes and other equipment for Hong Sa thermal power plant, which locates in Lao and has capacity of 1.920 MW;

About construction of civil and industrial projects

- Supply and assemble steel structures for National Convention Center;
- Renovate the office of Government;
- Supply and assemble steel structure for the roof of Hanoi Museum;
- Construct National Securities Institute, Thai Binh Medical University, Kim Mã theater; Vietnam national theater; Sài Gòn – Đà Lạt hotel; Đồng Quốc Bình – Hải Phòng building;
- National Exhibition and Planning complex;
- Indoorgame complex;
- Hanoi Intellectual complex;
- Completed the status of Thanh Giông on time with highest quality for the celebration of 1.000 years Thăng Long - Hà Nội and received recognition from president of Hanoi;
- Design, fabrication of dolphin scaffolding in Tuan Chau, Nam Dinh stadium, scaffolding space of Binh Phuoc Cement Factory, A3- Giang Vo Exhibition , Ben Thanh Brewery, Danang Exhibition;



- Supply and install of aluminum glass for Terminal T1 - Noi Bai Airport;
- Construct 8 main columns, the whole structure and materials of roof for Package XL-01. XL-02. Government office, use crane load of 1.200 tons;
- Supply equipment and construct headquarters of Ministry of Foreign Affairs;
- Process and construct structural steel for Keang Nam Building;
- Install scaffolding frame for Nghi Son thermal power;
- Supply and install equipment for the Thang Long Ceramic Tiles Factory, Fesdspar Yen Ha crushing factory;
- Supply and install Hai Phong steel rolling plant;
- Provide and manufacture boiler equipment, conveyor for Nghe An Sugar Factory, Son La Sugar Factory, Lam Son Sugar Factory, Thach Thanh - Thanh Hoa Sugar Factory;
- Design Equipment for Ha Bac fertilizer factory;
- Install equipment for Phu My Fertilizer Plant;
- Design, manufacture and install tank for Cai Lan Vegetable Oil factory;
- Manufacture and install tank for Hiep Phuoc vegetable oil factory;
- Provide microwave poles for Telecom-Hanoi CDMA-2 project for Vietnam company Nortel Networks Ltd;
- Manufacture and supply steel power poles for 220KV electrical lines Vietnam Tri-Son La; 500 kV electrical transmission line between North-South, Thường Tín – Hà Tĩnh – Đà Nẵng – Đốc Sỏi – Pleiku – Phú Lâm;
- Construction of student dormitories of Hanoi National University of Education;
- Skylight 125D Minh Khai project;
- Westa – Hà Đông building project;
- Dream House – Đại Mỗ, Từ Liêm, Hà Nội projects and another civil projects.

About transport infrastructure projects

- Construct 08 overpasses for pedestrians in the enhancing traffic safety projects (component Hanoi)
- Construct 08 overpasses for pedestrians across North Thang Long-Hanoi industrial area
- Construct overpasses for cars in Le Van Luong- Lang intersection; steel bridge, bridge walls in Nam Hong- Thang Long bridge intersection- road to the airport; steel overpass at intersections: 6 Nguyen Tri Phuong- 3/2- Ly Thai To, steel overpass 3 ways intersection- Vung Tau Highway 1 - Highway 51. Dong Nai;
- Construct bridges, roads: construction of roads between districts: Nghia Trung -Minh Duc district (Viet Yen- Bac Giang province), construct intercity route Hanoi- Hung Yen, road for Nhon Hoi Economic, roads for Huong Son hydropower projects, upgrade and expand QL14



route running through Dong Xoai Town- Binh Phuoc province, renovate and maintenance of Highway 26 Khanh Hoa - Dac Lac; construct Ka Nat 2 bridge- Gia Lai Province, Gianh Vang Bridge- Quang Ninh Province, Lan Thap Bridge - Quang Ninh province;

4.3.2. Industry prospects

Overall, growth prospective of the construction industry in 2015 and subsequent years is positive based on the following reasons:

Monetary policy affects the construction industry positively because the interest rate has remained at 6,5% since March 3/2014- the lowest rate within a decade. Also, in 2014 and early 2015. inflation is stable due to efforts of the Central Bank. CPI index was 1,84% in 12/2014- lowest in 15 years. The combination effect of low input prices along with low interest rates on bank loans will accelerate the construction companies to implement more projects in the future.

