

March

2015



INFORMATION DISCLOSURE

INITIAL PUBLIC OFFERING
ON HANOI STOCK EXCHANGE

TỔNG CÔNG TY KHOÁNG SẢN – VINACOMIN
VINACOMIN - MINERALS HOLDING CORPORATION



BIDV SECURITIES COMPANY



THE EQUITIZATION STEERING COMMITTEE AND PARENT COMPANY – VINACOMIN – MINERALS HOLDING CORPORATION RECOMMEND THAT INVESTORS SHOULD CAREFULLY READ THE INFORMATION HEREIN AND OFFERING RULES BEFORE PARTICIPATING IN THE AUCTION.

INFORMATION DISCLOSURE

INITIAL PUBLIC OFFERING

PARENT COMPANY – VINACOMIN – MINERALS HOLDING CORPORATION

IPO ORGANIZER



HANOI STOCK EXCHANGE

Address: 2 Phan Chu Trinh - Hoan Kiem - Hanoi

Tel: (84.4) 3936 0750

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IPO ISSUER



PARENT COMPANY – VINACOMIN – MINERALS HOLDING CORPORATION

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IPO CONSULTANT



VIETNAM DEVELOPMENT AND INVESTMENT BANK SECURITIES JOINT STOCK COMPANY

Headquarters: 10th Floor – BIDV Tower – 35 Hang Voi – Hoan Kiem - Hanoi

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INFORMATION DISCLOSURE AND DOCUMENTS WILL BE PROVIDED AT THE ISSUER, OFFERING CONSULTANT AND OFFERING AGENTS IN ACCORDANCE WITH OFFERING REGULATIONS.

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LIST OF ENCLOSED APPENDICES

The enclosed appendices and documents shall be an integral part of this Information disclosure.





- Decision No. 314/QD-TTg dated 07/02/2013 of the Prime Minister on approving the Scheme on restructuring Vietnam National Coal – Mineral Industries Group in the period of 2012 - 2015;
- Decision No. 166/QD-TKV dated 08/02/2014 of Vietnam National Coal – Mineral Industries Group on approving the Scheme on restructuring Vinacomin – Minerals Holding Corporation by 2015, with a vision toward 2020;
- Decision No. 314/QD-VINACOMIN dated 12/03/2013 of Vietnam National Coal – Mineral Industries Group on the establishment of the Equitization Steering Committee for enterprises directly under Vietnam National Coal – Mineral Industries Group; Decision No. 2730/QD-TKV dated 24/12/2014 on strengthening the Equitization Steering Committee for enterprises directly under Vietnam National Coal – Mineral Industries Group under Decision No. 314/QD-TTg;
- Official Dispatch No. 1929/BCT-TCCB dated 13/03/2014 of the Ministry of Industry and Trade on approving the plan for equitizing the Corporations under TKV;
- Decision No. 400/QD-TKV dated 06/03/2014 of Vietnam National Coal – Mineral Industries Group on the equitization of Parent company - Vinacomin – Minerals Holding Corporation;
- Decision No. 158/QD-VIMICO dated 13/03/2014 on the establishment of the Working Group for the equitization of Parent company - Vinacomin – Minerals Holding Corporation;
- Decision No. 1922/QD-HĐTV dated 29/08/2014 and Decision No. 1947/QD-HĐTV dated 04/09/2014 of the Members Council of Vietnam National Coal – Mineral Industries Group on approving enterprise value for the equitization of Parent company – Vinacomin – Minerals Holding Corporation on 31/03/2014;
- Submission No. 5584/TTr-TKV dated 16/10/2014 of Vietnam National Coal – Mineral Industries Group to the Ministry of Industry and Trade on the plan for the equitization of Parent company - Vinacomin – Minerals Holding Corporation under Vietnam National Coal – Mineral Industries Group in association with the equitization of Parent company - Vinacomin – Minerals Holding Corporation;
- Submission No. 10503/TTr-BCT dated 22/10/2014 of the Ministry of Industry and Trade to the Prime Minister on approving the plan for the equitization of Parent company - Vinacomin – Minerals Holding Corporation under Vietnam National Coal – Mineral Industries Group;
- Decision No. 2388/QD-TTg dated 30/12/2014 of the Prime Minister on approving the plan for the equitization of Parent company - Vinacomin – Minerals Holding Corporation under Vietnam National Coal – Mineral Industries Group;
- Dossier and minutes for determination of enterprise value of Vinacomin – Minerals Holding Corporation – One Member Company Limited and accompanying appendices at 00h on 01/04/2014;
- Audited Financial Statements of Parent company - Vinacomin – Minerals Holding Corporation and Audited Consolidated Financial Statements of the whole Corporation in the period of 2011-2013;
- Financial Statements of Parent company - Vinacomin – Minerals Holding Corporation and Consolidated Financial Statements of the whole Corporation;
- Draft Charter of the Joint Stock Company.

PART 1. GENERAL INFORMATION

1. LEGAL BASIS

-  Decree No. 59/2011/ND-CP dated 18/07/2011 on the transformation of 100% State-owned enterprises into the Joint Stock Companies; Decree No. 189/2013/ND-CP dated 20/11/2013 on amending and supplementing some articles of Decree No. 59/2011/ND-CP dated 18/07/2011 of the Government on the transformation of 100% State-owned enterprises into the Joint Stock Companies;
-  Circular No. 196/2011/TT-BTC dated 26/12/2011 guiding the initial share sale, management and use of the proceeds from equitization for the transformation of 100% State-owned enterprises into the Joint Stock Companies;
-  Circular No. 202/2011/TT-BTC dated 30/12/2011 guiding the financial settlement and determination of enterprise value upon transforming 100% State-owned enterprises into the Joint Stock Companies; Circular No. 127/2014/TT-BTC dated 05/09/2014 guiding the financial settlement and determination of enterprise value upon transforming 100% State-owned enterprises into the Joint Stock Companies;
-  Circular No. 33/2012/TT-BLDTBXH dated 20/12/2012 of the Ministry of Labour, Invalids and Social Affairs guiding the implementation of labour policy under Decree No. 59/2011/ND-CP dated 18/07/2011 of the Government on the transformation of 100% State-owned enterprises into the Joint Stock Companies;
-  Circular No. 26/2013/TT-BTNMT dated 26/09/2013 of the Ministry of Natural Resources and Environment guiding the determination of land area excluded from enterprise value as stipulated in Article 31 of Decree No. 59/2011/ND-CP dated 18/07/2011 of the Government on the transformation of 100% State-owned enterprises into the Joint Stock Companies;
-  Decision No. 314/QD-TTg dated 07/02/2013 of the Prime Minister on approving the project for restructuring Vietnam National Coal – Mineral Industries Group in the period of 2012 - 2015;
-  Decision No. 166/QD-TKV dated 08/02/2014 of Vietnam National Coal – Mineral Industries Group on approving the project for restructuring Vinacomin – Minerals Holding Corporation by 2015, with a vision toward 2020;
-  Decision No. 314/QD-VINACOMIN dated 12/03/2013 of Vietnam National Coal – Mineral Industries Group on the establishment of the Equitization Steering Committee for enterprises directly under Vietnam National Coal – Mineral Industries Group; Decision No. 2730/QD-TKV dated 24/12/2014 on strengthening the Equitization Steering Committee for enterprises directly under Vietnam National Coal – Mineral Industries Group under Decision No. 314/QD-TTg.
-  Official Dispatch No. 1929/BCT-TCCB dated 13/03/2014 of the Ministry of Industry and Trade on approving the plan for equitizing the Corporations under TKV.
-  Decision No. 400/QD-TKV dated 06/03/2014 of Vietnam National Coal – Mineral Industries Group on the equitization of Parent company - Vinacomin – Minerals Holding Corporation;
-  Decision No. 158/QD-VIMICO dated 13/03/2014 on the establishment of the Working Group for the equitization of Parent company - Vinacomin – Minerals Holding Corporation;



-  Decision No. 1922/QĐ-HĐTV dated 29/08/2014 and Decision No. 1947/QĐ-HĐTV dated 04/09/2014 of the Members Council of Vietnam National Coal – Mineral Industries Group on approving enterprise value for the equitization of Parent company – Vinacomin – Minerals Holding Corporation on 31/03/2014;
-  Decision No. 2388/QĐ-TTg dated 30/12/2014 of the Prime Minister on approving the plan for the equitization of Parent company - Vinacomin – Minerals Holding Corporation under Vietnam National Coal – Mineral Industries Group.
-  Official Dispatch No. 820/BCT-TCCB dated 26/01/2015 of the Ministry of Industry and Trade on implementing Decision No. 2388/QĐ-TTg dated 30/12/2014 of the Prime Minister.
-  Decision No. 267/QĐ-TKV dated 14/02/2015 of the Members Council of Vietnam National Coal – Mineral Industries Group on approving the starting price for the initial public offering at the Parent company – Vinacomin – Minerals Holding Corporation;

2. ORGANIZATIONS INVOLVED IN THE FIRST PUBLIC OFFERING

2.1. IPO organizer

HANOI STOCK EXCHANGE

English name: Hanoi Stock Exchange

Headquarters: No. 2 Phan Chu Trinh, Hoan Kiem District, Hanoi City

Tel: (84.4) 39360750

Fax: (84.4) 39347818

Website: www.hnx.vn

2.2. IPO issuer

PARENT COMPANY – VINACOMIN – MINERALS HOLDING CORPORATION

English name: Vinacomin - Minerals Holding Corporation - One Member Company Limited

Abbreviation: Vinacomin - Minerals Holding Corporation

Headquarters: 193 Nguyen Huy Tuong, Thanh Xuan Trung Ward, Thanh Xuan District, Hanoi

Tel: (84.4) 6287 6666

Fax: (84.4) 6288 3333

Website: www.vimico.vn

2.3. Domestic IPO Consultant

VIETNAM DEVELOPMENT & INVESTMENT BANK SECURITIES JOINT STOCK COMPANY

Headquarters: 10th and 11th Floors, BIDV Tower, 35 Hang Voi, Hoan Kiem, Hanoi City

Tel: (84) 4 39352722

Fax: (84) 4 22200669

Website: www.bsc.com.vn

3. DEFINITIONS AND ABBREVIATIONS

 OAE	: Officials and employees
 EV	: Enterprise value
 BA	: Business Activities
 Corporation /Vimico	: Vinacomin – Minerals Holding Corporation
 Prt	: Profit
 BTP	: Before-tax profit
 ATP	: After-tax profit
 ROLU	: Right of land use
 CC	: Capital construction
 DOEV	: Determination of enterprise value
 Vinacomin/TKV	: Vietnam National Coal – Mineral Industries Group
 LME	: London Metal Exchange

PART 2. CORPORATE SITUATION BEFORE EQUITIZATION

1. OVERVIEW









1.1. Introduction of Vinacomin – Minerals Holding Corporation

Vietnamese name:	Tổng công ty khoáng sản – Vinacomin – Công ty TNHH Một thành viên
English name:	Vinacomin - Minerals Holding Corporation - One Member Company Limited
Abbreviation:	Vinacomin - Minerals Holding Corporation
Headquarters:	193 Nguyen Huy Tuong, Thanh Xuan Trung Ward, Thanh Xuan District, Hanoi
Tel:	(84.4) 6287 6666
Fax:	(84.4) 6288 3333
Website:	www.vimico.vn
Email:	vimico@hn.vnn.vn
Logo:	

Business Registration Certificate for State-owned company No. 0100103087 was issued by the Department of Planning and Investment of Hanoi city. The fourth amendment and supplement registration was on 21/08/2012.

1.2. Business lines

According to Business Registration Certificate, Vinacomin - Minerals Holding Corporation registered to perform the activities in main business lines as follows:







-  Production of iron, steel and cast iron
-  Production of basic chemicals (excluding prohibited chemicals)
-  Production of refractory products
-  Restaurants and mobile catering services
-  Production of non-ferrous and precious metals
-  Casting of non-ferrous metals
-  Production of cokes
-  Production of fertilizers and nitrogen compounds

-  Repair of electrical equipment
-  Production of other specialized machines
-  Repair of machinery and equipment
-  Maintenance and repair of automobiles and other motorized vehicles
-  Production of balls, gears, gear boxes, control and driving components
-  Management of tours
-  Transportation of goods by inland waterway
-  Transportation of passengers by inland waterway
-  Transportation of goods by road
-  Transportation of other passengers by road
-  Transportation of goods by railways
-  Transportation of passengers by railways
-  Direct support services for railway and road transportation
-  Business in real estate, using rights over lands belonging to owners, users or on a lease
-  Short-term residence service
-  Related technical consultancy
-  Construction of other civil engineering works
-  Construction of railway and road works
-  General wholesale
-  Sale of machinery, equipment and other spare parts
-  Sale of metals and metal ores (excluding uranium and thorium ores)
-  Career education
-  Research and experimental development of natural science and technology
-  Production of metal items
-  Production of jewellery and related items
-  Mechanical manufacture; treatment and coating of metals
-  Forging, battering, pressing and laminating of metals; refinery of metal powder
-  Mining of chemicals & minerals and mineral fertilizers
-  Mining of rare metal ores
-  Mining of rocks, sand, gravels and clay
-  Mining of other metal ores without iron
-  Mining of iron ores
-  Support services for the mining of minerals and ores








1.3. Main products

The Corporation specializes in producing the main products as follows:




Parent company – the Corporation:

-  Copper concentrate: 23-25% Cu;
-  Cathode copper: 99.95% Cu;
-  Iron concentrate: 60% Fe;
-  Sulfuric acid: with the content of 93-98% H₂SO₄;
-  Gold: 99.95% Au;
-  Silver: 99.95% Ag;

The products produced at the subsidiaries complying with the package rules in internal management include:

-  Zinc ingot: 99.95% Zn;
-  Tin ingot: 99.75 % Sn;
-  Tin ingot: 99.95 % Sn;
-  Billet;
-  Iron concentrate: 60% Fe;
-  Sulfuric acid: with the content of 93-98% H₂SO₄;
-  Gold concentrate;

1.4. Establishment and development

-  Vinacomin - Minerals Holding Corporation (its predecessor is Vietnam National Minerals Corporation) is the State-owned Corporation established under Decision No. 1118 QD/TCCBDT dated 27/10/1995 of the Ministry of Heavy Industry (currently the Ministry of Industry and Trade).
-  Pursuant to Decision No. 345/2005/QD-TT dated 26/12/2005 of the Prime Minister on the establishment of Vietnam National Coal – Mineral Industries Group, Vietnam National Minerals Corporation was changed into the subsidiary of Vietnam National Coal – Mineral Industries Group.
-  On 27/04/2006, Vietnam National Minerals Corporation changed to operate based on parent company-subsidiary model in accordance with Decision No. 12/2006/QD-BCN of the Ministry of Industry, and under Business Registration Certificate for State-owned company No. 0106000168, with the third amendment and supplement registration on 03/05/2007.
-  Under Decision No. 2443/QD-HDQT dated 08/11/2006 of Vietnam National Coal – Mineral Industries Group, the name of Vietnam National Minerals Corporation was changed into TKV - Minerals Corporation.

- Pursuant to Official Dispatch No. 414-VX dated 20/03/2008 of the Prime Minister, TKV - Minerals Corporation was recognized as the special State-owned Corporation.
- Pursuant to Decision No. 3169/QD-BCT dated 15/06/2010 of the Ministry of Industry and Trade, Parent company - TKV - Minerals Corporation changed to operate based on the model of One Member Company Limited, and its name was changed into Vinacomin - Minerals Holding Corporation, under Business Registration Certificate No. 0100103087, with the fourth amendment and supplement registration on 21/08/2012.
- Currently, Vinacomin - Minerals Holding Corporation is operating under the Organizational Charter and its activities are issued by the Board of Management (now, called as the Members Council) of Vietnam National Coal – Mineral Industries Group in accordance with Decision No. 1473/QD-HDQT dated 23/06/2010.

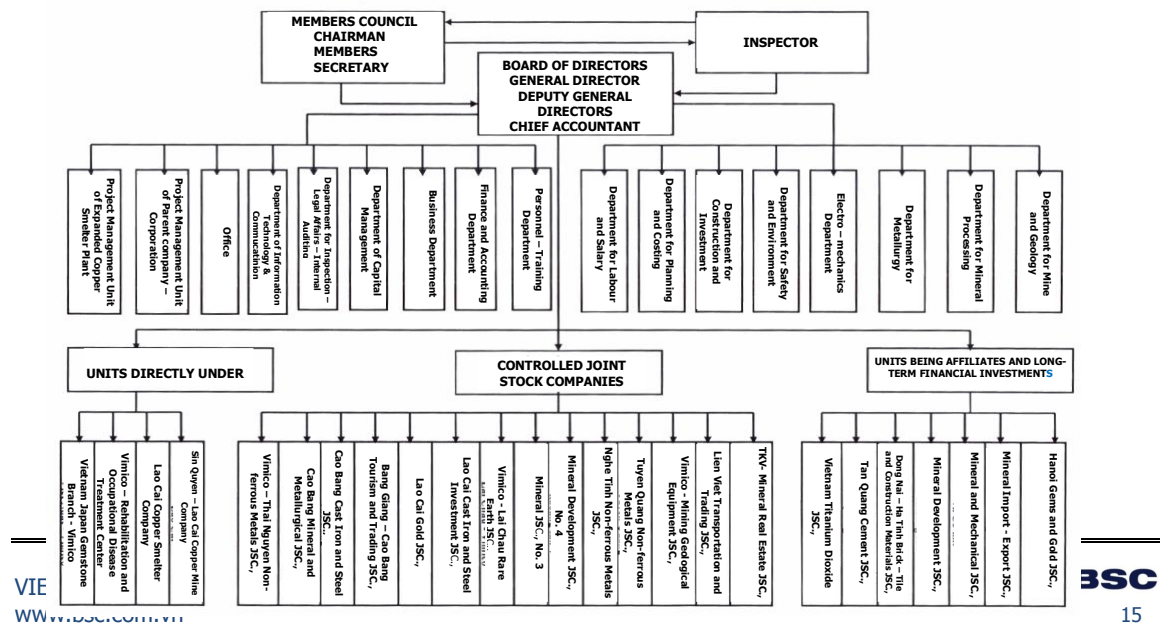
1.5. Organizational and management structure

The organizational and management structure of Parent company – Vinacomin – Minerals Holding Corporation is updated at the time of Information disclosure as follows:

- Members Council consists of Chairman and 02 members (01 member cum General Director)
- Inspector: 01 member
- Board of Directors includes the General Director, 04 Deputy General Directors and 01 Chief Accountant.
- Functional Departments: 17 departments
- Units directly under Parent company – Corporation: 04 units
- Controlled Joint Stock Subsidiary: 14 units
- Units being affiliates and long-term financial investments: 04 affiliates and 03 long-term financial investments.

Figure 1: Chart of organizational and management structure of Vimico

ORGANIZATIONAL AND MANAGEMENT MODEL OF VINACOMIN – MINERALS HOLDING CORPORATION AS OF 31/12/2014





Source: Equitization plan

Production and business model: Currently, Vimico is the One Member Company Limited permitted to organize its production based on parent company – subsidiary model in which the production stage is implemented in accordance with package mechanism, through the concentrated consumption mode. Some main products produced by the subsidiaries are handed over to the Parent company for market price-based consumption from time to time as agreed by the two Parties in the form of the Corporation and subsidiary entering into sale and purchase contract on the basis of unifying the selling and purchase prices among three parties: **Corporation - Company - Customer** in accordance with package rules for the management of cost, purchase/selling price in Vinacomin – Minerals Holding Corporation (list of products as detailed in section 1.3 – page 14). The subsidiaries are entitled to be provided with assistance on social security for labours, production capital, relationships in case of working with the Ministries, agencies of the State and locality where the Corporation performs its production activities, use the concentrated funds to develop natural resources, implement environment projects, and train human resource...

1.6. Corporate management apparatus

Management apparatus

The organizational and management structure Vimico includes:

Members Council: is the representative agency under the authorization of “State owner” - Vietnam National Coal – Mineral Industries Group (TKV), being in charge of fulfilling powers and obligations as the Owner at Vimico. The current number of its members is 03 members appointed, re-appointed and replaced under the decision of the Owner; and each office term of such respective members shall not exceed 05 years.

Inspector: the current number of inspectors is 01 member appointed, re-appointed and replaced under the decision of the Owner; and the office term of such inspector shall not exceed 03 years. The Inspector has the obligation to check legality, faith and carefulness of the Members Council and the Board of Directors of Vimico in organizing to implement the powers of the Owner, managing business activities at the Corporation; timely detecting, preventing, limiting, remedying mistakes and risks in production and business activities at the Corporation.

General Director: is a legal representative of the Corporation, being responsible for managing the daily operation of the Corporation, coordination and business plan of the group consisting of parent company and subsidiaries in accordance with the objectives, plans and resolutions, decisions of the Members Council. The General Director takes a 5-year term of office at a maximum and is selected, appointed after being approved by the Owner.




Deputy General Director, Chief Accountant: The Deputy General Directors assist the General

Director in management under his assignment and authorization; the Chief Accountant is obliged to organize and implement the accounting work, and support the General Director in supervising the Corporation's finance in accordance with the laws on finance, accounting, statistics. The Deputy General Directors and Chief Accountant are nominated with each 5-year term of office at a maximum and remuneration regime as decided by the Members Council of the Corporation at the request of the General Director.







Assisting apparatus: includes the offices, technical and professional departments which are functionally responsible for advising, assisting the Members Council and the General Director in managing the works. The number of departments and their respective functions, tasks and personnel shall be subject to the decisions of the General Director after the receipt of the approval thereof from the Members Council.

Member of the Leadership of the Corporation

a. Members Council:

-  Mr. Tran Quoc Loc – Chairman of the Members Council
-  Mr. Nguyen Tien Manh – Member of the Members Council cum General Director
-  Mr. Pham Thai Loc – Member of the Members Council

b. Board of Directors and Chief Accountant:

-  Mr. Nguyen Tien Manh – Member of the Members Council cum General Director
-  Mr. Hoang Van Thao – Deputy General Director
-  Mr. Pham Minh Tuan – Deputy General Director
-  Mr. Dang Duc Hung – Deputy General Director
-  Mr. Nguyen Van Thai – Deputy General Director
-  Mr. Ngo Quoc Trung – Chief Accountant

Member units

c. Vimico – Lao Cai - Sin Quyen Copper Mine Company

- Address: Ban Vuoc Commune, Bat Xat District, Lao Cai Province
- Function, task: investigation, mining, hauling, processing of copper ores and other minerals for the purpose of providing for Lao Cai Copper Smelter Company or consumption in the market.

d. Vimico – Lao Cai Copper Smelter Company

- Address: Tang Loong Town Industrial Zone, Bao Thang District, Lao Cai province
- Function, task: Smelting and processing copper, gold, silver and associated minerals,



producing sulfuric acid from copper concentrates.

e. Vietnam – Japan Gemstone Branch – Vimico

- Address: No. 193 Nguyen Huy Tuong, Thanh Xuan, Hanoi
- Function, task: production, trading in gold, silver and jewellery.


f. Vimico - Functional Rehabilitation and Occupational Disease Treatment Center


- Address: No. 29, Hoang Lien Street, Residential Group No. 10, Sapa Town, Sapa District, Lao Cai Province
- Function, task: Treatment of occupational disease, nursing, rehabilitation, residence services, and management of tours.


1.7. Owner and subsidiaries

Owner


 Name: Vietnam National Coal – Mineral Industries Group

 Address of Headquarters: 226 Le Duan, Dong Da, Hanoi

 Tel: (84 4) 3518 0400

 Fax: (84 4) 3851 0724

 Current ownership rate at Vimico: 100%

 Main business lines: Coal industry: survey, investigation, investment, construction, mining, hauling, screening, processing, purchase, sale, import and export of coal products, mine gases and other minerals associated with coal. Metallurgical – mineral industry: survey, investigation, investment, construction, mining, hauling, screening, enriching ores, metallurgy, production, creation, purchase, sale, import and export of mineral products. Explosive industry: production, purchase, sale, reserve, import and export of industrial explosives and ammonium nitrate; Power industry.

Subsidiaries

At the time of information disclosure, the Corporation consists of 14 Subsidiaries including:

Unit: Mil. VND

No.	Name of Subsidiary	Main business lines	Charter capital	Vimico's committed paid-in capital	Vimico's actual paid-in capital	Ownership (%)
1	Vimico - Thai Nguyen Non-Ferrous Metals JSC.,	Mining and processing of minerals	180,000	91,800	91,800	51.0%



INFORMATION DECLARATION OF THE INITIAL PUBLIC SHARE OFFERING

No.	Name of Subsidiary	Main business lines	Charter capital	Vimico's committed paid-in capital	Vimico's actual paid-in capital	Ownership (%)
2	Cao Bang Mineral and Metallurgical JSC.,	Mining and processing of minerals	80,000	41,509	41,509	51.9%
3	Cao Bang Cast Iron & Steel JSC.,	Mining and processing of minerals	385,000	199,982	199,982	51.9%
4	Vimico - Bang Giang Cao Bang Tourism & Trading JSC.,	Hotels and passenger transportation	18,000	9,235	9,235	51.3%
5	Tuyen Quang Non-Ferrous Metals JSC.,	Mining and processing of minerals	33,250	26,779	26,779	85.69%
6	Nghe Tinh Non-Ferrous Metals JSC.,	Mining and processing of minerals	38,850	23,670	23,670	60.9%
7	Mineral Development JSC., No. 4	Mining and processing of minerals	28,600	21,450	21,450	75.0%
8	Mineral JSC., No. 3	Mining and processing of minerals	35,000	17,850	17,850	51.0%
9	Lao Cai Gold JSC.,	Mining and processing of minerals	95,000	48,450	48,450	51.0%
10	Lao Cai Cast Iron and Steel Investment JSC.,	Processing of minerals	300,000	298,230	134,550	99.4%
11	Vimico - Lai Chau Rare Earth JSC.,	Mining and processing of minerals	350,000	192,500	55,761	55.0%



INFORMATION DECLARATION OF THE INITIAL PUBLIC SHARE OFFERING

No.	Name of Subsidiary	Main business lines	Charter capital	Vimico's committed paid-in capital	Vimico's actual paid-in capital	Ownership (%)
12	Lien Viet Transportation and Trading JSC.,	Transportation, Trading	12,000	7,030	7,030	58.6%
13	Vimico- Mining Geological Equipment JSC.,	Trading in mining materials and equipment	13,000	6,630	6,630	51.0%
14	TKV – Mineral Real Estate JSC.,	Construction, trading in real estate management services	100,000	51,000	5,300	51.0%

Source: Vimico's Individual Financial Statements as of 30/09/2014.

Affiliates and long-term financial investment

*** Affiliates**

Unit: Mil. VND

No.	Name of company	Charter capital	Ownership rate	Main business lines
1	Hanoi Gems and Gold JSC.,	18,000	48.31%	Trading in gold, silver and gems
2	Dong Nai-Ha Tinh Brick-Tile and Construction Materials JSC.,	20,000	25.0%	Producing and trading in construction materials
3	Mineral Import Export JSC.,	3,000	40.0%	Mineral mining, processing and trading
4	Mineral Development JSC.,	12,000	30.0%	Mineral mining, processing and trading

*** Long-term financial investment (below 20%)**

Unit: Mil. VND

No.	Name of company	Charter capital	Ownership rate	Main business lines
1	Vietnam Titanium Dioxide JSC.,	450,000	10.00%	Mining and processing of titanium



No.	Name of company	Charter capital	Ownership rate	Main business lines
2	Mineral and Mechanical JSC.,	34,099	17.08%	Mining and processing of manganese
3	Tan Quang Cement JSC -VVM I	350,000	13.71%	Mining and production of cement

Source: Vimico's Individual Financial Statements as of 30/09/2014

1.8. Labour source

Labour structure

At the time of EV announcement dated 29/08/2014, the total number of labours at the Corporation was 1,635 people, of which 05 people were eligible for retirement under the current regime, and 02 people terminated their employment contracts. The number of labours transferred to work in the joint stock company was 1,628 people with the following structure:

Criteria	Number of people	Rate
Based on the qualification of labour	1,628	
- Post-graduate	13	0.8%
- University	309	19.28%
- College	109	6.67%
- Common labour	28	1.7%
- Technical, intermediate workers	1,169	71.55%
Based on employment contract	1,628	
- Labour without employment contract	29	1.77%
- Indefinite-term employment contract	1,167	71.78%
- 1-3 year employment contract	411	25.16%
- Seasonal contract	21	1.29%
Based on gender	1,628	
- Male	1,331	81.82%
- Female	297	18.18%
Based on age	1,628	
Average age	32.91	
<i>In which:</i>		
- Above		
- Over 45	365	22.42%



Criteria	Number of people	Rate
- Below 45	1,263	77.58%

Source: *Vimico's Equitization Plan*

Assessment of human resources

Vimico's human resources and labours have developed in terms of quantity and quality, basically meeting the requirements of production and business. To meet Vimico's development orientation, Vimico's labour demand has been increasing after equitization, accordingly, Vimico's demand of labour increase is expected to be 1,655 people in 2015; 1,746 people in 2016; and 2,603 people in 2017.

Regarding the quality of labour, Vimico's labour force mostly consists of technicians, engineers, highly-skilled and professionalized workers to meet the requirements of mineral and non-ferrous metal mining, processing and producing in Vietnam. The management staff is properly trained, and has sound knowledge, expertise and experience as well as passion and dedication for the Corporation and the Group.

2. ACTUAL SITUATION OF THE CORPORATION AT THE TIME OF DETERMINING THE ENTERPRISE VALUE

2.1. Actual enterprise value for equitization

2.1.1. Method for determination of EV

The method used for determining the equitized enterprise value of Vimico under the evaluation and selection of the Consultant is the asset-based method which identifies EV based on the actual value of all tangible and intangible assets of the enterprise at the time of EV determination under the following principles:

Actual value of the equitized enterprise is the value of the enterprise's all existing assets at the time of equitization, taking into account the enterprise's profitability acceptable to share buyers and sellers.

Actual value of the equitized enterprise does not include the following items:

- Assets are not in use by the enterprise, leased, borrowed by the equitized enterprise, received in the form of joint venture and association capital, along with other assets under the non-ownership of the enterprise.
- Unused assets, accumulated assets awaiting liquidation.
- Assets are formed from Welfare and Reward Fund (not used for production and business).
- Unrecoverable receivables.
- Long-term investments into other enterprise in case of uninheritance of the equitized enterprise.

Items excluded in the actual value of the equitized enterprise are determined based on figures of the Financial Statements and Inventory Documents of the equitized enterprise at 00h on 01/04/2014.

Actual value of State capital in the enterprise equals to the actual value of the enterprise minus (-) actual debts payable and balance of non-business expenditure source.

a. Physical assets:

Only the enterprise's assets expected to be continuously used after transforming into the Joint Stock Company are evaluated. The assets unused, accumulated, awaiting liquidation will not be re-evaluated and temporarily excluded, not calculated into the actual value of the enterprise after transforming into the Joint Stock Company. After the decision thereon being made by the competent agency, if there are changes, EV shall be adjusted accordingly.


Actual value of assets is identified on the basis of market price and asset quality at the time of EV determination.

b. Other assets:

Based on minutes for comparison, confirmation letter, original documents, accounting books and Financial Statements at the time of EV determination.

2.1.2. Actual enterprise value:

The enterprise value for equitization at 00h on 01/04/2014 under Decision No.1922/QD-HDTV dated 29/08/2014, Decision No. 1947/QD-HDTV dated 04/09/2014 on supplementing Decision No. 1922/QD-HDTV dated 29/08/2014 of the Members Council of Vietnam National Coal – Mineral Industries Group:

 Actual enterprise value for equitization: **VND 3,761,589,262,882** (In words: *Three trillion seven hundred and sixty-one billion five hundred and eighty-nine million two hundred and sixty-two thousand eight hundred and eighty-two Vietnamese Dong*).



Actual value of the State fund at the Corporation: **VND 2,001,884,935,775** (In words: *Two trillion one billion eight hundred and eighty-four million nine hundred and thirty-five thousand seven hundred and seventy-five Vietnamese Dong*).

Table 1: Actual enterprise value on 01/04/2014

Unit: Mil. VND

No.	Criteria	Based on accounting book	Re-determined figure	Difference
1	2	3	4	(5)=(4) – (3)
A	ASSESTS IN USE	3,105,389	3,761,589	656,200
I	LONG-TERM ASSESTS	1,349,917	1,967,409	617,491
1	Fixed assets	375,066	870,966	495,900
a	Tangible fixed assets	361,305	855,225	493,920
	- Building & architectonic structures	177,996	446,819	268,823
	- Equipment & machinery	90,467	253,585	163,117
	- Means of transportation & transmission system	91,623	148,217	56,594
	- Instruments & tools for management	177,996	6,602	5,384
b	Intangible fixed assets	2,552	4,533	1,981
	- In which: Value of land use right	2,452	4,433	1,981
c	Fixed assets of finance leasing	11,207	11,207	0
2	Long-term financial investments	854,535	911,928	57,393
3	Capital construction in process	59,894	59,894	0
4	Value of land use right	0	0	0
5	Business advantage		61,797	61,797
6	Other long-term assets	60,421	62,822	2,401
II	SHORT-TERM ASSETS	1,755,471	1,794,180	38,709
1	Cash and cash equivalents	190,851	190,900	49
	Cash	131,751	131,800	49
	Cash equivalents	59,100	59,100	0
2	Short-term financial investments	358,848	358,848	0
	Short-term investments	358,848	358,848	0
3	Receivables	389,805	434,166	44,361
	Receivables from customers	284,292	279,110	(5,181)
	Advances to suppliers	15,115	15,115	0
	Short-term internal receivables	121,017	121,017	0



INFORMATION DECLARATION OF THE INITIAL PUBLIC SHARE OFFERING

No.	Criteria	Based on accounting book	Re-determined figure	Difference
	Receivables under the construction contract progress	0	0	0
	Other receivables	18,992	18,992	0
	Provision for short-term hard-recovered debts	(49,542)	0	49,542
4	Inventories	804,856	799,151	(5,704)
	Inventories	871,057	799,151	(71,905)
	Provision for devaluation of inventories	(66,201)	0	66,201
5	Other short-term assets	11,110	11,113	3
	Short-term prepaid expenses	67	70	3
	Value-added tax deductible	9,001	9,001	0
	Other short-term assets	2,042	2,042	0
B	SURPLUS OF ASSETS AWAITING FOR LIQUIDATION	1,963	1,963	0
I	LONG-TERM ASSETS	1,963	1,963	0
1	Tangible fixed assets	1,963	1,963	0
II	SHORT-TERM ASSETS			0
C	ASSETS FORMED FROM BONUS & WELFARE FUNDS	46,324	46,324	0
D	ASSETS FORMED FROM WORKING CAPITAL FOR WELFARE PURPOSE	801	801	
E	TOTAL ASSET VALUE OF CORPORATION (A + B + C + D)	3,154,477	3,810,677	656,200
	In which:			
F	TOTAL ACTUAL VALUE OF CORPORATION (E-B-C-D)	3,105,389	3,761,589	656,200
F1	ACTUAL LIABILITIES	1,748,554	1,750,512	1,949
F2	BUDGET RESOURCES	9,192	9,192	0
F3	BUDGET RESOURCES USED TO ACQUIRE FIXED ASSETS	408		(408)
G	TOTAL ACTUAL VALUE OF STATE BUDGET AT THE CORPORATION [F - (F1+ F2 + F3)]	1,347,235	2,001,885	654,659

Source: Minutes of determining enterprise value

Assets excluded from EV for equitization (based on the value entered in the accounting

**book) include:**

Assets waiting for liquidation	VND1,963,360,099
- Original cost	VND45,110,927,135
- Amortization and depreciation	VND43,147,567,036
- Carrying amount	VND1,963,360,099
Assets formed from bonus & welfare funds	VND47,124, 804,947
- Original cost	VND60,981,976,254
- Carrying amount	VND47,124,804,947

Total assets formed from bonus & welfare funds will be handed over to the Trade union at the Joint Stock Company for management and use to serve the collective of labours at Vimico, TKV.

The Corporation is authorized by Vietnam National Coal – Mineral Industries Group to continue liquidating the assets awaiting liquidation under the provisions of laws, and send a report thereon to the Group.

2.2. Main assets of the Corporation*Rights of management and mining of mines*

Rights of mineral management, mining, processing, and trading is valuable intangible asset of Vimico. With its leading position in the country in minerals, non-ferrous and rare metal mining, processing such as copper, tin, zinc, lead, gold, silver..., owning advanced processes and technologies associated from the mining to the processing of the final products such as cathode copper, tin ingot, zinc ingot, gold, silver..., Vimico is assigned by the Government to manage, mine many minerals and non-ferrous metal mines of high value. Specifically as follows:

a. Right of management and mining of mines:

In principle: only mine the reserves permitted to be investigated, and approved by the competent authority.

Before the effect of Mineral Law 1996, the State allowed enterprises to mine minerals in certain areas, through written documents of the competent authority, and might not assign the exact number of mining years or area including areas only assessed as resources and unrecognized as reserves. Thus, the enterprises were assigned to both mine and manage the minerals. Currently, the Corporation has two mines of the same kind under management of its subsidiaries, consisting of Cho Dien lead-zinc mine and Quy Hop placer tin mine. The related documents for transformation are being prepared for being granted mining license (ML).

Besides, enterprises must also manage the areas under on-going investigation or investigated but under on-going submission for approval of reserves or under on-going preparation of documents, not yet granted ML.