The economic situation in Vietnam shows positive signs. Gross domestic product (GDP) in 2014 increased by a mere 5,98% versus 2013. while industry and construction had the highest growth rates on quarterly basis 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 government program support this sector. According to the HSBC bank forecast, in 2015. Vietnam will continue to maintain the growth rate at 6,1%. The first quarter of 2015 experienced real GDP growth of 6,03%, which showed feasibility of HSBC prediction. Economic growth means higher income and higher demand for real estate investment, both in commercial and housing segment.

Foreign capital tends to rise. Economic growth accompanied by stable politics position help attract foreign investment, especially investment in the fixed assets. According to the Foreign Investment Department- Ministry of Planning and Investment, combining both new and expanded capital, registered FDI capital flowing into Vietnam reached 20,23 billion dollars, 19% above the plan, with about 80% of the Capital flows into projects related to construction and real estate, manufacturing and processing.

The government provides variety of policies to support the construction industry. In June 2013. Vietnam Government launched 30.000 billion- stimulus packages for low-income people to buy house. Housing Act announced in 11/25/2014 by National Assembly prescribe foreign organizations and individuals can own houses in Vietnam, starting from the 07/01/2015 will boost sustainability of growth rate in the real estate market in general and housing demand in particular. Mechanical industry is considered critical and plays a key role in the whole development of Construction Industry. In recent years, the mechanical industry has developed steadily but has not achieved the desired objectives, which is meeting 45-50% nationwide demand for mechanical products by 2010, Mechanics supply in 2012 just met over 32% to demand for domestic mechanical products. With the increasingly growth of the construction industry, mechanical industry of Vietnam has to develop and meet the minimum demand for domestic products.



For the development of mechanical industry development, the Government pays special attention in identify priority mechanical products, also complete reviewing mechanisms and policies related to the protection of domestic products, building strong credit policy, promote the development of ancillary industries. Especially, the Government establishes Committee, which is responsible for developing key mechanical products, connecting between enterprises and State agencies and the Association of Mechanical Company. On 11/28/2012 and 06/16/2014. the Prime Minister has approved the pilot mechanism design and manufacturing domestic equipment for power plants during 2012-2015 by approving Decision No 1791 / QD-TTg in 11/29/2012 of the Prime Minister. The Government also issues Directive No. 16 / CT-TTg dated 18/06/2014 of the Prime Minister on removing difficulties and promote implementation of the Vietnam Mechanical development strategy.

With strong direction from the Government to develop mechanical industry, this is an area with strong traditions and high potential that the corporation will utilize in the future.

4.3.3. Compare the consistency of COMA's development strategy with the sector development, the State's policies and global trend

During the operation and development process, COMA always develops production and business activities based on the objectives and orientations of Vietnam Construction industry, including the following activities:

- Develop business strategies in middle term and long-term for each specific segment, which is suitable with the general direction of the Corporation as well as the construction industry;
- Marketing and finding work within the strength of the Corporation to meet the needs of the economy such as producing movers, mechanics for agriculture, forestry, fisheries and processing, machine tools, mechanical construction, ship building, power equipment - electronic, automobile engineering - Mechanical transport which special focus on manufacturing, development of mechanic products groups;
- Organize the plan and report on the implementation of construction plan to quickly react to direction and administration of the Corporation to the member units;
- Highly focus, direct; prepare resources to ensure the construction meet requirements in time, quality and safely role in construction site;
- Focus on the training to improve manufacturing quality, add more value to the corporation; research and apply new technologies to develop mechanical construction market.



PART 3: INVESTMENTS SCHEME AND DEVELOPMENT STRATEGY OF COMA AFTER IPO

1. OBJECTIVES OF THE IPO

1.1. Objective

Under the order of the Government, the Construction Machinery Corporation (COMA) does IPO to shift their structure, from 100% capital owned by the Government to from state enterprises keep 100% of company shares to a joint stock company.

Equitization of COMA helps diversify ownership, attracts capital and foreign investment, increases the scale of capital support for expansion of production and business activities, aims to make COMA become strong leader in the processing and manufacture of mechanical products for industrial projects and national key projects. Also, diversification makes capital structure more reasonable, production and business operations more stability and efficiency; provides innovative methods of corporate governance.