Since the effect of Mineral Law 1996, the State has granted ML to organizations, individuals. They are only allocated the area having reserves, and obviously assigned to manage resources in the area which have yet to be upgraded as reserves. The term of ML shall not exceed 30 years.

b. Right of mineral mining:

Mineral Law 2010, Article 77 regulates that mineral mining organizations, individuals shall pay an amount of money for being granted the right of mineral mining. Such amount is determined based on value, reserve, quality of mineral, mineral type or group, mineral mining conditions.

The Government issued Decree No. 203/2013/ND-CP dated 28/11/2013 regulating the method for



calculating the amount of money for granting the right of mineral mining and the enterprises of the Corporation are calculating such amount for the mines with ML and ones under on-going application for ML.

Basically, the right of mineral mining is only calculated with the reserves granted the right of mining. The owner of the license shall pay additional amount if he wants to mine resources investigated and upgraded into reserves.

c. Right of mine trading:

The Mineral Law regulates that the owner of the license is entitled to transfer the right of mineral investigation and mining. This Law has no provision on mine trading.

d. Equitization of mineral resource, reserve:

At present, there are no legal documents regarding the equitization of mineral resources, reserves. Therefore, mineral resources, reserves shall not be included in EV for equitization.

For calculating the amount of money for being granted the mining rights for the mines managed by Parent company - Corporation: Currently, Sin Quyen copper mine has Decision No. 207/QD-BTNMT dated 30/1/2015 of the Ministry of Natural Resources and Environment on calculating the amount of money for being granted the rights of mining. For Vi Kem copper mine, Parent company – Corporation is conducting the calculation of such amount, however, there is no approval from the competent authority.

e. Resource mines under on-going direct and indirect management of Vimico as of 31/12/2014 are detailed as below:



Table 2: Resource reserve under on-going management

No.	Name	Location	Management unit	Mining license	Duration of licensed mining	(Approved) licensed reserve		Licensed capacity (Project)
						Reserve	Unit	
A	Resources by the parent company							
I	Copper mineral							
1	Sin Quyen Copper Mine	Bat Xat, Lao Cai	Parent company – Corporation	No. 3101/GP-DCKS, dated 26/12/2001	24 years	253,728	Tons of Cu	10,572 tons of Cu/year
2	Vi Kem Copper Mine	Bat Xat, Lao Cai	Parent company – Corporation	On-going preparation of the application for mining license				
B	Resources managed by the subsidiaries							
I	Lead-Zinc Mineral							
3	Cho Dien Lead – Zinc Mine	Cho Don, Bac Can	Vimico-Thai Nguyen Non-ferrous Metals JSC.,	No.340-QD/KTM, 19/08/1985	Non-term	362,892	tons of Pb+Zn	100,000 tons of ore (Zn+Pb)
4	Lang Hit Lead – Zinc Mine	Dong Hy, Thai Nguyen	Vimico-Thai Nguyen Non-ferrous Metals JSC.,	No. 748/GP - BTNMT, 21/05/2013	5 years 6 months	123,255	tons of ore (Zn+Pb)	22,000 tons of ore (Zn+Pb)
5	Cuc Duong Lead – Zinc Mine	Vo Nhai, Thai Nguyen	Vimico-Thai Nguyen Non-ferrous Metals JSC.,	No.2305/GP-BTNMT, 15/11/2013	16 years	579,652	tons of ore (Zn+Pb))	40,000 tons of ore (Zn+Pb)
II	Tin mineral							
6	Suoi Bac Tin Mine	Quy Hop, Nghe An	Nghe Tinh Non-ferrous Metals JSC.,	No. 1499/GP-BTNMT, 17/10/ 2006 (on-going application for extension)	6 years, 9 months	175,889	tons of tin ore	26,000 tons of ore /year
7	Suoi Bac Tin Mine (new)	Quy Hop, Nghe An	Nghe Tinh Non-ferrous Metals JSC.,	No. 2728/GP-BTNMT, 31/12/2013	30 years	3,063	tons of Sn	15,000 tons of ore /year



INFORMATION DISCLOSURE OF THE INITIAL PUBLIC OFFERING

No.	Name	Location	Management unit	Mining license	Duration of licensed mining	(Approved) licensed reserve		Licensed capacity (Project)
						Reserve	Unit	
8	Quy Hop Tin Mine	Quy Hop, Nghe An	Nghe Tinh Non-ferrous Metals JSC.,	No. 357/QD-BVTN, 22/11/1982	Non-term	10,911	tons of SnO2	150,000 m3 ore land/year
9	Ban Co Tin Mine	Quy Hop, Nghe An	Nghe Tinh Non-ferrous Metals JSC.,	No. 886/ GP- BTNMT, 28/06/2006	12 years	2,033	tons of SnO2	198.8 tons of caxiterite/year
10	Son Duong Tin Mine	Son Duong, Tuyen Quang	Tuyen Quang Non-ferrous Metals JSC.,	No. 865/GP-BTNMT, 05/6/2013	4 years	265	tons of SnO2	59.3 tons of caxiterite/year
11	Bac Lung Tin Mine	Son Duong, Tuyen Quang	Tuyen Quang Non-ferrous Metals JSC.,	No. 866/GP-BTNMT, 05/6/2013	8 years, 6 months	1,351	tons of Sn	189,000 tons of ore/year
12	Tinh Tuc Tin Mine	Nguyen Binh, Cao Bang	Cao Bang Mineral and Metallurgical JSC.,	No. 1270/GP-BTNMT, 30/6/2011	7 years, 8 months	1,108	tons of SnO2	146 tons of caxiterite/year
13	Ky Lam Tin Mine	Son Duong, Tuyen Quang	Tuyen Quang Non-ferrous Metals JSC.,	No. 17/GP-UBND, 01/06/2011	5 years	29,314	tons of ore	6,000 tons of raw ore/year
14	Suoi Gon-Dong Buc Tin Mine	Son Duong, Tuyen Quang	Tuyen Quang Non-ferrous Metals JSC.,	No. 16/GP-UBND, 01/06/2011	5 years	20,168	tons of ore	4,500 tons of raw ore/year
15	Southwest Nui Phao Tin Mine	Dai Tu, Thai Nguyen	Vimico-Thai Nguyen Non-ferrous Metals JSC.,	On-going preparation of the application for mining license				
16	Ngoi Lem Tin Mine	Son Duong, Tuyen Quang	Tuyen Quang Non-ferrous Metals JSC.,	On-going preparation of the application for mining license				
III	Iron mineral							
17	Na Rua Iron Mine	Cao Bang City	Cao Bang Transportation JSC.,	No. 1271/GP - BTNMT, 30/06/2011	28 years	9,625,000	tons of ore	350,000 tons of ore/year
18	Na Lung Iron Mine	Cao Bang City	Cao Bang Mineral and Metallurgical JSC.,	No. 1072/QD/QLTN, 19/04/1996	30 years	9,986,984	tons of ore	150,000 tons of ore/year
19	Kip Tuoc Iron Mine	Lao Cai City	Mineral JSC., No. 3	No. 75/GP-BTNMT, 22/01/2013	11 years	1,301,000	tons of ore	121,000 tons of ore/year
20	Lang Vinh, Lang Co Iron Mine	Van Ban, Lao Cai	Mineral JSC., No. 3	On-going preparation of the application for mining license				



INFORMATION DISCLOSURE OF THE INITIAL PUBLIC OFFERING

No.	Name	Location	Management unit	Mining license	Duration of licensed mining	(Approved) licensed reserve		Licensed capacity (Project)
						Reserve	Unit	
IV	Gold mineral							
21	Minh Luong Gold Mine	Van Ban, Lao Cai	Lao Cai Gold JSC.,	No. 762/GP - BTNMT, 26/04/2011	5 years	1,829	kg of gold	57,026.7 tons of ore/year
22	Sa Phin Gold Mine	Van Ban, Lao Cai	Mineral JSC., No. 3	No. 1334/GP-BTNMT 04/07/2014	10 years	1,613	kg of Au	30,000 tons of ore/year
23	Apey Gold Mine	Dakrong, Quang Tri	Mineral Development JSC., No. 4	No. 1272/GP - BTNMT, 30/06/2011	7 years	96,577	tons of ore	17,000 tons of ore/year
24	Avao Gold Mine	Dakrong, Quang Tri	Mineral Development JSC., No. 4	On-going preparation of the application for mining license				
V	Other minerals							
25	Thien Ke Tungsten Mine	Son Duong, Tuyen Quang	Tuyen Quang Non-ferrous Metals JSC.,	On-going preparation of the application for mining license				
26	Dong Pao Rare Earth Mine	Tam Duong, Lai Chau	Vimico-Lai Chau Rare Earth JSC.,	No. 3220/GP-BTNMT, 30/12/2014	30 years	1,080	tons of TR2O3	Maximum capacity 39,872 tons of TR2O3
						4,211	tons of Barite	152,284 tons of Barite
						6,044	tons of Fluorite	216,551 tons of Fluorite
27	Lang Vai Antimony Mine	Chiem Hoa, Tuyen Quang	Tuyen Quang Non-ferrous Metals JSC.,	No. 848/GP - BTNMT, 03/6/2013	7 years	2,542	tons of SbO2	4,115 tons of ore/year
28	Chau Loc White Stone Mine	Quy Hop, Nghe An	Mineral Development JSC., No. 4	No.705/QD-UBND.TN, 06/3/2009 (on-going application for re-issuing license)	5 years	752,000	m ³	49,500m ³ raw stone/year
29	Chau Cuong 3 White Stone Mine	Quy Hop, Nghe An	Mineral Development JSC., No. 4	No. 1732/GP-BTNMT, 02/11/2007	24 years	1,286,971	ton	56,100 tons/year

**INFORMATION DISCLOSURE OF THE INITIAL PUBLIC OFFERING**

No.	Name	Location	Management unit	Mining license	Duration of licensed mining	(Approved) licensed reserve		Licensed capacity (Project)
						Reserve	Unit	
30	Ban Hat White Stone Mine	Quy Hop, Nghe An	Nghe Tinh Non-ferrous Metals JSC.,	On-going preparation of the application for mining license				

Source: Vimico





Fixed assets


The situation of Vimico's fixed assets based on the figures of the accounting book as of 31/03/2014 is summarized as follows:

Table 3: Fixed assets as of 31/03/2014
Unit: Mil. VND

No.	Type of asset	Original cost	Amortization and Depreciation	Carrying amount
A	Fixed assets	1,782,725	1,407,659	434,960
1	Tangible fixed assets	1,711,744	1,350,438	361,306
1.1	- Building & architectonic structures	671,860	493,864	177,996
1.2	- Equipment & machinery	803,292	712,824	90,468
1.3	- Means of transportation	220,169	128,545	91,624
1.4	- Instruments & tools for management	16,423	15,205	1,218
2	Intangible fixed assets	2,789	236	2,553
3	Assets of finance leasing	68,192	56,984	11,208
4	Capital construction in process			59,894

Source: Report on determining the enterprise value

-  Building & architectonic structures: Mainly including headquarters, working office, workshops, goods and material warehouse of the Corporation and plants.
-  Equipment & Machinery: Including all kinds of machinery and equipment used in the business and production activities of the Corporation and enterprises, plants such as drilling machinery, compressors, hydraulic excavators, bulldozers, specialized equipment for workshops in processing, refining, electrolyzing...
-  Means of transportation & transmission system: Including cars, Caterpillar bulldozers, trucks, excavators, forklifts, self-dumping trucks, forklifts of the Corporations, enterprises and plants.
-  Equipment and tools for management: including office equipment such as computers, printers, photocopiers, monitoring camera systems, furnaces, testing analyzing machinery... of the Corporations, enterprises, and plants.

 Intangible fixed assets: consist of value of the accounting software, management software in use.

From the time of determining enterprise value until 31/12/2014 – the latest quarter before the offering, the situation of Corporation’s fixed assets has no any significant fluctuation.

Land use

a. Actual situation of land management and use

Currently, Vinacomin - Minerals Holding Corporation is managing, using and applying for granting 43 land lots in many localities including Hanoi, Lao Cai, Thai Nguyen, Lam Dong, Nam Dinh with a total area of 10,040,303 m². In which, 3,738,986 m² of land is granted rights of management and use to serve the production and business activities, and other purposes; 6,301,317 m² is under on-going completion of the procedures to apply for land granting. Specifically as follows:

Table 4: List of lands in use by Vimico

No.	Address of land lot	Area of land (m ²)	Purpose of use	Duration of granting/ leasing land	Value included in EV	Form
I	In Hanoi	5,284				
1	193 Nguyen Huy Tuong, Thanh Xuan District	2,524	For office and producing facility	by 2043	0	Yearly land leasing payment
2	562 Nguyen Van Cu, Long Bien District	2,760	For office	by 2016	0	Yearly land leasing payment
II	In Lao Cai	3,649,725				
1	Bat Xat District (managed by Sin Quyen Copper Mine Company)	3,354,174	For office, housing for OAE and producing facility	By 2025	0	Yearly land leasing payment
2	Bao Thang District (managed by Lao Cai Copper Smelter Company)	286,919	For office, housing for OAE and producing facility	By 2055	0	Yearly land leasing payment



No.	Address of land lot	Area of land (m ²)	Purpose of use	Duration of granting/ leasing land	Value included in EV	Form
3	SaPa Town, SaPa District (managed by Vimico - Functional Rehabilitation and Occupational Disease Treatment Center)	7,299	Functional Rehabilitation and Occupational Disease Treatment Center	Non-term	0	Yearly land leasing payment
4	Pho Moi Ward, Lao Cai City	1,333	Branch Office of Vimico	Non-term	VND4,433 billion	Land granting
III	In Thai Nguyen	65,120				
5	Tan Lap Ward, Thai Nguyen City (managed by 19/5 Mechanical Factory)	65,120	For office and producing facility	By 2047	0	Yearly land leasing payment
IV	In Lam Dong	14,132				
6	Tan Thuong Commune, Di Linh District	14,132	Vacancy	Non-term	0	Land granting
V	In Nam Dinh	4,725				
7	Giao Lam Commune, Giao Thuy District (managed by Vimico-Functional Rehabilitation and Occupational Disease Treatment Center)	4,725	Functional Rehabilitation and Occupational Disease Treatment Center	Non-term	0	Land granting
	Total	3,738,986				

Source: Vimico's equitization plan

Table 5: List of lands under Vimico's on-going completion of the procedures to apply for land granting

No.	Address of land lot	Area of land (m ²)	Purpose of use	Form
1	Lao Cai City	4,875	Headquarters of Production Management Center	Yearly land leasing payment



2	Coc My and Ban Vuoc Communes, Bat Xat District	5,071,529	Implementing the Project of expanding and increasing the capacity of Lao Cai - Sin Quyen Copper Mine	Yearly land leasing payment
3	Coc My Commune, Bat Xat District	610,448	Implementing the Project of mining Vi Kem Copper Mine	Yearly land leasing payment
4	Ban Qua Commune, Bat Xat District	542,465	Implementing the Project of expanding and increasing the capacity of Lao Cai Copper Smelter Plant	Yearly land leasing payment
5	Bat Xat Town, Bat Xat District	72,000	Implementing the Project of housing for OAE	Yearly land leasing payment
	Total	6,301,317		

Source: Vimico's equitization plan

b. Some notes about land lots under Vimico's on-going management and use

In May 2014, Vinacomin – Minerals Holding Corporation sent the whole plan of land use to the localities as stipulated. Their responses thereto are as follows:

- Lam Dong province: Lam Dong Provincial People's Committee made Decision No. 1476/QD-UBND dated 09/7/2014 on the recovery of land managed by Vinacomin – Minerals Holding Corporation and handed over to Di Linh District People's Committee for management in Tan Lam commune, Di Linh district. The content of such Decision mentioned on the recovery of the whole 14,132 m² area of the Corporation in Lam Dong province in Section 4, Table 4: List of lands in use by Vimico as mentioned above. The Corporation completed the procedures for land return as of August 2014.

- Lao Cai province: Lao Cai Provincial People's Committee issued Document No. 2661/UBND-TNMT dated 14/07/2014 of the Chairman of Lao Cai Provincial People's Committee on contributing opinion to the plan for land use as provided by Vinacomin – Minerals Holding Corporation upon corporate equitization. Its basic content referred to the agreement on such plan of the Corporation upon corporate equitization.

- Thai Nguyen province: People's Committee of Thai Nguyen Province issued and sent Document No. 2016/UBND-KTTH dated 04/8/2014 of the Chairman of Thai Nguyen Provincial People's Committee to the Ministry of Finance, the Corporation and 19/5 Mechanical Factory on confirming the plan for re-arrangement and handling of housing facility and land of 19/5 Mechanical plant. The content of such Document was to make confirmation of the results of arrangement and handling of State-owned housing and land of 19/5 Mechanical Factory - Vinacomin – Minerals Holding Corporation by the plan for yearly land leasing payment for an land area of 65,120 m² as stated in Section 3, Table 4: List of lands in use by Vimico as mentioned above.

- Hanoi city: Because, before 31/3/2014, the Corporation didn't conduct the arrangement of housing and land in accordance with Decision No. 09/2007/QD-TTg dated 19/01/2007 of the Prime Minister, so Hanoi People's Committee requested the Corporation to re-arrange housing and land under Decision No. 09/2007/QD-TTg for 02 land lots of the Corporation prior to the issuance of written

consent. The Corporation complied with the orders and procedures as stipulated. On 31/12/2014, the Corporation completed the Minutes of the meeting of the members of Steering Committee 09 on 19/09/2014, with the content agreed on the plan of the Corporation stated in Section 1, Table 4: List of lands in use by Vimico as mentioned above.

i. Vimico's Branch Office in Lao Cai

Based on Item c, Clause 4, Article 31 of Decree No. 59/2011/ND-CP dated 18/07/2011 of the Government, Vinacomin - Minerals Holding Corporation temporarily applies the cost of land use published by the Provincial People's Committees and central cities at the latest time as prescribed by law on land to determine the value of land calculated in the enterprise value as follows:

 Total area: 1,333 m² in Lao Cai province including:




- ✓ Land lot No. P16-21 in Bo Song street, Pho Moi ward, Lao Cai city, Lao Cai province: 464 m² has been granted Certificate of Land Using Right and is being used for the branch office of the Corporation in Lao Cai.
- ✓ Land lot No. P16-22 in Dinh Bo Linh street, Pho Moi ward, Lao Cai city, Lao Cai province: 419 m² has been granted Certificate of Land Using Right and is being used for the branch office of the Corporation in Lao Cai.
- ✓ Land lot No. P16-23 in Dinh Bo Linh street, Pho Moi ward, Lao Cai city, Lao Cai province: 450 m² under the form of land granting is being used for the Center for Analysis and Testing of the Corporation.

 Total value included in the enterprise value: VND4,433 billion.



ii. Vimico - Functional Rehabilitation and Occupational Disease Treatment Center

The land in residential group 10, Sa pa town, Sa pa district, Lao Cai province is used for nursing center: 7,299 m² of yearly land leasing payment and land in Giao Lam commune, Giao Thuy district, Nam Dinh province is used for the Functional Rehabilitation and Occupational Disease Treatment Center: 4,725 m² is being implemented under the decision of local land allocation and free of charge land leasing. Based on Item b, Clause 4, Article 3 of Circular No. 26/2013/TT-BTNMT dated 26/9/2013 of the Ministry of Natural Resources and Environment on the determination of land excluded from enterprise value, all such area will be excluded from and not calculated in enterprise value.

Vimico - Functional Rehabilitation and Occupational Disease Treatment Center is a unit directly under Vinacomin - Minerals Holding Corporation formed on the basis of consolidating Vimico - Sapa Nursing Center and Nam Dinh Center for Functional Rehabilitation and Occupational Disease Treatment under Decision No. 5668/QD-BCT dated 25/06/2014 of the Minister of Industry and Trade. The value of assets of Vimico - Functional Rehabilitation and Occupational Disease Treatment Center as of 31/03/2014 were as follows:


 Total asset value:	VND56,557,019,799
 Amortization and Depreciation:	VND11,345,103,880
 Carrying amount:	VND45,211,915,919

In which, assets formed from the bonus & welfare funds and working capital for welfare purposes are VND45,211,915,919. Under the provisions in Clause 4, Article 14 of Decree No. 59/2011/ND-CP dated 18/07/2011, assets formed from the bonus & welfare funds will be handed over to the Trade union of the Joint Stock Company after equitization for management as follows:

-  Handing over all the assets of Vimico - Functional Rehabilitation and Occupational Disease Treatment Center to the Trade Union of Vinacom - Minerals Holding Corporation (on 01/07/2014 the Corporation's Trade union had Official Dispatch No. 107/CSPL-CDTKS on buying preferential shares and receiving Vimico - Functional Rehabilitation and Occupational Disease Treatment Center, accordingly, the Corporation's Trade union agreed to receive Vimico - Functional Rehabilitation and Occupational Disease Treatment Center).
-  The organizational structure of the apparatus, labours, management of Vimico - Functional Rehabilitation and Occupational Disease Treatment Center shall be implemented on the basis of coordination rules between the Trade union and professional bodies of the Corporation.

2.3. Actual situation of finance and liabilities

Actual situation of finance and liabilities of Vimico under the accounting book after financial settlement as of 31/03/2014 as follows:

 Receivables	389,805,519,453
- <i>Short-term receivables</i>	389,805,519,453
- <i>Long-term receivables</i>	0
 Liabilities	1,748,553,812,582
- <i>Short-term liabilities</i>	1,213,101,529,258
<i>In which: bonus & welfare funds</i>	77,071,447,036
- <i>Long-term liabilities</i>	535,452,283,324

Source: Report on determining enterprise value on 01/04/2014

*** Recoverability of receivable debts:**

- Value of provision for bad liabilities at the time of EV determination is VND49,542,355,297 (as of 30/09/2014, VND48,495,022,840) is integrally reversed to increase the State capital. As stipulated, after transforming into the Joint Stock Company, it is necessary to re-establish the provision sum and calculate it into the costs and expenses of the Joint Stock Company based on the age of debt and regulation on documents of liabilities.

- At the time of EV determination, provisions for devaluation of long-term investments are reversed to increase the State capital up to VND32,999,381,183 (excluding the provision for investment into joint venture company - Southern Mining, worth VND34,069,165,561 which is written off in terms of finance before EV determination). This provision shall be included and made into the costs and expenses at the time of transformation into the Joint Stock Company in case the units receiving paid-in capital from Vimico suffer from losses (Owner's equity is less than Charter capital) at the time of transformation.



- For in-stock cast iron products, the price is, upon determination of EV, VND7,650,000/ton with the quantity of 11,945 tons, as of the preparation of the information disclosure, the Corporation conducted the public offering, however, only sold at VND6,450,000/ton with the offered quantity of 500 tons/1000 tons.

2.4. Issues in need of continuous settlement

Dispute between the Export – Import Bank of Thailand and Thai Nguyen Non-ferrous Metals One Member Co., Ltd

Vimico – Thai Nguyen Non-ferrous Metals Joint Stock Company is an enterprise equitized from Thai Nguyen Non-ferrous Metals One Member Co., Ltd (a 100% state-owned enterprise and a subsidiary of Vinacomin - Minerals Holding Corporation) under Decision No. 212/QD-TKV dated 21/02/2014 of Vietnam National Coal – Mineral Industries Group and started to operate in the model of a Joint Stock Company from 01/07/2014.

In 1995, Thai Nguyen Non-ferrous Metals Company cooperated with Teperak International Company Limited of Thailand (in 2002, Teperak International Company Limited transferred all its paid-in capital in the joint venture to I.R.D.C Exploration and Mining Co., Ltd as an legal entity of Thailand) to establish Viet – Thai Zinc Industry Joint Venture Co., Ltd in Vietnam to implement the project of building a Zinc – oxide powder production plant. To implement the investment and construction of the plant, in 2001, Viet – Thai Zinc Industry Joint Venture Co., Ltd signed a Facility Agreement with the Export – Import Bank of Thailand. Accordingly, the Export – Import Bank of Thailand disbursed a loan of USD9,003,000 for Viet – Thai Zinc Industry Joint Venture Co., Ltd. So far, besides the outstanding principal amount, Viet – Thai Zinc Industry Joint Venture Co., Ltd also shall pay in-term and overdue interest rate. Viet – Thai Zinc Industry Joint Venture Co., Ltd is on the verge of bankruptcy, so it is impossible to repay the loan to the Export – Import Bank of Thailand.

On 12/08/2012, the Export – Import Bank of Thailand lodged the Statement of Claim against Thai Nguyen Non-ferrous Metals One Member Limited Company at Thai Arbitration Institute to request Thai Nguyen Non-ferrous Metals One Member Limited Company to implement its payment obligations on behalf of Viet – Thai Zinc Industry Joint Venture Co., Ltd for the loan of USD9,030,000 of Viet – Thai Zinc Industry Joint Venture Co., Ltd at the Export – Import Bank of Thailand. The Statement of Claim of the Export – Import Bank of Thailand is made on the basis of the contents of Funding Agreement dated 20/06/2001 signed among Thai Nguyen Non-ferrous Metals Company, I.R.D.C Exploration and Mining Co., Ltd and the Export – Import Bank of Thailand. Accordingly, Thai Nguyen Non-ferrous Metals Company and I.R.D.C Exploration and Mining Co., Ltd committed to jointly take responsibility on behalf of Viet – Thai Zinc Industry Joint Venture Co., Ltd for the payment of loans to the Export – Import Bank of Thailand if Viet – Thai Zinc Industry Joint Venture Co., Ltd has no ability to repay the loan to the Export – Import Bank of Thailand. (In fact, according to archives and accounting book of Thai Nguyen Non-ferrous Metals One Member Limited Company, the Company has no record or track of any information relating to this Funding Agreement dated 20/06/2001.)

Immediately after Thai Arbitration Institute took up this dispute case, Thai Nguyen Non-ferrous Metals One Member Limited Company has actively conducted the necessary works to defense the rights at Thai Arbitration Institute such as hiring foreign attorney, seeking for the instructions of the Ministry of Justice of Vietnam, researching to make the arguments of defense, directly participating in the arbitral proceedings...



Although Thai Nguyen Non-ferrous Metals One Member Limited Company has taken all necessary measures, given the arguments to reject the claim of the Export – Import Bank of Thailand, but on 03/06/2014, Thai Arbitration Institute rendered the arbitration award on 23/05/2014 of the Arbitration Tribunal, accordingly, Thai Nguyen Non-ferrous Metals One Member Limited Company shall pay USD13,785,678.0 (including principal and interest rate: LIBOR + 4% + supplemented 2% of interest (for breach of contract) from the breaching date) of the principal amount of USD9,030,000 to the Export – Import Bank of Thailand and payable arbitration expenses.

Since Thailand is a member of the Convention on the recognition and enforcement of decisions of foreign arbitration of the United Nations passed in New-York on 10/06/1958, the Export – Import Bank of Thailand may request for enforcing the award of Thai arbitration not only in Thailand, Vietnam but also in other countries that are members of the New York Convention 1958 if the Export – Import Bank of Thailand knows that the judgment debtor has assets in such countries (requesting for selling assets, goods on abroad; blockading bank account, requesting for stopping payment for any amounts that foreign partners must pay to the judgment debtor,...). In addition, in theory, there is a potential risk for the State owner of the judgment debtor, namely they can be involved when the Export – Import Bank of Thailand requests for enforcing the arbitration award as mentioned-above in Thailand and other countries that are members of the New York Convention by law on enforcement of judgements/arbitration awards in the countries may have different rules on the form of enforcement and subjects of enforcement.

Stemming from the above risks and the right of requesting Thai Court for rejecting the award of Thai Arbitration under the provisions of the legal proceedings of Thai laws, on 04/08/2014, Vinacomin - Minerals Holding Corporation as a shareholder of Vimico - Thai Nguyen Non-ferrous Metals JSC., instructed the Corporation's representative of capital management at Vimico - Thai Nguyen Non-ferrous Metals JSC., to carefully conduct the study of materials and continue consulting the lawyers to get reasonable arguments to request Thai Court to set aside the award of Thai Arbitration Institute; at the same time, take measures to protect the rights and benefits of Vimico – Thai Nguyen Non – ferrous Metals Joint Stock Company.

Based on Decision No. 212/QĐ-TKV dated 21/02/2014 of Vietnam National Coal – Mineral Industries Group on approving the plan of equitization and transforming Thai Nguyen Non-ferrous Metals One Member Limited Company under Vinacomin – Minerals Holding Corporation into the Joint Stock Company, in terms of paid-in capital for Viet – Thai Zinc Industry Joint Venture Co., Ltd, Vimico – Thai Nguyen Non – ferrous Metals Joint Stock Company shall be responsible for inheriting rights and obligations for such paid-in capital, at the same time, continuously implementing the role of capital contribution shareholder in Viet – Thai Zinc Industry Joint Venture Co., Ltd in accordance with the regulations.

On 13/08/2014, Vimico – Thai Nguyen Non – ferrous Metals Joint Stock Company held a meeting of the Management Board to review and approve the policy of implementing the above contents. However, at the meeting of the Management Board of Vimico – Thai Nguyen Non – ferrous Metals Joint Stock Company, 02 members of the Management Board representing 02 major shareholders accounting for 40.25% of the charter capital of a joint stock company protested Vimico – Thai Nguyen Non – ferrous Metals Joint Stock Company for the participation in the procedures of rejecting the tribunal award as mentioned above because under the viewpoints of these two shareholders/members of the Management Board, responsibility for dealing with the case related to the lawsuit of Export – Import Bank of Thailand and the arbitration award of Thailand on this case does not belong to Vimico

– Thai Nguyen Non – ferrous Metals Joint Stock Company; and Vimico – Thai Nguyen Non – ferrous Metals Joint Stock Company will not take over this case from Thai Nguyen Non-ferrous Metals One Member Co., Ltd upon implementing the procedures of handing over for the joint stock Company under the provisions of laws.

So far, the handover between Vimico – Thai Nguyen Non – ferrous Metals Joint Stock Company and Thai Nguyen Non-ferrous Metals One Member Co., Ltd in accordance with Decree No.59/2011/ND-CP has not been finalized.

Thus, in addition to considering, handling and preventing the risks related to the above award of Thai Arbitration Institute, Vinacomin - Minerals Holding Corporation shall have to continue to deal with the problem of handover between Vimico – Thai Nguyen Non – ferrous Metals Joint Stock Company and Thai Nguyen Non-ferrous Metals One Member Co., Ltd, at the same time, to clarify legacy responsibilities of Vimico – Thai Nguyen Non – ferrous Metals Joint Stock Company for the issues related to the dispute with the Export – Import Bank of Thailand.

As directed by the Prime Minister in Decision No. 2388/QD-TTg dated 30/12/2014 on approving the plan for equitizing Parent company - Vinacomin – Minerals Holding Corporation and Official Dispatch No. 820/BCT-TCCB dated 26/01/2015 of the Ministry of Industry and Trade on implementing Decision No. 2388/QD-TTg dated 30/12/2014 of the Prime Minister, the issues related to the case between the Export – Import Bank of Thailand and Thai Nguyen Non – ferrous Metals Company shall be settled based on the recommendations of the Ministry of Industry and Trade and Vietnam National Coal – Mineral Industries Group in the plan for equitizing Vinacomin - Minerals Holding Corporation, which is cited in detail as follows:

1. In Section 4 - Part II of Submission No. 10503/TTr-BCT dated 22/10/2014 of the Ministry of Industry and Trade on approving the plan for equitizing Parent company – Vinacomin – Minerals Holding Corporation under Vietnam National Coal – Mineral Industries Group:

"...

For the dispute between the Export – Import Bank of Thailand and Thai Nguyen Non – ferrous Metals One Member Limited Company, a subsidiary of Vinacomin – Minerals Holding Corporation: the Ministry of Industry and Trade recommends the Prime Minister to agree with the proposal, recommendation of TKV under the contents presented in the attached equitization plan and Submission No. 5584/TTr-TKV of the Members Council of TKV.

...”

2. In Section 1 – Part II of Submission No. 5584/TTr-TKV dated 16/10/2014 of the Members Council of Vietnam National Coal – Mineral Industries Group on the plan for equitizing Parent company – Vinacomin – Minerals Holding Corporation under Vietnam National Coal – Mineral Industries Group:

"...

1. Thai Nguyen Non-ferrous Metals Joint Stock Company shall continue to implement its legal obligation as capital contribution shareholder of the Joint Venture Company, conduct the appeal for the case to a Thai Court and a Vietnamese Court (in case the award of Thai Arbitrator is recognized by the Thai Court and transferred to Vietnam for implementation), fulfill legal rights and obligations relating to or arising out of the case.

2. Parent company – Vinacomin – Minerals Holding Corporation shall implement its physical obligation relating to the award of Thai Arbitration Institute, the Thai Court (if any) and the



Vietnamese Court in case the award is recognized and executed in Vietnam.

3. Direction for settling the implementation of physical obligation is recommended as follows:

(i) In case where the award of the Court provides detailed figures on the obligation for execution of the award, Vinacomin- Minerals Holding Corporation is permitted to establish an amount of provision as stated in the award when conducting capital settlement for and handover of capital to the Joint Stock Company (Vinacomin- Minerals Holding Corporation).

(ii) If there is no Court award on physical obligation to be necessarily executed at the capital settlement for and handover of capital to the Joint Stock Company (Vinacomin- Minerals Holding Corporation), Vinacomin- Minerals Holding Corporation is permitted to estimate the provision sum based on the figures as stated in the award of Thai Arbitration Institute on 23/05/2014.

(iii) Upon having official award from the Court, if it is not necessary to execute physical obligation, the above-mentioned provision shall be returned to the State.

...”

3. BUSINESS ACTIVITIES IN 03 YEARS BEFORE EQUITIZATION

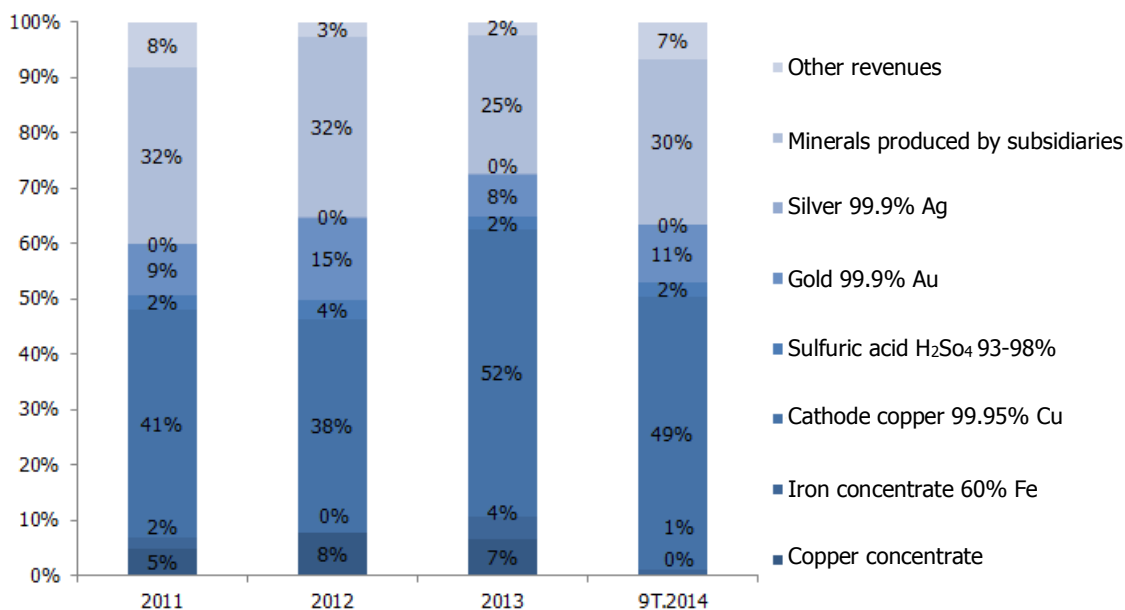
3.1. Business activities of Parent company – Vinacomin – Minerals Holding Corporation

3.1.1 Situation of business activities of Parent company – Corporation

a. Revenue and profit structure

The organization & production are implemented under the model of parent company - subsidiary, in which, the production stage is conducted under package mechanism, in the form of concentrated consumption; all the main products produced by the subsidiaries shall be handed over to the Parent company for 100% consumption under the mode of unifying the selling and purchase prices among the three parties: the Corporation - Subsidiaries - appropriate Customers, thus, the main products of the Corporation include the products of the Parent company and its subsidiaries. Vimico's revenue structure in 03 years before the equitization is as follows:

Table 6: Parent company's revenue structure



Source: Vimico

With the core business lines of mining, processing and trading of non-ferrous metals, minerals, so Vimico's revenue is mainly derived from: (i) cathode copper 99.95% Cu (accounting for an average proportion of over 45% in the period of 2011 – 2014); (ii) mineral trading revenue from the subsidiaries (accounting for an average proportion of 30% in the period of 2011 – 2014), in which the main products consisting of tin ingots and zinc ingots make up nearly 83%, on average, of the revenue of minerals produced by the subsidiaries, and (iii) revenue of gold 99.9% Au (accounting for an average proportion of 11% in the period of 2011 – 2014).