1.2. Requirements for IPO

- Ensure stable development of COMA after IPO
- Ensure stable and avoid large fluctuations in production and business activities.
- Ensure balance between the interests of the Government, firm, shareholders and employees.
- Show transparency according to market rules.

2. FORMS OF EQUITIZATION

According to Clause 2. Article 4. Decree 59/2011 / ND-CP dated 18/7/2011 about transforming 100% state capita company into joint-stock company, the Headquarter sells existing Government share in the enterprise which issuances additional shares to increase its capital.

3. ORGANIZATIONAL MODEL AFTER OPERATION EQUITIZATION

3.1. Basic information

- Full name: CONSTRUCTION MACHINERY CORPORATION JSC
- International Business Name: CONSTRUCTION MACHINERY CORPORATION – JSC
- Abbreviation: COMA
- Abbreviation in English: COMA JSC.,



- Type of business: Corporation
- Address: 125D Minh Khai Street Minh Khai Street, Hai Ba Trung District, Hanoi
- Telephone: (04) 38631122 Fax: (04) 38631216,
- Website: www.coma.vn
- Logo:



3.2. Business activities

- Production of tanks, reservoirs and containers made from metal. Forging, pressing, stamping and rolling metal, metal powder, mechanical; treatment and metal coating, supply and management of labor resources. Sending labor abroad (businesses operate only when the Government agency authorized license); Construction of other civil engineering;
- Install machinery and industrial equipment. Installation of the full line of equipment;
- Manufacture other electrical equipment. Produce materials for the power industry; Produce construction materials. Produce clay-building materials, Produce and distribute electricity. Trade machinery, equipment, Selling full line of production, supplies, machinery, equipment, spare parts, tools, accessories and products serving the construction industry, electricity, transportation, irrigation, mining and industry economic techniques; Other manufacturing not yet categories, electricity, transportation, irrigation, mining and industry economic techniques; Construction of other civil engineering;
- EPC main contractor of these projects: development of mechanical and building materials, telecommunications infrastructure, oil and gas, civil projects, industrial; Trading in real estate, land use rights of owners or users or tenants. Business and housing development; Office leasing services and housing; Architectural and engineering activities and technical advising related. Verification of design, advising on the design, construction and installation, supplying of materials and equipment; project management;



- Constructing civil and industrial works, transportation (roads, railways, ports), irrigation (for the pump stations, canals, embankments and reservoirs), water supply, construction engineering urban infrastructure and industrial parks; construction of industrial power systems, electric power and civil control, the transmission line and electrical substation;
- Construction planning; Architectural designing; Designing and supervision of construction, completing rail and road construction; Designing, supervision and construction of civil and industrial projects; Designing, supervision of installation of electrical systems for civil construction, industrial and technical infrastructure; Designing and supervision of ventilation, heating, air conditioning in civil project; Designing and supervision of water supply system in civil projects; Management of construction project; Examining the construction design, examining construction drawings (works only in the range of registered certificates);
- College education, retraining and skill training for staff, mechanical worker and construction worker, job education, Training and development of human resources in these sectors (Korean, industrial electricity, civil electrical, industrial electronics, engineering, air conditioning, cooled mechanical assembly, accounting, metal cutting ...); Preschool education;
- Land transportation, Cargo handling, Loading and unloading of goods; Wholesale cars and other motor vehicles; Short-stay services; hotels, villas or short-stay; Restaurant and catering services for mobile service. Catering tours (not including bars, karaoke, dance hall); General support services; General house cleaning, Cleaning houses and other buildings. Maintenance of the landscape. General office administration service. Apartment operation and management.

3.3. *Organizational structure after equitization*

3.3.1. *Organizational structure*

The organizational structure of COMA headquarter after equitization is completed on the basis of consolidation, reorganization between the unit members in the system and the departments are rearranged following these below directions:

- Corporate governance model is in the form of large-scale public joint-stock company, which is suitable with the development strategy of the company;