Table 7: Parent company's business revenue before equitization



Unit: Mil. VND

Criteria	2011	2012	2013	2014
Revenue of sales and provision of services	3,231,276	2,502,734	3,157,043	3,130,783
Copper concentrate	157,564	192,033	211,959	0
Iron concentrate 60%Fe	63,624	2,703	127,424	27,867
Cathode copper 99.95%Cu	1,334,100	962,477	1,632,032	1,605,015
Sulfuric acid H ₂ SO ₄ 93-98%	78,101	88,794	74,908	83,005
Gold 99.9%Au	304,250	370,966	240,606	428,165
Silver 99.9%Ag	2,509	4,656	3,443	4,167
Minerals produced by Subsidiaries	1,025,567	810,429	792,976	976,813
<i>Tin ingots 99.75 - 9.95%Sn</i>	<i>444,434</i>	<i>322,338</i>	<i>307,492</i>	<i>354,067</i>
<i>Zinc ingots 99.95%Zn</i>	<i>353,488</i>	<i>364,455</i>	<i>339,018</i>	<i>461,574</i>
<i>Zinc ore</i>				<i>5,135</i>
<i>Iron concentrate 60%Fe</i>	<i>135,730</i>	<i>70,500</i>	<i>137,424</i>	<i>155,517</i>
<i>Ferrosilicon</i>	<i>12,857</i>	<i>21,652</i>	<i>2,695</i>	<i>520</i>
<i>Ferromanganese</i>		<i>1,716</i>		<i>0</i>
<i>Cast iron</i>	<i>79,058</i>	<i>29,767</i>	<i>6,347</i>	<i>0</i>
Other revenue	265,560	70,675	73,694	5,751

(Revenue of sales and provision of services as mentioned above excludes revenue from financial operations and other income)
Source: Vimico

In the period of 2011 - 2014, there were many fluctuations in business activities of Parent company – the Corporation, specifically as follows:

* **2012:** Revenues in 2012 decreased 23% compared to 2011, due to:

- Cathode copper: the consumed output decreased by 25%, reached 6,213 tones, its selling price is approximately 154.9 million/ton

- Magnetite concentrate: the consumed output dropped by 95% (2,452 tons);

- Gold: the consumed output increased by 17%, the selling price decreased 3.6%

* **2013:** Revenues increased by 26.14% compared to 2012, due to:

- Cathode copper: the consumed output increased by 78%, the selling price decreased by 4.8%;;

- Magnetite concentrate: the consumed output was 180,876 tons, selling price went down by 36%;

- Gold: the consumed output decreased 25%, selling price went down by 1.7%

* **2014:** Following year 2013, the production & business situation of the Corporation in 2014 was relatively stable, and the consumption of products was quite positive. However, the fluctuation in the price of copper in the world partly affected the Corporation's revenue.

Table 8: Parent company's consumed output before equitization

Consumed output	Unit	2011	2012	2013	2014
Parent company's minerals					
Copper concentrate 24%Cu	Ton	5,371	7,007	8,198	0
Iron concentrate 60%Fe	Ton	51,478	2,452	180,876	37,745
Cathode copper 99.95%Cu	Ton	8,308	6,213	11,045	10,999
Sulfuric acid H ₂ SO ₄ 93-98%	Ton	42,651	40,972	42,419	48,573
Gold 99.9%Au	Kg	315	370	276	553
Silver 99.9%Ag	Kg	224	388	336	464
Minerals produced by Subsidiaries					
<i>Tin ingots 99.75 - 99.95%Sn</i>	<i>Ton</i>	<i>920</i>	<i>795</i>	<i>751</i>	<i>928</i>
<i>Zinc ingots 99.95%Zn</i>	<i>Ton</i>	<i>7,793</i>	<i>9,180</i>	<i>8,457</i>	<i>10,096</i>
<i>Iron concentrate 60%Fe</i>	<i>Ton</i>	<i>104,682</i>	<i>63,514</i>	<i>156,421</i>	<i>142,191</i>
<i>Ferrosilicon</i>	<i>Ton</i>	<i>852</i>	<i>1,495</i>	<i>170</i>	<i>20</i>
<i>Ferromanganese</i>	<i>Ton</i>		<i>104</i>		
<i>Cast iron</i>	<i>Ton</i>	<i>7,020</i>	<i>2,454</i>	<i>594</i>	

Source: Vimico

Similar to the revenue structure, the copper products made a big contribution to the before-tax profit of the Parent company, iron ore products began to bring a significant profit to the Corporation in 2013 after the production had increased at over 98%. The gold product brought significant profit to the Corporation in 2011 and 2012, but since 2013, because the price of gold has declined, the production and processing of gold are no longer effective. Besides, in 2013, the trading of other mineral (H₂SO₄) and the minerals from subsidiaries were not profitable. In 2014, the copper product groups continued to be a main motivation to bring profit for the Corporation, the profit of iron ore product made up a negligible proportion while the gold product was continuously not effective. Compared with 2013, the loss sum from trading of other minerals decreased remarkably.

Table 9: Parent company's profit structure

Unit: Mil. VND

Criteria	2011	2012	2013	2014
Copper concentrate	37,900	25,999	23,838	0
Iron concentrate 60%Fe	(64)	5,456	24,237	9,914
Cathode copper 99.95%Cu	218,142	133,217	231,323	143,081
Sulfuric acid H ₂ SO ₄ 93-98%	(29,975)	5,259	214	458
Gold 99.9%Au	79,992	15,576	(16,345)	(9,777)
Silver 99.9%Ag	825	1,244	701	225
Production of other minerals	6,085	(7,600)	(77,325)	(1,802)
Financial activities	(64,845)	(55,044)	(60,746)	(15,661)
Other income	3,206	9,884	1,261	(11,371)
Before-tax profit	251,266	133,991	127,158	115,067

Source: Vimico

b. Cost structure
Table 10: Production costs in the period of 2011-2014

Unit: Bil. VND

Criteria	2011	% Cost	% Revenue	2012	% Cost	% Revenue
Cost of goods sold	2,721	88%	84%	2,080	87%	83%
Financial expense	146	5%	5%	108	5%	4%
Sale cost	17	1%	1%	13	1%	1%
Management cost	163	5%	5%	182	8%	7%
Other costs	33	1%	1%	3	0%	0%
Total	3,080	100%	95%	2,386	100%	95%
Criteria	2013	% Cost	% Revenue	2014	% Cost	% Revenue
Cost of goods sold	2,737	89%	87%	2,804	92%	90%
Financial expense	107	3%	3%	55	2%	2%
Sale cost	10	0%	0%	14	0%	0%
Management cost	207	7%	7%	168	5%	5%
Other costs	4	0%	0%	15	0%	0%
Total	3,065	100%	97%	3,056	100%	95%

(*) Revenue: Total revenue of sales and service provision

Source: Audited Financial Statements of Parent company in 2011-2013, Financial Statements of Parent company in 2014.

In the overall cost structure of Vimico, the major proportion is the cost of goods sold, management cost and financial expense (totally accounting for 99% of total costs). In which, the cost of goods sold accounted for the most, at 89% of the total costs on average in the period of 2011 - 2014. Detailed structure of production costs for each product of the company is shown in section (c) (iii) "The impact of the price of raw materials on revenue and profit."

Management cost accounted for 5-8% of total costs, ranked the second largest proportion after the cost of goods sold, increased averagely by 13% per year from 2011-2013. In 2012, management cost increased by nearly 12%. As there were the economic crisis, decrease in consumption, sharp decrease in cost of goods sold while the management cost did not decrease, the proportion of management cost was high.

In 2013, management cost increased by 14%, approximately VND24 billion because Vimico increased the provision for doubtful short-term receivables of nearly VND17 billion. Management cost increased nearly 4% if excluding such provision. In 2014, thanks to cost reduction measures as well as no provision, management cost of Vimico decreased approximately 19%.

Financial expense in the period of 2011 - 2014 was more volatile, accounting for 2-5% of the total




costs, of which, mainly the cost of loan interest (approximately VND55 billion per year, in 2012 alone, the figure spiked at VND87 billion), the cost of the setting up of investments and the losses due to exchange rate differences. In 2011, due to the over-8% exchange rate adjustment by the State Bank, the cost of exchange rate differences spiked at VND85 billion. While in 2012, due to high interest rates, the consumption faced difficulties, the Corporation maintained short-term borrowing limits for production and business activities higher than the normal ones, thus, costs for loan interests surged by VND87 billion, VND30 billion higher than the average in the period of 2011 - 2013. In 2013, the macroeconomic situation was more stable, the elements of loan interest and exchange rates were kept stable, however, the economic impacts remained in its member units. For investments in 2013, Vimico had to establish the provision of about VND39 billion for devaluation of the investments, VND28 billion higher than the average provision of 2011 and 2012.

In 2014, the proportion in cost of goods sold increased dramatically from the average of 88% in the period of 2011-2013 up to 92%. The reason for such increase was the decrease in product price, that is to say, the price of copper in the world's market was on the decline trend, thereby reducing the gross profit of the Corporation. The macro-elements, interest rates and exchange rates were kept stable, decreasing the proportion of financial expense of the Corporation down to 2% of its total costs which was lower than the average of 4.3% in the period of 2011-2013.

c. Raw materials

(i) Raw material source

Raw material source which has been currently mined from the mines was updated at the time of information disclosure:

-  Sin Quyen copper mine, in Lao Cai, total remaining reserves and resources of the mine after 2014 (according to the report on expected reserves as approved by the Reserves Council): 31.8 million tons of copper ore, equivalent to 360.5 thousand tons of copper, include the reserves of 16.82 million tons of ore, equivalent to 203.68 thousand tons of copper.
-  Zinc-copper mine, in Lao Cai, it is expected to have products in 2018, and the procedures for application for mine granting is currently being prepared, its total reserves and resources are 11.5 million tons of copper ore, equivalent to 76.12 thousand tons of copper, of which, reserves are 5.15 million tons of copper ore, equivalent to 39.1 thousand tons of copper.
-  Total reserves and resources of these two mines after 2014: 43.3 million tons of copper ore, equivalent to 436.65 thousand tons of copper, of which, reserves are 21.97 million tons of reserves of copper ore, equivalent to 242.78 thousand tons of copper.

Although the ore source for production is mined by the Corporation itself, in the process of mineral mining and processing, the cost for producing 01 ton of ore depends on factors such as materials, motivation, salaries and other expenses (taxes, charges, fees, contributions to local infrastructure, money for mining right granting, money for using geological data...) which frequently fluctuate subject to the market and constant change in regulatory policies of the State. So, direct impacts on revenue and profit are stated in the annual Financial Statements of the Corporation.

(ii) Stability of raw material source

With the advantages of the specialization production model and materials from the mines assigned for management as well as materials from the member companies, in the business process, the supply of raw materials has always been stable for production. With the above remaining reserves and resources, the materials supplied for the production of the Parent company - Corporation remain stable.

(iii) Impact of raw material price on revenue and profit

The organization and production are operated under the model of parent company - subsidiary, in which, the production stage is conducted under package mechanism, in the form of concentrated consumption, therefore, Vimico controls its costs in the form of issuing the technical economic norm system as the basis for consumption cost control; management regulations for procurement of materials, equipment maintenance and repair, regulations on cost administration... In which, for the subordinate units, they are assigned with quarterly plans, detailed stage-based cost allocation, norm management, input price management, technological process... For subsidiaries, the administration cost price is conducted through the annually-signed business collaboration agreements between the Corporation and its subsidiaries. Periodically, quarterly, every six month, yearly, the acceptance and assessment of the performance results of technological, cost price... indicators are organized.

Besides the main raw materials, raw ore, with the ability of self-mining, not outsourcing, during the mining, processing of minerals, the costs for producing 01 ton of ore still depends on the cost of other materials such as petroleum, coal, chemicals, industrial materials, electric power... The price of these fuels, auxiliary materials always fluctuates subject to the market and the regulatory policies of the State. The cost of raw materials, fuels accounts for majority in the cost price of the Corporation's products. Therefore, raw material and fuel prices have a direct impact on annual revenue as well as profit of the Corporation. Production costs for some main products are presented as follows:

Table 11: Element-based production cost structure of main products in 2014




Criteria	Products of Parent company		Products of subsidiaries	
	Copper	Gold	Tin	Zinc
Raw materials costs	53%	49%	78%	49%
Labour costs	16%	19%	10%	24%
Depreciation costs	10%	9%	2%	13%
Outsourcing costs	6%	7%	0%	1%
Other costs	15%	16%	10%	14%

Source: Vimico


d. Technological level

Mining technology:

Mining technology is evaluated at the advanced average level, in which Sin Quyen copper mine is the largest one in Vietnam with a capacity of 1.3 million tons of raw ore/year and the mining, expanding project is implemented to increase its capacity by 2.5 million tons/year, the overburden stripping up to 11.4 million m³. The mining system is operated in depth, with vertical - horizontal coordination, 2÷3 working shores, hauling and dumping of waste to the outside dump yards. Mining technology includes the steps of drilling, blasting, loading and hauling of soil, stone, ores by synchronously using the advanced equipment with top high capacity among ore mines in Vietnam with the combination of equipments:


-  For the overburden stripping: Drilling Equipment: shaft-rotating drill with borehole diameter $d = 250$ mm, **rotary hammer** drill $d = 165$ mm. Mining - hauling equipment: using the combination of electric excavator $E = 5.0 \div 5.5$ m³ combined with truck having load $q = 55 \div 60$ tons; or a combination of bucket hydraulic excavator $E = 3.4 \div 3.8$ m³ combined with truck having load $q = 36 \div 40$ tons.
-  For ore mining: Drilling Equipment: Use hydraulic drill with borehole diameter $d = 127$ mm and **rotary hammer** drill $d = 165$ mm. Mining - hauling equipment: use a combination of bucket hydraulic excavator $E = 2.7 \div 3.4$ m³ combined with truck having load $q = 32 \div 36$ tons.
-  The equipment, machinery in use are produced by the world's famous brands such as Caterpillar, Komatsu, EKG, Atlascopco, Compair...


Mineral processing technology:

-  Up to now, Sin Quyen copper flotation plant is assessed as the one with the most modern, complete technology and largest scale in Vietnam in terms of nonferrous metal ore processing. After 01 year of the production, the plant has reached design capacity, currently increased by 1.24 times; most of the technological targets are achieved and beyond the design. Most of the equipment in use have origin from reputable factories in China, their quality is relatively good, though they are not the most advanced equipment. Since being put into operation, the equipment are in stable condition, and satisfies design requirements.

Metallurgical technology:

Lao Cai Copper Smelter Plant was invested with the initial goal of producing products such as copper 99.95% Cu (10,000 tons/year); Gold ingot 99.95% Au (340 kg/year); Silver ingot 99.95% Ag (140 kg/year); Industrial sulfuric acid 93-98% H₂SO₄ (40,000 tons/year).


 The copper smelting technology line of Lao Cai Copper Smelter Plant with the largest scale and the most modern level is the first, new and only line to have been set up in Vietnam in terms of copper smelting, at present. The technology is assessed as averagely advanced, of traditional nature and high stability, is widely used in the world, particularly in the smelting of copper matte, using the latest-invented technique method and first successfully applied in industrial scale. Despite the initial difficulties in applying new technology, workforce, with high experience in non-ferrous metal, mineral mining and processing of the Corporation, so far, the economic-engineering indicators of the plant are achieved and beyond the design capacity of 10,000 tons of cathode copper /year, product quality is assured, the consumption is very good in the market.


 The gold, silver and acid production technology is assessed as averagely advanced level in the world, with the technological advantages of combined pyrometallurgy and hydrometallurgy, the recovery rate and yield of products meet and beyond the original design, gaining valuable products such as gold, silver and acids, giving high-efficiency and ensuring safety and production environment.


e. Situation of research and development of new products

The Corporation is expected to develop new products including billet, rare earth concentrate, antimony concentrate, civil products from copper, tin, zinc... in the subsidiaries. At the same time, the lines of product are to be developed in depth to achieve international standards (Cu LME \geq 99.99%, Zn HG LME \geq 99.99%, Zn SHG LME \geq 99.995%, Sn LME \geq 99.85%), thereby enhancing the brand, ensuring competitive selling prices.


f. Situation of testing the quality of products and services


 Currently, the Corporation has issued the processes of management, analysis, weighing, measuring, sampling and analysis of input, output samples at the stages of mineral processing and metallurgy. At the Management office of the Corporation, the KCS department is established, directly under the Mineral Processing Department, specializing in management, analytical support for quality control of the products in the units and sales of the Corporation. Every production unit is arranged with one KCS department specializing in analysis, sampling, quality control of the products.

 Regarding technology and equipment: The laboratories are invested with modern, advanced equipment such as Plasma emission spectroscopy (ICP), Spectrophotometric analyzer, atomic absorption spectrometer (AAS), gas analyzer... The laboratories can now exactly analyze 40-45 chemical elements.


 KCS work of the Corporation now fully meets, ensures the current production needs. The analysis results ensure the accuracy and reliability.

g. Marketing activities

 Marketing activities of the Corporation are now more and more focused on. The information about the products, production and business activities is regularly updated on the Corporation's website.

 Main customer targets (segment) of the Corporation are the direct producers, and marketing form is conducted in producer-to-producer mode (B-to-B or maybe, Direct Marketing), thus, the content of marketing shall be built in a suitable manner to achieve high efficiency. The Corporation has developed the product introduction catalogs with visual attraction, vivid illustrations, full and detailed content to be directly introduced to traditional and potential customers about new products of the Corporation.

h. Brand, trademark, patent and copyright registration

 Currently, the Corporation is developing the registration of exclusive brands for the products of the Corporation.

i. Large-scale contracts are being performed or have been signed, updated until now.

Table 12: Performed and on-going large-scale contracts

No.	Contract	Date	Name of unit	Quantity (tons)	Period
I	Sin Quyen iron ore				
1	40	27/02/2014	Hoang Lan	30,000	30/05/2014
2	53	13/03/2014	Tan Tien	10,000	30/05/2014
II	Iron ore of Mineral Company No. 3				
1	349	16/12/2013	Viet Trung	50	30/05/2014
III	Tin ingot				
1	190	03/10/2014	VQB	20	23/04/2015
2	191	03/10/2014	Pitco	20	02/04/2015
3	210	21/11/2014	Batimex	40	04/03/2015
4	211	21/11/2014	Dong Duong	40	31/03/2015
5	217	09/12/2014	Dong Duong	20	13/03/2015
6	14	07/01/2015	Dong Duong	60	16/04/2015
IV	Cathode Copper				
1	149	15/07/2014	Toan Phat	750	30/10/2014
2	150	15/07/2014	Lioa	900	30/10/2014
3	148	15/07/2014	Cadisun	750	30/10/2014
4	187	02/10/2014	Toan Phat	700	31/01/2015

No.	Contract	Date	Name of unit	Quantity (tons)	Period
5	197	02/10/2014	Cadisun	750	31/01/2015
6	186	02/10/2014	Lioa	900	20/02/2015
7	232	31/12/2014	Toan Phat	1,500	30/07/2015
8	06	06/01/2015	Cadisun	2,100	30/07/2015
9	08	06/01/2015	Lioa	1,800	30/07/2015
V	Zinc ingot				
1	97	14/04/2014	Viet Phong	540	30/6/2014
2	95	14/04/2014	Hoa phat	660	30/6/2014
3	96	14/04/2014	Geological Equipment	750	30/6/2014
4	94	14/04/2014	Hanoi Battery	360	30/6/2014
5	133	04/07/2014	Geological Equipment	1,500	31/12/2014
6	161	25/07/2014	Geological Equipment	300	31/12/2014
7	134	04/07/2014	Hanoi Battery	720	31/12/2014
8	135	04/07/2014	Viet Phong	1,080	31/12/2014
9	136	04/07/2014	Hoa phat	1,320	31/12/2014
10	09	14/01/2015	Geological Equipment	660	31/3/2015
11	10	14/01/2015	Hanoi Battery	390	31/3/2015
12	11	14/01/2015	Hoa phat	810	31/3/2015
13	12	14/01/2015	Viet Phong	660	31/3/2015

Source: Equitization plan

3.1.2 Financial situation of Parent company – the Corporation

 Asset structure in the period of 2011 - 2014

Figure 2: Parent company's asset structure in the period of 2011-2014

Content	31/12 /2011	31/12 /2012	31/12 /2013	31/12/ 2014
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Content	31/12 /2011	31/12 /2012	31/12 /2013	31/12/ 2014
Cash and cash equivalents	2%	3%	8%	4%
Short-term financial investments	8%	7%	11%	11%
Short-term receivables	9%	14%	8%	12%
Inventories	24%	32%	27%	27%
Other short-term assets	2%	2%	1%	0%
Fixed assets	25%	15%	15%	15%
Long-term financial investments	26%	26%	28%	27%
Other long-term assets	4%	1%	2%	3%
Total	100%	100%	100%	100%

Source: Audited Financial Statements of Parent company in 2011-2013 and Financial Statements of Parent company in 2014.

- ✓ Vimico's asset structure has the characteristics of a producing and trading enterprise organized under the model of parent company - subsidiary, accordingly, the Corporation's majority of assets is listed in long-term assets, accounting for approximately 50% (of which investments in subsidiary, affiliates and other long-term investments account for 27%, fixed assets occupy more than 15% of the total assets) and working capital mainly belongs to inventories, making up nearly 30%. The Corporation also holds a relative amount of cash, at a ratio of over 4% of the total assets.
- ✓ Vimico's asset structure in the latest 3 years hasn't had any significantly sudden change, the fluctuation mainly occurred in 2013, the time of economic recession, businesses face difficulties in capital resources. This has indirectly affected Vimico, slow payment by customers increased the customer receivables (whereas the revenue fell), and difficulty in selling products increased the inventory ratio. In 2013 - 2014, Vimico's asset structure was quite similar, with inventories and long-term assets accounting for approximately 72% of the total assets.

 Capital structure in the period of 2011 - 2014

Figure 3: Parent company's capital structure in the period of 2011-2014

Content	31/12/2011	31/12/2012	31/12/2013	31/12/2014
Short-term liabilities	19%	31%	37%	39%

Content	31/12/2011	31/12/2012	31/12/2013	31/12/2014
Long-term liabilities	26%	18%	19%	14%
Owner's equity	55%	51%	44%	47%
Total	100%	100%	100%	100%

Source: Audited Financial Statements of Parent company in 2011-2013 and Financial Statements of Parent company as of 31/12/2014

- ✓ Vimico's capital structure with the average 3-year proportion of Owner's equity and liabilities is 50:50, in which liabilities tend to increase from 45% to 53% in the period of 2011 – 2014.
- ✓ While the long-term liabilities tend to be stable at a rate of less than 20%, short-term liabilities tend to increase, particularly from 19% to 39% in the period of 2011 – 2014, the increase is mainly originated from short-term loans, trade payables and internal payables. Bank loans account for 30% of the total assets as of 31/12/2014, as Vimico is continuing to expand the investment for the project of Sin Quyen copper mine to increase its mining capacity.

Table 13: Some main financial criteria of Parent company in 03 years before equitization

No.	Criteria	Unit	2011	2012	2013	2014
I	Financial criteria and income statement					
1	Total assets	Bil. VND	2,706	3,147	3,172	3,130
2	Owner's equity	Bil. VND	1,497	1,593	1,399	1,466
3	Liabilities	Bil. VND	1,209	1,554	1,773	1,664
	<i>Short-term loan</i>	<i>Bil. VND</i>	<i>506</i>	<i>991</i>	<i>1,179</i>	<i>1,238</i>
	In which: overdue debt	Bil. VND	-	-	-	-
	<i>Long-term loan</i>	<i>Bil. VND</i>	<i>704</i>	<i>563</i>	<i>594</i>	<i>426</i>
	In which: overdue debt	Bil. VND	-	-	-	-
4	Receivables	Bil. VND	245	444	243	381
	<i>Hard-recovered debts</i>	<i>Bil. VND</i>	<i>30</i>	<i>47</i>	<i>59</i>	<i>50</i>
	<i>Provisioning for hard-recovered debts</i>	<i>Bil. VND</i>	<i>(25)</i>	<i>(28)</i>	<i>(44)</i>	<i>(47)</i>
5	Total employees (people)	Person	1,523	1,649	1,543	1,635
6	Total salary fund based on unit price	Bil. VND	183	171	195	190
7	Average salary (VND/person/month)	Bil. VND	9.0	9.3	10.5	9.7
8	Total other revenue and income	Bil. VND	3,348	2,568	3,209	3,175
9	<i>In which, net revenue</i>	<i>Bil. VND</i>	<i>3,214</i>	<i>2,454</i>	<i>3,141</i>	<i>3,129</i>
10	Total costs	Bil. VND	3,080	2,386	3,065	3,059
11	Before-tax profit	Bil. VND	251	134	127	115
12	After-tax profit	Bil. VND	227	121	115	101
13	Amounts paid to the State budget in the year	Bil. VND	367	521	510	445


No.	Criteria	Unit	2011	2012	2013	2014
II	Some key financial criteria and ratios					
A	Asset, equity structure					
1.	Long-term liabilities/Owner's equity	time	0.47	0.35	0.42	0.29
2.	Liability ratio/Owner's equity	time	0.81	0.98	1.27	1.14
3.	Owner's equity/Total assets	time	0.55	0.51	0.44	0.47
4.	Liabilities/Total assets	time	0.45	0.49	0.56	0.53
5.	Investment ratio in long-term asset	time	0.56	0.43	0.45	0.45
B	Liquidity ratio					
1	Current ratio	time	2.33	1.82	1.47	1.38
2.	Quick ratio	time	1.13	0.80	0.74	0.70
C	Profitability ratio					
	Total asset turnover	time	1.19	0.80	1.00	1.00
	Inventory turnover	time	4.46	2.07	3.18	3.22
D	Profitability ratio					
1	After-tax profit ratio per total assets	%	8.39	3.85	3.62	3.23
2	After-tax profit ratio per owner's equity	%	15.18	7.60	8.20	6.90
	After-tax profit ratio per revenue	%	7.03	4.83	3.64	3.23

Source: Audited Financial Statements of Parent company in 2011-2013 and Financial Statements of Parent company as of 31/12/2014

3.1.3 Factors affecting the business activities of Parent company – the Corporation in 03 years before equitization

The factors affecting the business activities of the Corporation in the period of 2011 - 2014:

a. Difficulties

 Effects of production, business and financial activities of the subsidiaries on the financial situation of Vimico:

As of 31/12/2014, Vinacomín – Minerals Holding Corporation invested in 22 companies: based on investment value of VND780,195 million, and the value of VND758,182 million as recognized in such companies (difference of VND22,013 million is the value of purchase price higher than par value for share in some Joint Stock Companies). The performance of the units from 2012-2014 is as follows:

Year	Total profit	Note
2012	- 40,245,822,544	
2013	-18,128,307,229	
2014 (Unaudited)	16,033,165,694	

The Corporation invested in 13 subsidiaries under par value of VND689,996 million, in which 10

units were in the block of production, and carried out the activities in the field of mineral mining and processing with charter capital of VND1,555 billion, of which 08 units were equitized from the State-owned enterprises. Out of 04 units with charter capital of over VND100 billion, only 02 units contributed full charter capital whereas the remaining are preparing the implementation of the project, therefore, they have yet to contribute full charter capital; According to the Restructuring Scheme approved by the Group, the Corporation must withdraw the whole paid-in capital in 03 subsidiaries operating in the field of support service. The performance of the subsidiaries is divided into each block as follows:

** 06 units operating in the field of mineral production and processing:*

- Total charter capital: VND414,957 million
- Paid-in capital of the Corporation: VND396,262 million;
- Profit in the block of mineral production, trading and processing was affected by the world's situation, so, the performance in 2012-2014 was only 4.77%; 0.18%; 4.49% on investment.

** 03 units doing business in support services:*

- Total charter capital: VND131,000 million;
- Paid-in capital of the Corporation: VND28,211 million;


The Joint Stock Companies controlled by the Corporation's share holding were in the block. 02 units made profit, however, the profit was not high, except for Mining Geological Equipment JSC., whose dividends in the years reached 20-25% of charter capital. The profit of the whole block in 2012-2014 was 5,72%; 8,33%; 8,13%, respectively.






** 04 units making investments:*

- Total charter capital: VND1,130,000 million;
- Paid-in capital of the Corporation: VND451,875 million;





As the capital in its units making uncompleted investments and conducting ineffective commissioning accounted for 54% of the Corporation's total investments in other enterprises, the Corporation's efficiency of capital investment was low. The investment projects were delayed and prolonged due to many reasons such as difficulty in arrangement of capital source, some companies' obstacles in the restructuring of paid-in capital because of some partners' non-contribution or transfer of contributed capital and right of capital contribution to other partners, unsatisfactory Cao Bang iron and steel project as planned due to the East Sea dispute.

Regarding the policy for restructuring the Corporation by 2015, the Corporation will withdraw the whole capital in 07 units (Lien Viet Transportation & Trading JSC.,; Dong Nai – Ha Tinh Brick – Tile JSC.,; Mineral Import – Export JSC.,; Mineral Real Estate JSC.,; Titanium Dioxide JSC.,; Mining Geological Equipment JSC., and Mineral Development JSC.,) with paid-in capital value of VND28,986 billion in such 07 units.

 With the characteristics of mineral mining and processing industry, Vimico's products are heavily influenced by the fluctuation of the price in the world and domestic markets. The Corporation's products are mainly consumed within the country, on the basis of the price of product in the international market, so, the price of such products is affected by the change/fluctuation in product price in the world market and exchange rate. Currently, in order to limit the impact of price fluctuation of output in the world market and foreign currency exchange rate, Vimico is studying the application of financial transactions such as hedging (option contract, future contract, forward contract, swaps contract, etc.) for commodity/currency to select banks/partners who provide appropriate services for the use of this transactions.

-  In the period of 2011 - 2014, Vimico's business activities faced many difficulties due to the continuously increasing price of supplies, materials, fuels, electric power, basic salary, taxes and fees of the State and the localities, from 2011 until now (money for using geological data, natural resource tax, and being granted mineral mining right...)
-  Meanwhile, metal prices fell sharply in the world and domestic markets, mining conditions of the majority of the Corporation's mines are becoming more and more difficult, equipment at the mineral processing, metallurgy factories after 8 - 9 years of operation has degraded and been repaired many times, the consumption faces difficulty when the domestic consuming market decreases due to the impacts of economic recession.
-  Vinacomin - Minerals Holding Corporation now is facing with the competition from mineral mining businesses at home and abroad, in which, the main competition is from domestic mineral mining and processing businesses.
-  Limitations on import and export: export tariff is 10% for copper, tin, zinc, while the corresponding import tariff is 0%. Gold becoming the goods under the special management of the State (Decree No. 24/2012/ND-CP dated 03/04/2012, Circular No. 16/2012/TT-NHNN dated 25/05/2012), is strictly limited in export.
-  The official effectiveness of Decree No. 203/2013/ND-CP regulating the method of calculation, collection rate for granting the mineral mining right has exerted a major impact on the activities of mineral mining businesses, accordingly Parent company – the Corporation's costs for being granted mineral mining increase more than VND20 billion/year.

b. Advantages

-  In the period of 2011-2014, Vimico is entitled to preferential business income tax for the profit arising from Sin Quyen copper complex at the rate of 10%. Such preferential rate will be applied until the end of 2015.
-  As one of the largest businesses of Vietnam National Coal – Mineral Industries Group, with a staff of highly qualified and experienced engineers, and skilled workforce, reputation and brand of the Corporation have been known by domestic and foreign customers.
-  The Corporation's biggest advantage is fully proactive in terms of materials for production from the ore source mined by the Corporation itself. The zinc, copper, tin ore mines directly and indirectly managed by the Corporation take up a high proportion of lead and zinc reserves across the country.
-  The living conditions and employment of labours are always primarily interested by the Corporation's leaders, corresponding to the contributions of OAE such as salary regime, shift meal, working conditions, living conditions..., are always maintained and improved. As a result, building up the trust of OAE, so that they are confident to work and develop the unit; and OAE of the Corporation always actively participate in the movements of contributing technical initiatives and innovations to reach the highest efficiency for the Corporation even when the production faces difficulties.

3.2. Consolidated business activities of Vinacomin – Minerals Holding Corporation

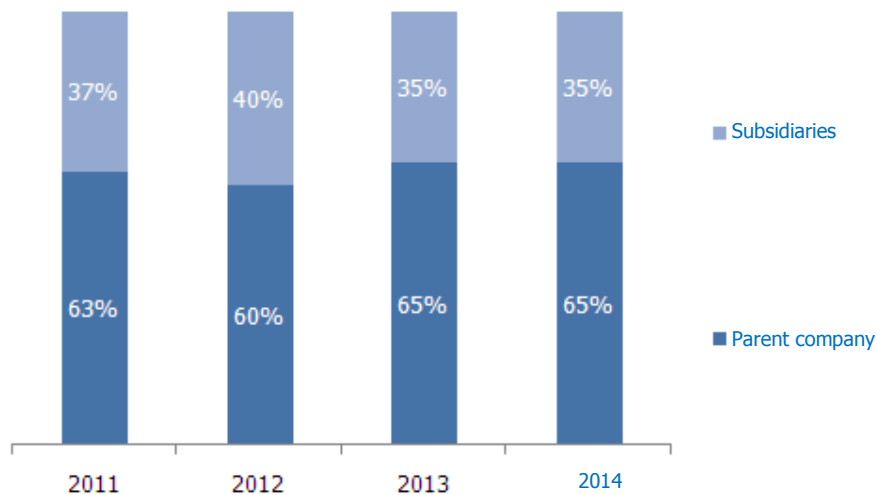
3.2.1 Situation of the consolidated business activities of the Corporation

Basically, Vimico’s core business activities and combination of Parent company - Subsidiary of Vinacomin - Minerals Holding Corporation are the construction, development, and operation of mineral mines, except for 03 companies operating in the field of trading, real estate, and tourism.

Revenue from the Parent company – Vinacomin- Minerals Holding Corporation accounted for the majority of revenue in the consolidated revenue structure with the average proportion of over 62% in the period of 2011 - 2014.

The Parent company’s revenue proportion accounting for a large percentage of consolidated revenue showed a high level of concentration and fairly good ability of resource administration, management of Vimico, and also showed that the main activities of Parent company - Subsidiary system all focused on its core activities of mineral processing and trading.

Table 14: Consolidated revenue structure in the period of 2011 – 2014



Source: Vimico

Revenue from the products of the subsidiaries makes up 37% on average in total consolidated revenue (in 2011, 35%; in 2012, 40% and in 2013, 35%, in 2014, 35%), indicating that the subsidiaries’ revenue is quite stable and there is no growth trend when investment projects have not

been put into operation.

With the characteristics of a production company, original costs of the combination of Parent company – Subsidiary of Vinacomin - Minerals Holding Corporation account for the highest proportion, about 85% of total costs. The proportion of the financial cost of the combination tended to decrease in the period of 2011-2014, from 5.00% in 2011 down to 4.07% in 2012, 3.38% in 2013 and 1.46% in 2014 thanks to the stability of exchange rate and loan interest in the period after 2013. Basically, selling and management costs had no dramatic changes in rate. In the period of 2011-2014, the average selling cost accounted for 1% of total costs while the average management cost accounted for over 8% of total costs.

Table 15: Consolidated profit structure in the period of 2011 – 2014

Unit: Mil. VND

Criteria	2011	2012	2013	2014
After-tax profit	288,826	76,631	97,586	103,987
After-tax profit of Parent company's shareholders	273,631	70,980	91,393	103,916

Source: Audited Consolidated Financial Statements in 2011-2013, Consolidated Financial Statements in 2014

Similar to revenue structure, the profit of the Parent company accounts for the major proportion of consolidated profit, showing the efficiency in Vimico's resource management and, on other hand, the advantage of product in Sin Quyen copper complex. ATP of the whole system fell sharply after 2011, from VND288 billion down to VND76 billion in 2012 due to difficult market conditions; the reduced consumption volume affected the net revenue. In 2013 and in 2014, ATP of the whole combination of Parent company - Subsidiary of Vinacomin - Minerals Holding Corporation tended to recover, reaching over VND97 billion and VND103 billion, respectively, thanks to the re-growth of revenue.

3.2.2 Consolidated financial situation of the Corporation

The growth rate of the consolidated assets in 2011-2014 was about 13%/year, mainly from the increase in the value of capital construction in progress from investments in the key projects such as the project of Lao Cai iron and steel complex, the project of expanding and increasing the mining capacity of Sin Quyen copper mine. The investments in capital construction in progress are largely financed by long-term liabilities. The structure of the consolidated assets of the Corporation in the period of 2011 – 2014 tended to gradually increase in terms of the ratio of long-term assets/total assets, specifically the ratio increased from 53% in 2011 up to 66% in 2014. Regarding the capital structure, the structure of liabilities/total equity of the consolidation of the Corporation tended to

increase in the period of 2011 – 2014 from 46% to 61% due to the fixed asset investment policy of the Corporation.