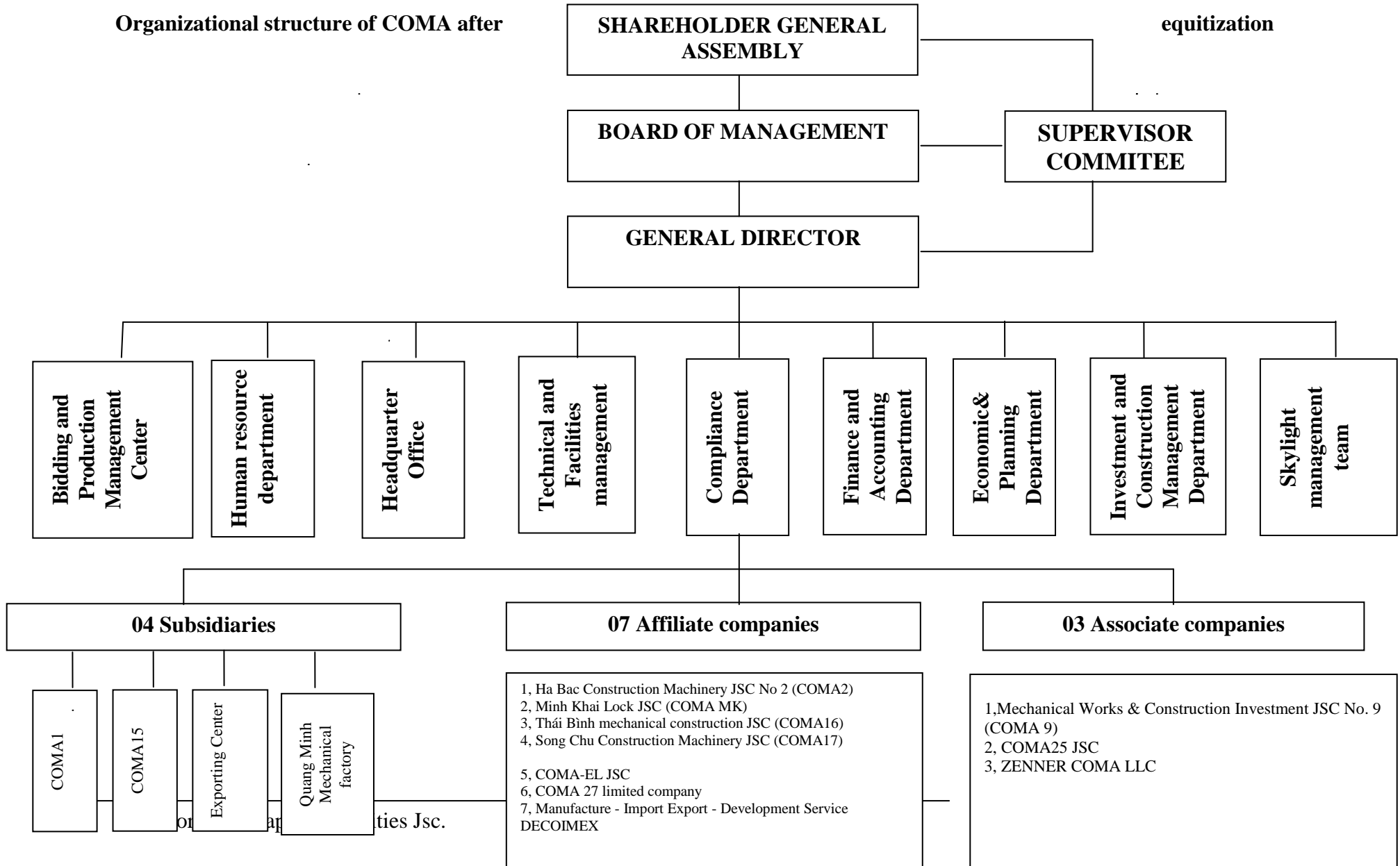
- The organizational structure must be linked to the objectives of COMA, which are operating business efficiently, strengthening the control and risk management, while increasing the value of the resonance between the unit members with COMA;
- The organizational structure has decentralized based on operating function and specific responsibility for each department. The scale of the organization is focused to be the foundation of efficient operation and operating costs minimizing. Beside, departments actively coordinate with each other and solve the tasks assigned towards the overall success of COMA;
- Ensure balance between authority and responsibility between units in the organizational structure of COMA - JSC;
- Ensure flexibility in organizational structure, adjusting with the fluctuation in business environment. Internal procedures operate to quickly make decisions under arising circumstances and response to the changing factors of the organization;
- Arrange, restructure capital in subsidiaries and associated companies to utilize the abilities of these companies and minimize potential conflicts between them Organizational structure of COMA after equitization is expressed through the following diagram:



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Organizational structure of COMA after

equitization





COMA's structure after equitization includes:

- Shareholder General Assembly: General Shareholder's Assembly is the highest unit of the corporation.
- Board of Management: Board of Management is unit controlling the Corporation, has full authority on behalf of the Corporation to decide and implement the rights and obligations of the Corporation, which is not under the authority of the General Assembly.
- Supervisory Committee: Supervisory Board elected by the General Assembly, is held on behalf of shareholders to control all business activities, management and administration of the Corporation.
- General Director: General Director manages the daily business of the Corporation, subject to the supervision of the Board and is responsible for answering the Board and the Law for the implementation of rights and duties assigned. There are four Deputy Directors which are in charge of Company's expertise and are responsible for answering the General Director.
- Functional departments: there are 09 functional departments, which perform business inherited from the current Functional Departments in the current organizational structure.
- Unit members are subsidiaries, affiliated companies: centralized into 5 specialized groups of company.
- Organizational structure and corporate governance includes hierarchical relationship between Shareholders General Assembly, Board of Directors, Supervisory Committee, Chief Executive Officer is adjusted to fit with requirement of joint stock Corporation.

The authorized representative of the Government capital in COMA - JSC after equitization will be decided by Ministry of Construction.

3.3.2. Ownership structure

Table 15: List of subsidiaries and affiliates of COMA after equitization

Companies which COMA holds over 50% of capital	
1	Ha Bac Construction Machinery JSC No 2 (COMA 2)
2	Thai Binh Mechanical Works & Erection JSC (COMA 16)
3	Song Chu Construction Machinery JSC (COMA 17)
4	Minh Khai Lock JSC (COMA MK)
5	Construction Machinery & Water Electric Machine Installing Company (COMA-EL)
6	Construction & water-Electric Machinery Installation Joint stock Co., No.3 (COMA 27)



7	Manufacture - Import Export - Development Service (DECOIMEX)
Companies that COMA holds from 20% to 36% of capital	
1	Zenner- COMA JSC (ZENNER COMA)
2	Mechanical Works & Construction Investment Joint Stock Company No. 9 (COMA 9)
3	Erection & Trading Joint Stock Company COMA 25 (COMA 25)

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: 350,000,000,000 VND (Thirty hundred and fifty billion Vietnamese Dong)
- Par value: 10,000 VND (Ten thousand Vietnamese Dong)
- Number of shares: 35,000,000 (Thirty five million shares)

4.2. Structure of charter capital

According to Decision No, 2368/QĐ-TTg dated 23/12/2015 of the Prime Minister approve Equitization Plan of The Parent Company –Construction Machinery Corporation, the charter capital structure of COMA as follows:

Table 16: Charter capital structure

Unit: VND

STT	Shareholder	Number of shares	Par value	Percentage of charter capital
1	State	17,850,000	178,000,000	51.0%
2	Employees with discounted price	1,309,900	13,099,000,000	3.74%
2,1	Employees purchase incentive shares (100 shares per year)	356,000	3,560,000,000	1.02%
2,2	Employees qualified to purchase additional incentive shares (200 shares per year)	577,400	5,774,000,000	1.65%



2.3	Employees who are high - qualified purchase incentive shares (500 shares per year)	376,500	376,500,000	1.07%
3	Strategic investors	10,500,000	105,000,000,000	30%
4	Other investors	5,340,100	53,401,000,000	15.26%
	Total	35,000,000	350,000,000,000	100%

5. DEVELOPMENT STRATEGY AND INVESTMENT PLAN OF COMA AFTER EQUITIZATION

5.1. *Development strategy after equitization*

The Construction Machinery Corporation Limited will be converted to Joint Stock Corporation, With the experiences and prestige gained in the past, the company has set these followings as its main strategy after equitization:

- Continue to consider machine mechanics and industrial production as the main specialization, focus resources on the innovation and development of construction machinery industry, increase investment, technological innovation, strive to improve the localization rate of mechanical products, complete equipment for the industry, which is from 60-70% to 50% in volume and value;
- Continue to develop construction aspect, construct industrial and civil projects, transportation projects, irrigation projects, diversify business and ownership, expand market, ensure high growth rate, effective production, increase savings to invest and expand the scale of production;
- Focus on developing COMA's branded products such as production line for Tuynen brick, adobe bricks. Promote production and consumption of commodities such as: lock and primary hardware, wood grain decor, still stone, decorative aluminum, water meters, cement ... ensure quality, aesthetic and reasonable price to compete in the market. Improve Marketing, improve product quality to compete;
- Consolidate and develop exporting- importing, encourage export construction products, promote design consultancy services, supervision of construction works;
- Expand business into the field of construction of industrial area, real estate, BT and BOT projects, proceed to be EPC main contractor and export mechanical products;
- Continue to invest efficiently in precision engineering to bring high added value to the Corporation.
- Specific each field as follows:

Manufacturing and installing of equipments and construction: this is the strength and core activity of the Corporation after equitisation, the solutions to promote and develop this activity are as follows:



- Renew methods to improve the quality of the bidding, business finding, which focus on Mechanical Engineering in major projects having clear funding, timely disbursement schedule;
- Promote the role of the leaders and key employees in finding business;
- Implement subcontract work to enhance business efficiency of each unit of the Corporation;
- Develop and implement quality management plan completely, progress and quality management, which consistent with ISO 9001-2008 standards;
- Develop business plans for production, focus resources, machinery and equipment, timely arrange capital to meet the construction schedule, especially key constructions, pay attention to financing and return on investment to increase efficiency of projects;
- Focus on quality control of equipment manufacturing, ensure safety construction;
- Apply technical innovations in construction constantly, equipment, improve process and construction management to reduce costs and improve competitive in the bidding;
- The Corporation continues to coordinate with mechanical Institute (NARIME), collaborates with other Corporations to prepare applying plans for thermal projects of Song Hau 1. Quang Trach 1. Quynh Lap 1 etc; continue to participate in infrastructure construction of the country, such as building bridges, pedestrian bridges, hanging bridges; focus on the solid waste management for thermal power plants, Chemicals; heat recovery systems for the waste gas line of cement plant.

Scope of other business services

- Focus on trading, import and export of materials, machinery, equipment, spare parts, specialized in water supply and environment to be the platform for development of construction in Vietnam; promote trading, support to expand the market for traditional products and services, promote the Corporation brand in the international arena;
- Together with the manufacture of equipment, construction and installation, business of supplying equipment in the industry have also been strengthened to cater for projects implemented by the COMA as well as providing services to other customers;
- Maintain and develop new markets, finding high quality labor export orders;
- Fully exploit the land, leasing business in the industrial area, office leasing services.

5.2. *Investment activities*

Table 17: COMA's Investment Activities 2015 – 2017



Unit: Billion VND

No	Project	Investor	Location	Start Year- Estimated year	Design Ability	2015 plan	2015 Perform	2016 plan	2017 plan
1	2	3	4	5	6	8		9	10
1	Office building complex-COMA Tower	COMA	Area 11E6 Pham Hung, Cau Giay, Hanoi	2015-2020	Ground Area: 115,635 m2	0		5	5
2	Lifting-equipment Plant (Phase 2)	COMA	Plot 4. Quang Minh Industrial Area, Me Linh, Hanoi	2015-2020		5.8	4.4	58.3	58.3
3	Purchasing TBTC, Increase production ability	COMA				17.3	3.1	119.4	129.7
Total						23.1	7.5	182.7	193

Source: COMA

Note: The basis for building this 3 years business plan after equitization have been approved by the Corporation and in reality have been implemented to ensure the feasibility of the manufacturing plan after equityzation of the Corporation. In fact, COMA invested 7.5 billion VND in 2015.

Details of the investment project

- Project Office Building Complex COMA
 - o Located in Lot Lot 11 - E6 Pham Hung - Cau Giay new urban area:
 - o Area: 7636 m2
 - o Total investment: 1,800 billion
 - o Construction area: 2.965 m2
 - o Building density: 38,8% (including substations and ancillary works)
 - o Building height: 30 floors (excluding engineering roof). Currently COMA is asking for permission to adjust height from 30 to 35 floors (including engineering roof).
 - o Basement: 04 floors



- The purpose of land use: Agencies, offices and combined service
- Legal status of the project:
 - COMA is currently waiting construction approval for detailed project planning area- Headquarters of the Corporation.
 - COMA has already paid deposit of land No. 1694 / TCT-TCKH dated 25/09/2007. which has been certified by the Department of Finance in Hanoi
- Decision No. 1987 / QD-Hanoi People's Committee approves COMA to build offices in Cau Giay new urban area.
- Lifting equipment manufacturing Factory (phase 2)

Based on Decision 151 / QD-Board dated 28/5/2010:

- Total investment in phase I: 66.356.680.000 VND
- Total investment in phase II: 94.604.320.000 VND
- Total investment of the project: 160,961 billion dong

Based on Decision 130 / QD-Member Board dated 30,06,2014 on the approval of adjustments, additional capital settled for project - Phase 1:

+ Value settlement are: 38.390.387.312 VND.