Table 16: Some main consolidated criteria in 03 years before equitization

No.	Criteria	Unit	31/12/ 2011	31/12/ 2012	31/12/ 2013	31/12/ 2014
I Criteria of finance and income statement						
1	Total assets	Bil. VND	3,371	3,848	4,319	4,909
	Short-term assets	Bil. VND	1,584	2,042	1,736	1,668
	Long-term assets	Bil. VND	1,787	1,806	2,582	3,241
2	Owner's equity	Bil. VND	1,453	1,590	1,393	1,465
3	Liabilities	Bil. VND	1,556	1,975	2,568	2,995
	<i>Short-term liabilities</i>	Bil. VND	738	1,248	1,586	1,889
	<i>Long-term liabilities</i>	Bil. VND	819	727	982	1,106
4	<i>Net revenue</i>	<i>Bil. VND</i>	3,523	2,884	3,726	3,885
12	After-tax profit	Bil. VND	289	77	98	104
II Some key financial criteria and ratios						
A Asset, equity structure						
1	Liabilities/Owner's equity	time	1.01	1.24	1.84	2.04
2	Liabilities /Total assets	time	0.46	0.51	0.59	0.61
B Liquidity ratio						
1	Current Liquidity ratio	time	2.15	1.64	1.09	0.88
2	Quick Liquidity ratio	time	0.89	0.61	0.43	0.30
C Profitability ratio						
1	Total asset turnover	time	1.05	0.75	0.86	0.79
2	Inventory turnover	time	3.02	1.86	2.99	3.05
D Profitability ratio						
1	ROA	%	8.57	1.99	2.26	2.12s
2	ROE	%	18.73	4.81	7.54	7.10
3	ROS	%	7.88	2.57	2.58	2.65

Source: Vimico's Audited Consolidated Financial Statements in 2011-2013, Unaudited Consolidated Financial Statements in 2014

Liquidity ratio for liabilities and quick ratio fell through the years because the Corporation was making investments in new projects with the aim of maintaining, improving the capacity of the existing plants as well as building new plants. This results in the fact that in the past years, long-term assets have

increased significantly whereas there is no increase in current assets because the projects have yet to come into production, meanwhile, a part of equity is used for investments, leading to the fact that the assistance for current assets is transferred to current resource. This tendency will be improved when the large-scale projects of the Corporation come into production and business to create revenues.

3.3. Vimico's position in the industry

a. Vimico's position

Currently, Vinacomin - Minerals Holding Corporation is a specially-ranked State-owned enterprise and takes the leading position in the country in terms of mining, screening, smelting, producing, processing of minerals, non-ferrous and rare metals such as copper, tin, zinc, lead, gold, silver... The Corporation is the first unit in Vietnam to operate in the production of cathode copper and zinc ingot from ores, and is also one of the units with a relatively advanced technology process, closely associated from the mining to the deep processing of final products such as cathode copper, raw gold.

Currently, the Corporation is one of the leading businesses in the field of mineral and non-ferrous metal mining, processing in Vietnam. The other companies such as Ban Phuc Nickel Mine Co., Ltd (Ban Phuc mine); Viet Mineral Exploitation and Processing JSC., (VMPCo); Tay Giang Industry Group Joint Stock Company (TG Group); Tay Bac Mineral Investment JSC., or Masan Group (Nui Phao mine) with product items related to copper/gold, but the total exploitable output is not significant (reserves of copper in Ban Phuc can be converted into about 45,000 tons, reserves of copper in Nui Phao mine can be converted into about 110,000 tons and its gold can be converted into approximately 11.7 tons). Ban Phuc is currently under construction while Nui Phao mine only produces ore concentrate, and has not processed yet /does not process them into copper; products of Viet/Tay Giang/Tay Bac Mineral are manganese, lead, zinc, copper, iron, antimony, molybdenum concentrates, etc. but the output is not significant.

Vinacomin - Minerals Holding Corporation now is facing the competition from mining businesses at home and abroad, including main competition from other mineral mining and processing companies. The direct competitors in the localities are mostly small companies in terms of scale of production, obsolescence of technology and equipment. Moreover, these companies are not granted the large mineral mines, so they usually do not dare to venture or they are not reliable enough to raise large funds from credit institutions.


Compared with other businesses, Vimico is capable of deep processing (copper, zinc, tin) with large scale, while currently most other businesses have only focused on the ore concentrate production or low capacity of deep processing. Vimico's OAE have many years of experience in the field of mineral investigating, mining, processing, staff of skilled managers, workers mastering technology. Vimico holds a good brand of main products. However, recently, many businesses of Vietnam such as Masan, Hoa Phat, Viet Phuong, Chien Cong, VIDIFI, Viet Mineral... and foreign companies (China, Australia, Japan ...) who have joined together to form a large force with the strength of finance, technology are great competitors to Vimico.

b. Prospect and development orientation of the industry:

Vietnam's mineral resources are relatively plentiful and diverse. Topping the chain of production value, mineral industry supplies the input for many production, fabrication and construction industries.

Therefore, the development of the world economy in general and Vietnam's economy in particular will create significant demand for products of mineral industry. Anticipation of the growth of the world and Vietnam's economy in the coming years has showed that the demand for raw materials for production is very high, so the development potential of mineral industry is large. China is not only a supplier but also the largest mineral consumption country in the world. For Vietnam, China is a largest trading partner and it is considered as a country with the biggest potential of economic development today and has the geographical location near Vietnam. China's increasing demand for mineral import will boost the mineral industry of Vietnam.

However, most of the mineral mining businesses of Vietnam have not properly invested in technique, mainly applied the system of open-pit and manual mining, causing the waste of natural resources and affecting the ecological environment. To deal with the problem of waste of mineral resources and reserves for future development, the Prime Minister approved the mineral development strategy of Vietnam by 2020, with a vision towards 2030, accordingly:

 Some viewpoints and instructions for mineral mining development as follows:

- ✓ The mineral investigation and mining shall be associated with processing and use so as to make it appropriate with the potential of each type of mineral and need of the economic sectors;
- ✓ Mineral processing shall be conducted by using the advanced and eco-friendly technology to create products with high economic value, improve the mineral recovery ratio and mineral deep processing rate.
- ✓ Promoting international cooperation to acquire modern science, apply advanced technology in mineral investigation, mining and processing.
- ✓ Encouraging economic sectors to invest in mineral investigation, mining, and processing on the basis of compliance with the provisions of the law on mineral processing activities, ensure labour safety and protection of natural resources. Piloting the auction of mineral investigating and mining rights to widely implement the above management method.

c. Assessment on the suitability of the Corporation's development orientation with the industry's development orientation and the State's policies

Basically, Vimico's development orientation is suitable with the prospect and development orientation of the industry, and the policies of the State. This facilitates the Corporation to get opportunity to develop and receive the support of the State competent authorities. The Corporation does believe that with the advantages of tradition, brand, experience in production and processing of non-ferrous metals, the solidarity of the OAE of the Corporation as well as the support and facilitation of Vietnam National Coal – Mineral Industries Group as well as the positive changes of non-ferrous metals market in the world in the coming years, especially the model transformation into joint stock company, all will help the Corporation complete the set-out targets, make profits in business and production activities,



and gradually stabilize the production for growth in the years after equitization.

4. INFORMATION ON UNPERFORMED COMMITMENTS OF THE ISSUER

The Corporation is now implementing the guarantee for some bank loans of several subsidiaries with total limits of VND475 billion in 2015, including VND450 billion-worth guarantee for Cao bang Cast Iron and Steel JSC.,; VND25 billion for Thai Nguyen Non-ferrous Metals JSC.,. The balance of such guarantees at the time of compiling this Information disclosure is VND155.5 billion, including the guarantees worth VND130.5 billion for Cao bang Cast Iron and Steel JSC., and VND25 billion for Thai Nguyen Non-ferrous Metals JSC.,. In case the subsidiaries are guaranteed, but their production and business activities do not become efficient or they have no ability to repay loans, Vimico shall be responsible to undertake such repayment obligations.

PART 3. CORPORATE DEVELOPMENT ORIENTATION AFTER EQUITIZATION

1. MODEL OF ORGANIZATION AND ACTIVITIES AFTER EQUITIZATION

1.1. Name and basic information

Vietnamese name: Tổng công ty Khoáng sản TKV - CTCP

English name: Vinacomin - Minerals Holding Corporation

Short name: TKV - Minerals Corporation

Abbreviation: Vimico

Headquarters: 193 Nguyen Huy Tuong, Thanh Xuan Trung ward, Thanh Xuan district, Hanoi

Tel: (84.4) 6287 6666

Fax: (84.4) 6288 3333

Website: www.vimico.vn

Email: vimico@hn.vnn.vn

Logo:




Expected business lines after equitization:

The Joint Stock Company inherits the business lines from Minerals Holding Company – One Member Company Limited, in which abolish 07 business lines and adding 04 business lines, specifically as follows:


Abolished business lines

No.	Business lines
1	Transportation of goods by inland waterway
2	Transportation of passengers by inland waterway
3	Transportation of goods by road
4	Transportation of other passengers by road
5	Transportation of goods by railways

No.	Business lines
6	Transportation of passengers by railways
7	Direct support services for railway and road transportation

 Additional business lines

No.	Business lines
1	Wholesale of other household appliances (Details: Wholesale of gold jewelry, handicrafts, precious stones, semi-precious stones)
2	Retail of other new goods in specialized stores (Details: Retail of gold jewelry, handicrafts, precious stones, semi-precious stones)
3	Operation of hospitals, clinics
4	Operation of nurture, nursing facilities

 Business lines after equitization:

No.	Business lines
1	Production of (main) non-ferrous and precious metals, Production of iron, steel and cast iron
2	Mining of rare metal ores, Mining of other metal ores without iron, Mining of iron ores, Mining of rocks, sand, gravels and clay, Mining of chemicals & minerals and mineral fertilizers
3	Casting of non-ferrous metals, Forging, battering, pressing and laminating of metals; refinery of metal powder, Mechanical manufacture; treatment and coating of metals
4	Production of basic chemicals (excluding prohibited chemicals), Production of fertilizers and nitrogen compounds, Production of cokes
5	Production of metal items, Production of balls, gears, gear boxes, control and driving components, Production of jewellery and related things (Details: Producing and processing of gold jewelry, handicrafts, precious stones, semi-precious stones)
6	Production of metal items, Production of balls, gears, gear boxes, control and driving components, Production of jewellery and related things (Details: Producing and processing of gold jewelry, handicrafts, precious stones, semi-precious stones)
7	Production of refractory products, Production of other specialized machines
8	Support services for the mining of mines and ores
9	Repair of electrical equipment, Repair of machinery and equipment, Maintenance and repair of automobiles and other motorized vehicles
10	Construction of railway and road works, Construction of other civil engineering works
11	Sale of metals and metal ores (excluding uranium and thorium ores), Wholesale of other household appliances (Details: Wholesale of gold jewelry, handicrafts, precious stones, semi-precious stones), Retail of other new goods in specialized stores (Details: Retail of gold jewelry, handicrafts, precious stones, semi-precious stones), General wholesale, Sale of machinery, equipment and other spare parts
12	Related technical consultancy, Research and experimental development of natural science and technology
13	Short-term residence services, Restaurants and mobile catering services

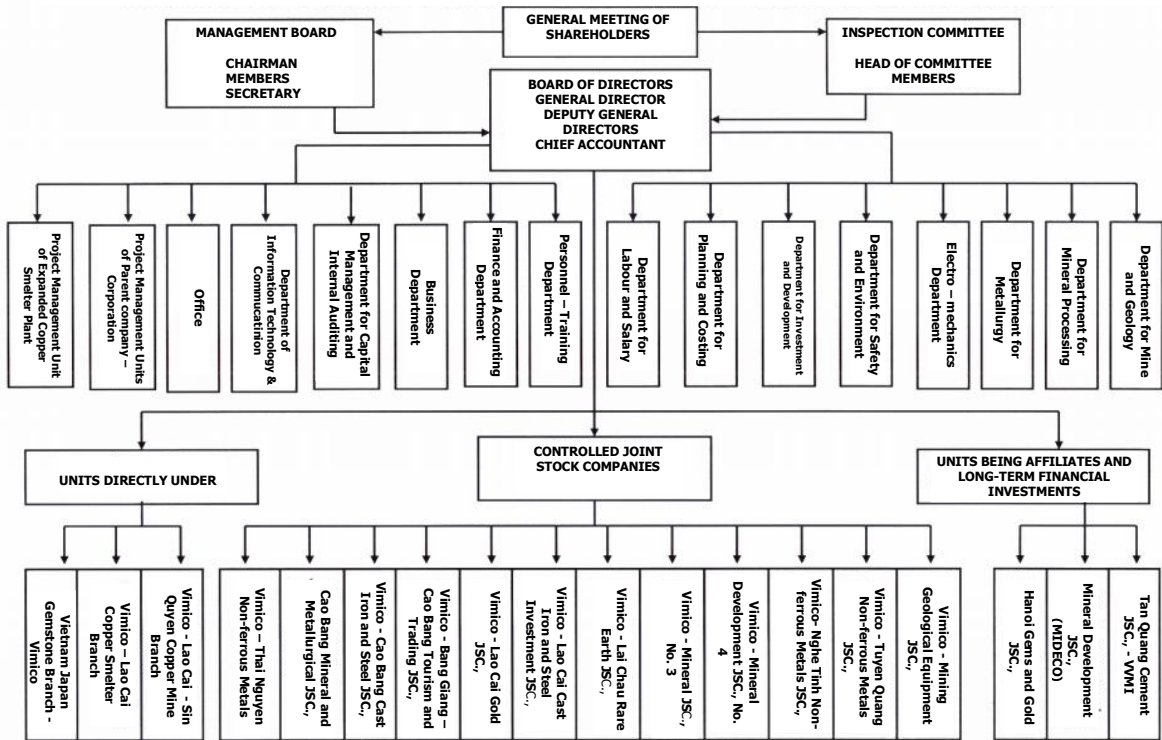
No.	Business lines
14	Business in real estate, using rights over lands belonging to owners, users or on a lease, Management of tours
15	Career, occupational education
16	Operation of hospitals, clinics, Operation of nurture, nursing facilities
17	Doing business in other lines in accordance with the provisions of the laws

1.2. Organizational and management plan of the Corporation after equitization

1.2.1 Organization structure and model of Vimico after equitization

Figure 4: Organizational model after equitization

ORGANIZATIONAL AND MANAGEMENT MODEL OF VINACOMIN – MINERALS HOLDING CORPORATION AFTER EQUITIZATION



a. Corporation’s agency

Dissolution of the Department for Capital Management and the Department for Inspection - Security and Internal Auditing to establish the Department for Capital Management and Internal Auditing.

b. Accounting units directly under

Unify the change of names of branches, which shall be branded "Vimico":

- ✓ Change name of Lao Cai - Sin Quyen Copper Mine Company into Vimico – Lao Cai - Sin Quyen Copper Mine Branch.
- ✓ Change name of Lao Cai Copper Smelter Company into Vimico - Lao Cai Copper Smelter Branch.

- Hand over all the assets of Vimico – Functional Rehabilitation and Occupational Disease Treatment Center to the Trade union of the Minerals Holding Corporation. Organizational structure of the apparatus, labours, execution & management of Vimico – Functional Rehabilitation and Occupational Disease Treatment Center is implemented on the basis of coordination regulation among Trade union and professional departments of the Corporation.

c. Subsidiaries

- To manage the State capital in joint stock companies and the joint capital contributed by the Corporation, the Corporation elected representatives to manage the capital at the units, recommend the participant in the Board of Management or the Supervisory Board; vote on the related issues at the Board of Management, the General Meeting of Shareholders of the Joint Stock Company under the Corporation's orientation on the basis of the number of voting shares held by the Corporation. The proportion of estimated paid-in capital held by the Corporation in the companies after equitization is as follows:

- ✓Vimico - Thai Nguyen Non-Ferrous Metals JSC.,: 51%
- ✓Vimico - Cao Bang Mineral and Metallurgy JSC.,: 51.89%
- ✓Vimico - Cao Bang Cast Iron and Steel JSC.,: 51.94%
- ✓Vimico - Bang Giang Tourism and Trading JSC.,: 51.31%
- ✓Vimico - Lao Cai Gold JSC.,: 51%
- ✓Vimico - Lao Cai Cast Iron and Steel Investment JSC.,: 51%
- ✓Vimico - Lai Chau Rare Earth JSC.,: 55%
- ✓Vimico - Mineral JSC., No.3: 51%
- ✓Vimico - Mineral Development JSC., No.4: 75%
- ✓Vimico - Nghe Tinh Non-Ferrous Metals JSC.,: 65%
- ✓Vimico - Tuyen Quang Non Ferrous Metals JSC.,: 51%
- ✓Vimico - Mining Geological Equipment JSC.,: 51%
- ✓Ha Noi Gems and Gold JSC.,: 65 - 75%
- ✓Mineral Development JSC.,: 30%
- ✓Tan Quang Cement JSC.,: 13.71%

The Corporation is now continuing to implement Decision No. 166/QD-TKV dated 08/02/2014 of Vietnam National Coal – Mineral Industries Group on approving the project for restructuring Vinacomin – Minerals Holding Corporation by 2015, with a vision towards 2020. Accordingly, upon completing the contents of the Scheme, there are changes in the proportion of paid-in capital compared with the present time as follows:

Adjustment for increasing the proportion of paid-in capital in the companies:

- ✓Vimico - Nghe Tinh Non-Ferrous Metals JSC.,: from 60.93% up to 65%

✓ Ha Noi Gems and Gold JSC.,: from 48.31% up to 65 - 75%

Adjustment for reducing the proportion of paid-in capital in the companies:

✓ Vimico - Lao Cai Cast Iron and Steel Investment JSC.,: from 99.41% down to 51%

✓ Vimico - Tuyen Quang Non Ferrous Metals JSC.,: from 85.69 % down to 51%

Whole divestment in the companies:

✓ Lien Viet Transportation and Trading JSC.,: 58.58% down to 0%

✓ TKV – Mineral Real Estate JSC.,: 51% down to 0%

✓ Dong Nai – Ha Tinh Brick – Tiel and Construction JSC.,: 25% down to 0%

✓ Vietnam Titanium Dioxide JSC.,: 10% down to 0%

✓ Mineral Import Export JSC.,: 40% down to 0%

✓ Mineral and Mechanical JSC.,: 17,08 % down to 0%

✓ Vimico Mining Geological Equipment JSC.,: 51% down to 0%

✓ Mineral Development JSC.,: 30% down to 0%


2. CHARTER CAPITAL AND ITS STRUCTURE

2.1. Charter capital and its structure

To ensure capital source for business operations after equitization, Vimico’s charter capital is planned as follows:

 Charter capital: VND2,000,000,000,000

 Par value of share: VND10,000

 Number of shares: 200,000,000 shares

The structure of share ownership in the initial charter capital is as follows:

Table 17: Structure of Charter capital

Shareholder	Number of shares	Proportion
State	150,000,000	75.0%
Labours	3,319,000	1.66%
<i>Preferential shares under the working seniority regime</i>	<i>1,212,300</i>	<i>0.60%</i>
<i>Preferential shares under the commitment to long-term employment</i>	<i>2,106,700</i>	<i>1.06%</i>
Other shareholders	46,681,000	23.34%



TOTAL	200,000,000	100.0%
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2.2. Charter capital increase and reduction plan after transforming into the Joint Stock Company

In the first three years after the equitization, Vimico is expected to make no change in its Charter capital. Based on the disbursement demand for the following years, the Corporation will develop plans for raising capital to meet the needs of business and production.