5.3. *Business plan in the period of 2015-2017*

Business plan:

The business plans 3 years after equitization are based on COMA's business strategy and restructuring plans of other member units in order to boost the efficiency in operations.

Table 18: Business plans within 3 years after equitization from 2015 to 2017

	Unit	2015	2016	2017
Charter Capital	Billion VND	350	350	350
Total revenues	Billion VND	907.00	952.35	971.40
Total expenses	Billion VND	887.20	931.56	947.40
Earnings before tax	Billion VND	19.80	20.79	24.00
Corporate Tax	%	22	20	20
Earnings after tax	Billion VND	15.44	16.63	19.20
Earning after tax/ Rev ratio	%	1.7%	1,75%	1.98%
Profit allocation				
- Allocate to Investment and Development Fund	Billion VND	1.54	1.66	1.92
- Allocate to Incentive and Welfare fund	Billion VND	1.54	1.66	1.92
Total Fund Allocated	Billion VND	3.09	3.33	3.84
Divident ratio	%	3	3.5	4



	Unit	2015	2016	2017
Dividends payment	Billion VND	10.5	12.25	14
Profit/ Charter Capital	%	4.41	4.75	5.49
EPS	VND/share	441	475	549
Charter Capital	Billion VND	350.00	351.86	352.91
Number of Share		35,000,000	35,000,000	35,000,000

Source: COMA

Note: Data above are from 2015-2017 plan in equitization plan; however the expected time to operate in the form of Joint Stock Corporation starting from 01/07/2016. the expected distribution of profit and dividend will be determined over time the of the Joint Stock corporatio

PART 4: GENERAL INFORMATION OF THE AUCTION

1. RISKS

1.1. Economic risks

As a company operating in the marketable company, COMA'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 COMA in particular.

- ✚ GDP growth: GDP in 2015 increased 6.68% compared to 2014. These recent movement showsour 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 fallen to 6.04% in 2013 and 4.09% in 2014, Infation rate was only 0.63% in 2015 and has become the lowest since 14 years.
- ✚ 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 unlug 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 7 – 8.5% p.a recently.

1.2. Legal and regulatory risks

Being a state-owned enterprise converted into joint stock company, the operation of COMA will not be regulated in compliance with Decree No.09/2009/NĐ-CP by the Government with respects to financial



management regulations and State capital management for state-owned enterprise but will be regulated under Corporate Law 2015 and other related regulations. Hence, COMA 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. Risks of consumption market and competitive risks

1.4. Risks of public offerings

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 construction business, other risks such as fire, war, disaster, epidemic diseases etc. are inevitable risks that will cause damage to assets, people and business operation of COMA.

2. GENERAL INFORMATION ON SHARE OFFERING

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

a) Auction form

- Number of offered shares: **5,340,100** shares
- Type of shares: Ordinary shares
- Par value: VND 10,000 per share
- Starting price: VND 10,200 per share
- Auction method: Public auction of shares at Hanoi Stock Exchange

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 COMA
- Minimum number of shares subscribed to buy: 100 shares
- Maximum number of shares: 5,340,100 shares
- Limited amount for local investors: maximum 5,340,100 shares



- Limited amount for foreign investors: maximum 5,340,100 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 COMA.
- Location of the auction: Hanoi Stock Exchange

2.2. Auction method and settlement of shares for strategic investors

a) Offering price

According to Point 6 Decree 59//2011/NĐ-CP, share price offered for strategic investors depends on the agreement between COMA's Equitization Steering Committee and the strategic investors but must not be lower than the lowest successful bidding price".

b) Offering volume

Number of shares is offered for the strategic investors 10,500,000 shares accounted for 30% new charter capital of COMA.

c) Strategic investors

- Domestic or foreign investors with sufficient financial condition and capital contribution. Prefer investors from the same industry with COMA;
- Three year before the year of registering as strategic investors, the business performances are promising with positive net profits; stakeholders' capitals are at least ... billion VND;
- Minimum number of shares to buy: 1,750,000 share, which is equal to 5% charter capital;
- Commit to support COMA after equitization to transfer new technology; provide training; enhance financial condition; corporate governance; supply of materials and equipment; develop market;
- Commit to hold COMA's share at least 05 years from the day COMA receive registration certificate for the first time under the Corporate Law;
- Commit to retain existing employees which meet the requirements of the jobs; new job recruitment or termination of labor contracts must have clear criteria; be responsible for paying all entitlements for workers;
- Do not conduct transaction with COMA after equitization, which lead to conflicts of interest and creating a monopoly or unfair competition with clients, other investors of COMA after equitization. Commit to retain existing employees which meet the requirements of the jobs; new



job recruitment or termination of labor contracts must have clear criteria; be responsible for paying all entitlements for workers;

- In addition to the above criteria, the foreign investors must have an account at one of the organization operated in Vietnam that provide payment services and follow Vietnam legal compliance. All activities related to purchasing of shares must be through this account. An authorized document (authorized contract, trust contract, assigned investment contracts) is required if foreign investor want to authorize representative in Vietnam to implement share purchase.

2.3. Auction method and settlement of shares for employees

a) Offering price

According to Decree 59//2011/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 COMA, the price of shares equals the lowest successful bidding price.

b) Offering volume

Table 19: 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)	356,000	1.02%
2	Employees purchase incentive shares based on committed working year (200 shares per year)	577,400	1.65%
3	Employees who are high - qualified purchase incentive shares (500 shares per year)	376,500	1.07%
Total		1,309,900	3.74%

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 56,599,240,949**.

Table 20: Expected funds collected from the equitization

Unit: VND

No,	Content	Amount of money	% Charter Capital
1	Total actual value of the State's capital contribution according to Decision of approving the Enterprise Value and Equitization Plan of COMA	239,720,290,049	
2	Charter Capital of COMA	350,000,000,000	100%
2,1	<i>State</i>	<i>178,500,000,000</i>	
2,2	<i>Employees</i>	<i>13,099,000,000</i>	
2,3	<i>Other investors</i>	<i>158,401,000,000</i>	
3	Starting price	10,200	
4	The value of new issued shares at par (4 = 2-1)	110,279,710,000	
5	Total value of the State's capital contribution at par needed to be returned (5 = 1 -2,1)	61,220,290,049	
6	The proceeds from equitization	173,244,020,000	
6,1	<i>The proceeds from sale of shares to employees (Recieve 60%)</i>	<i>2,136,000,000</i>	
6,2	<i>The proceeds from sale of commitment shares to employees (Additional purchase)</i>	<i>9,539,000,000</i>	
6,3	<i>The proceeds from sale of shares in public auction</i>	<i>161,569,020,000</i>	
7	Total value at par of the sale of State's capital contribution and shares issued additionally (7 = 4+5)	171,500,000,000	
8	The extra capital, which is kept in company, is equivalent to the percentage of new shares issued and new charter capital	2,205,594,200	
9	Cost of equitization	2,132,460,000	
10	Cost of settlement for staff redundancy	1,064,589,100	
11	Total amount returned to Enterprise Arrangement Supporting Fund (11= 5+6-7-8-9-10)	57,561,666,749	

Source: equitization plan of COMA



4. SCHEDULE OF LISTING, REGISTRATION FOR TRADING AFTER EQUITIZATION

According to Clause 1, Article 56, Decision No60/2015/QĐ-TTg of the Prime Minister regulating the divestment, sale of shares and registration for trading, listing on stock exchange of State-owned enterprises, the Corporation has the following obligations:

- 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 the event that the Corporation meets all criteria specified by laws on securities regulating public company, the Corporation commits to follow the above regulations.



Ha Noi, June ... 2016

**Representative of the Equitization Steering Committee
Enterprises Management Department**



ĐAU MINH THANH

**Representative of the Equitized Enterprise
CONSTRUCTION MACHINERY CORPORATION – ONE MEMBER COMPANY LIMITED
Chairman General Director**



LE VAN KHUONG



DUONG VAN HONG

**Representative of the Advisor
VIET CAPITAL SECURITIES JSC, – HANOI BRANCH
Deputy General Director**



NGUYEN QUANG BAO