3. CORPORATE DEVELOPMENT PLAN AND STRATEGY AFTER THE EQUITIZATION

3.1. Development targets after equitization



Becoming the producer and supplier of products made from minerals such as copper, lead, zinc, tin, gold, iron concentrate and billet, rare earth in bulk with high quality, competitiveness in the domestic and foreign markets. Striving for the rapid growth, efficiency and sustainability, after every 5 years, the Corporation's total revenue will increase by 2 times.

General Objectives:

**"Construct and Develop the Minerals Holding Corporation into
Wealth – Friendliness – Harmony"**






a. Orientation of growth model

From the perspective and objectives mentioned above, the growth model of the Corporation in the period after equitization, with a vision towards 2020 is defined as: "To develop the synchronous, advanced, modern mineral industry with high growth on the basis of combining extensive development with intensive development by applying the advanced, modern, environmentally friendly technologies to improve the productivity, quality, added value and efficiency as well as reduce the environmental pollution" with the following orientations:

-  Focusing on mining and deep processing of minerals with large reserves, good quality, and the key items are on copper, iron, zinc ores, rare earth and titanium ores. Expanding and modernizing the existing metallurgical facilities, building a new metallurgical facility with modern technology besides the mineral mines of large capacity or in the concentrated areas of mineral mines.
-  Establishing synchronous metallurgy - metal mining complexes or centers with advanced, modern technology including the auxiliary industry at the scale appropriate to the one of mineral reserves of each mine cluster, mining area or region, especially in the Northern Vietnam, Northwest, North Central and South Central coastal regions.

b. Development orientation of Vimico





Mineral mining industry is the large-invested sector with high economic efficiency, especially when the economic growth requires a lot of ore materials and fuels as inputs, so that enterprises operating in this field will obtain huge profits. However, companies operating in such sector are under the huge influence of the State policies such as orientation of mineral sector development, incentives, encouragements or restrictions... In addition, the cost of mining depends a lot on the price of fuels such as gasoline, oil and the prices of raw materials and fuels in recent years have been undergoing continuously fluctuations, this will exert a great impact on the mining results if there are no long-term plans for reasonable fuel reserves. Facing this situation, the Corporation also has set out the plans, development orientation, as follows:

-  Focus on investment in developing two main sectors, consisting of mineral mining and processing (mineral processing, metallurgy), mainly copper ores, iron ores, zinc ores, rare earth, tin ores;...
-  Pay interest in developing at a reasonable scale of some sectors, industries related to main producing industry such as the construction of mine industrial, processing, metallurgical works; processing and production of mechanical products (details, sub-details, synchronous products); automotive medium repair and overhaul; mining, processing equipment, metallurgical and other mechanical and drive equipment to serve major production activities; production of industrial, civil and chemical goods from minerals, metals; processing and production of jewelry, handicrafts from mineral and metal products...
-  Promote sustainable development of the industry of mineral mining - metallurgy in the direction of modern technology, maximum recovery of resources, eco-friendliness, harmony with localities and communities, high socio-economic effectiveness.
-  Strive to become a producer, supplier playing an important role in meeting the needs of the economy in mineral raw materials and metal products, especially non-ferrous metals.
-  Continue reviewing and adjusting the paid-in capital in some units in such a way that is suitable for the actual situation so as to improve the efficiency of capital investment.

3.2. Development strategy after equitization









On the basis of positioning the development orientations and objectives after equitization, the Corporation is to implement specific measures, including:


3.2.1 Development of resources and material sources

-  Implement the throughout strategic objectives of Vimico in the entire Vietnam Coal - Minerals industries Group which is "Start from mineral resources and manpower to become prosperous and strong".
-  Conduct additional investigations and upgrade reserves, assess the whole mineral potential in Sin Quyen and Vi Kem Copper mines under its management. Continue to invest in the survey, investigation to prepare the sufficient materials for key projects; Use, expand and improve the capacity of Lao Cai - Sin Quyen Copper Mine. Reasonably use the funds for annual concentrated investigation for investigation – survey works. Focus on the investigation and assessment in the deep level of copper mines in Lao Cai, especially in the copper mineralization range which extends from Lung Po to Ta Phoi, Lao Cai Province.
-  Use the funds for concentrated investigation of Vimico to upgrade the reserves, as well as implement the investigation of new minerals: Zinc, tin, iron ore, gold in the regions with Vimico's producing facilities (Lao Cai, Cao Bang, Bac Kan, Nghe An, Ha Tinh...)
-  Coordinate, reasonably use the resources in terms of natural resource, mining equipment for the organization of mineral business and production activities to achieve the highest efficiency.

3.2.2 Technological development (Mining - Mineral processing – Metallurgy)

Implement comprehensively the technical management of mine - geology in association with the implementation of Circular No. 02/2013/TT-BTNMT dated 01/03/2013 by the Ministry of Natural Resources and Environment on resource management. Enhance the control of management operations for minerals and water resource, ensure no violation of Decree No. 142/2013/ND-CP of the Government dated 24/10/2013. Enhance the resource management, fully mine the poor ores and closely manage the mine boundaries, reduce wastage and depletion in mining. Ensure indicators on removal coefficient and mining field specifications by:




-  Invest and efficiently mine the lines of mining equipment of the project, consisting of a combination of drilling and blasting - loading - hauling equipment: **shaft-rotating** drill (D = 250 mm), **rotary hammer** drill (D = 165 mm), backward bucket hydraulic excavator (E = 3.4 to 5.6 m³/bucket), electric excavator (E = 5.0-5.5 m³/bucket), self-dumping truck (Q = 36-60 tons), bulldozers 220-240 Hp, and other synchronous equipment under the technological lines.
-  Implement engineering solutions for mine drilling and blasting – excavating and loading to improve the quality of ores, reduce wastage and depletion of ores in mining, fully mine the poor ore resources.
-  Research and apply technical solutions to ensure stability on mine boundary in the West.
-  In Vi Kem copper mine: construct a relatively modern pit-shaped ore mine that meets the criteria of the first model ore mine in the mineral industry in particular and in Vietnam National Coal - Mineral Industries Group in general, and is consistent with the development objectives of Vimico. Mining - hauling - ventilating technological lines mainly include: Use the excavators to load in excavating the pit, ore mining; self-propelled drilling machine for drilling and blasting; hauling ores and rocks in the pit by using conveyor combined with the tramway; transporting travelers and workers in the pit with passenger carrying wagons to improve working conditions for workers; transporting ores on outer surface by using conveyor system for Processing Plant No. 2; ventilate the mine using focused ventilation system;
-  Make investment in advanced equipment and technology in pit mining for maximum recovery of useful minerals, reducing wastage and depletion of ores in pit mining, minimizing environmental pollution due to the mining.
-  In Sin Quyen Copper Mine Company: continuing the research, investment, upgrading, improvement of technology and equipment for the existing mineral processing plant; make additional investment in technology to fully recover enclosed minerals, raise the actual collection and product quality; research the solutions to reduce costs;
-  Continue to invest in improving and upgrading the analytical laboratories at the production facilities of Vimico - Lao Cai - Sin Quyen Copper Smelter branch and Vimico - Lao Cai - Sin Quyen Copper Mine Branch. Add highly qualified human resources for OAE currently performing KCS;
-  Invest to build 01 new KCS room meeting VILAS standards in the area of Lao Cai.

-  Promote the implementation of the project for expanding and increasing the capacity of Lao Cai Copper Smelter Plant to increase its capacity up to three times compared with the present time (from 10,000 tons/year to 30,000 tons/year) with investment in a 20,000 tons/year new plant having advanced technological innovations and more outstanding technological features, reduced costs compared with the existing plant, the LME satisfactory quality of cathode copper.



3.2.3 Development strategy for electro-mechanics:

In the period of 2015 - 2017, based on mining technology, continue using and making new investment in mining and hauling equipment under the orientation:

(i) For drilling, loading, excavating and hauling of rocks and soil:

-  Drilling machine: Use **shaft-rotating** drill with borehole diameter $D = 250$ mm; **rotary hammer drill** with borehole diameter $D = 165$ mm.
-  Excavating – loading - hauling equipment: Use a combination of electric excavator or backward bucket hydraulic excavator with bucket capacity of $E = 4.5 \div 5.5$ m³ combined with truck having load $Q = 55 \div 60$ tons or a combination of backward bucket hydraulic excavator with bucket capacity of $E = 3.4 \div 3.8$ m³ combined with truck having load $Q = 36 \div 40$ tons.
-  Leveling equipment: use the existing bulldozer, add similar equipment (with capacity of 220-240 HP or 320 HP).

(ii) For mining and hauling of ores:





-  Drilling machine: Use hydraulic drill with borehole diameter $D = 127$ mm and **rotary hammer** drill with borehole diameter $d = 165$ mm.
-  Excavating – loading - hauling equipment: Use a combination of backward bucket hydraulic excavator with bucket capacity of $E = 2.7 \div 3.4$ m³ combined with truck having load $Q = 32 \div 36$ tons.

(iii) For excavating, loading and hauling of ore concentrates:



Use wheel excavator with bucket capacity $E = 3 \div 5$ m³; truck having load $Q = 15 \div 20$ tons.

(iv) Types of equipment:

To ensure convenience for the operation, repair, backup of materials and spare parts, it is necessary to invest new equipment similar to the types in use. Including:

-  Electric excavator: invest EKG excavator with bucket capacity of 5-5.2 m³.
-  Hydraulic excavator, bulldozer, truck: KOMATSU, CAT.
-  Gas compressors: Atlas Copco, Compair.
-  Drilling machine: similar to the type in use (**shaft-rotating** drill and **rotary hammer** drill of China).

(v) For mineral processing and metallurgy:

-  Minerals processing equipment: Implement measures under the Plan for prolonging the cycle of equipment overhaul, improve mineral processing equipment capacity with the main contents such as: Reinforce, strengthen members and parts, key positions (Reinforce or use abrasion-resistant materials of the bunker wall feeding plate conveyor; Reinforce beams, support, roller bearings; enhance and add load-bearing liver of plate conveyor chain,...); Replace materials, new and better parts (pads, plate of the ball mill, impeller, paddle, technological piping,...); Establish appropriate provision of materials, spare parts in need of quick replacement (gear reducer, special electric motor; jaw, cone crushing clusters, ...)
-  Metallurgical equipment : Implement measures under the Plan for prolonging the cycle of equipment overhaul, improve the capacity of metallurgical equipment for firing and smelting, acid producing, hydrometallurgy; Replace materials, new and better parts (Change materials and structures for waste heat boilers to improve its life; Change the types and locations of the furnace building brick; Replace materials suitable for working environment for pipelines, tanks, walls collecting dust ...; Wrap good thermal insulation for electrostatic dust collection system; use composite materials for electrolysis tanks,...); Establish appropriate provision of materials, spare parts in need of quick replacement; Restore and enhance technical features of critical equipments, etc.

3.2.4 Improvement of management capacity

a. Statistic accounting:

Continue the implementation of Accounting Regime applicable in Vietnam National Coal – Mineral Industries Group.

Accounting model: Distributed or combined or concentrated one depends on the size and characteristics of each unit. For the Joint Sotck Company - Parent company, the accounting depends on the branches, summary of the results of business & production of the entire Corporation. The working capital is accounted in a concentrated manner in the office of the Corporation, the branches are assigned to manage, use and account assets and debts with the office of the Corporation.

Implement IT applications to serve the summary of settlement of the entire Corporation and consolidate the settlement report, on that basis, develop the applications in the statistics and management of costs.

b. Financing:

Continuing to gather cash flow from sales proceeds basing on applying the centralized selling model at the Parent company (Joint stock Company) via the annual business coordination agreement. Maintain that the Parent company – Joint stock Company arranges the maximal demand for working capital via payment/ advance payment for subsidiaries to manufacture and then hand-over products.

Invested capital is arranged to gather at the Parent company – the Corporation, branches execute in case of subdivision, authorization by the Parent company – Corporation.

Continuing to borrow and arrange capital for new projects, within 3 years 2015-2017 it is expected to borrow for long-term VND4,697 billion for investment of new projects, which focusing on 02 projects: Expanding and increasing the mining - processing capacity of Sin Quyen Copper Mine (in Lao Cai province) and Expanding and increasing the capacity of Lao Cai Copper Smelter and Refinery plant.

3.2.5 Enhancing manpower:

According to the production and business plan and development strategy of the Corporation for a 3-year period after equitization, in order to meet the development demand of the Corporation, labour demand of the Corporation is 1,655 people in 2015; 1,746 people in 2016; 2,603 people in 2017. Targets and requirements on structure innovation and labour qualification improvement are as follows:

a. Target and requirement on labour structure

The target up to 2015 and within 2016, 2017 is that management staff of the whole Corporation is under 13% of the total personnel.

Management officials, technical staffs of all sectors; technical labours of main force sectors of the Corporation such as metallurgy, metal processing, mineral processing repairing technique for electro-mechanical equipment are ensured with reasonable sector structure meeting demands for long-term production and development. Thus, it must be controlled and have reasonable policies to stabilize and develop both its quantity and quality in connection with each annual developing scale of the Corporation.

b. Requirements on skills, qualifications of management officials, technical labours

(i) Requirements on management officials, technical staffs.

Management officials, technical staffs at the Corporation office must be at least university graduation with at least good credit-level of professional qualification. Having good quality on morality, politics. Having requirements on universalizing qualification of enterprise management and intermediate - advanced political theory level for the Corporation's department managers, deputy managers or equivalent and above. The roadmap up to 2015, 100% department/ board managers of the Corporation (and equivalent at subsidiaries) and above are trained with advanced political theory, and participating the intermediate – advanced refresher courses on enterprise management; Since 2014, 100% new recruited staffs having university degrees with the good grade and above have been full-time trained at big domestic and overseas universities.

Management officials, technical staff of the Corporation's administration, management Office must have at least 3-5 experience years (depending on each position) of working in producing subsidiaries in term of management; having experience and skills on independent, self-controlled, creative working, especially in specific industries of the Corporation such as deep mineral processing, metallurgy and metal processing.

For producing subsidiaries (MFG), apart from requirements on political quality, lifestyle morality, the management officials, technical staffs must obtain at least college qualification. They must have a good level on their professional qualification, well-understanding and much experienced, especially in specific industry of the Corporation. Up to 2015, 100% recruited staff shall have

university qualification and above and shall be trained by “Training program on Technical, Management officials” of the Corporation before being arranged for an official job.

(ii) Requirements on technical workers (TECHW).

TECHW must be properly trained at the State’s TECHW training school systems and training schools in the Corporation’s system. Some labors with high requirements must be additionally trained, as real need, at domestic and/or abroad producing places to improve their skills and experience before participating the producing work. It is an requirement to always ensure enough quantity and sufficient quality of well-skilled workers in mineral excavating, processing, metallurgy and metal processing for producing requirement and labor provision for the Corporation’s development.

Technical workers must have a thorough grasp of theory foundation and have high practical capacity of executing the actual works, be competent in mastering the current technology, techniques which are being applied in producing and new development of the Corporation in the coming years.

c. For organization, management.

Execute the arrangement, innovation of the enterprise’s organization model according to content (I) “Arrangement, Innovation method of the Corporation’s structure organization by 2015, vision towards 2020” of this Project. Thereby, focus on rearranging the organization structure of member units, reduce intermediate management nodals so as to innovate the labor structure, decrease the ratio of indirect labour, and enhance the management effectiveness.

Continue to review the labor structure innovation, increasing labour quality at subsidiaries, especially at some subsidiaries with great number of labours, complicated labour structure.

For technical workers, after the salary rate system of the Corporation is developed and applied, there is a need to adjust, supplement “TECHW standards applied to all fields of the Corporation” to make it complied with the Group’s regulations. Movements on building technical labours shall be continuously developed through activities of skills training, good workers competition; encouraging well-skilled labours by many forms such as honoring, salary-rise mechanism, award, etc..

Review the Code of Management staff Standards; Code of technical labour Standards based on the internal regulations of the Group. The labours are to be re-evaluated, arranged to appropriate tasks and step-by-step pay salary according to job position.

d. In respect of labour recruitment:

Every year, basing on the demand, target and requirements of recruitment, the recruitment regulations shall be developed. It is required to strengthen the close recruitment measures to enhance recruitment quality, ensuring the training qualifications match with the demand of employment use. Recruited labours shall have abilities, qualification and qualities to meet the requirements of work positions.

Criteria are considered as priority to the recruitment requirements like the local labours, career affection, willingness to a long-term job at the company.

When preparing the recruitment plan, it is necessary to consider the backup staff proportion for

each sector and each unit so as to meet demands on trained manpower for the Corporation's projects.

Every year, taking part in career fairs, developing programs in coordination with universities in recruitment work in order to recruit the best students for the requirements of work.

e. In respect of labour use and management.

Receiving, using, arranging labours in connection with their trained qualifications so as to promote their working strength and experience. Facilitating good opportunities on income and development capacity. Taking care of material and spiritual life for all staffs and labours. Improving working environment condition, community, social and family relationship.

Having particular motivation policies for high-qualified manpower, especially for labours in works such as: pit mining, metallurgy, deep processing, and labours who are committed to long-term work with the company, etc..

Constructing a salary fund for training the source staff proportion of the Corporation's Investment Projects which are under implementation and going to be put into production at some subsidiaries.

f. In respect of manpower training, development

Coordinating with the administration, consultant units to execute, complete "manpower development and training strategy of the Corporation after the capitalization, with the vision towards 2020". On that base, constructing concrete, detailed requirements and duties for each management position, each staff, each sector. From 2015, management positions will be applied with construction standards for evaluating, recruiting and promoting in to job positions. Statistic, real qualification, competence evaluation of staff is conducted systematically, principally and connecting salary regulation of management levels in accordance with the new regulations of the Corporation.

Carrying out training courses to complete professional knowledge standards of staffs according to evaluation of consultant unit.

Every year, constructing training programs for staff and technical labours to meet the usage demands, increasing working skills of officials and technical labours in the Corporation.

From 2015, management positions will be examined to classify salary rate, newly recruited people of the Corporation shall take an exam for the evaluation purpose of their abilities, professional skills in order to use them properly, appropriately.

Constructing a "Vocational training program" applied to all newly recruited students. Labours must finish this program then they can be arranged to a specific job position.

Recruited technical labours of the Corporation must be trained by standardized technical training schools of General Department of Vocational training, checked, examined on their qualification, competence, and morality quality before being recruited by the Corporation.

Some subsidiaries in remote areas will step by step apply these regulations. First, the Corporation will apply methods to rotate staffs; internally train to supplement for subsidiaries that lack of attractiveness in recruitment and do not have enough favorable conditions to recruit and use well-skilled labours.

Having training, improving plans, suitable training programs, especially a rotating plan to train, improve the management competence, professional skills, and technical quality in producing subsidiaries.


3.3. Investment projects


In order to complete development targets as above, in the time to come, the Parent company – the Corporation will implement the key investment programs including:

3.3.1. Project of Mining, Expanding and increasing the mining – processing capacity of Sin Quyen Copper Mine.

a. Investor: Vinacomin - Minerals Holding Corporation.

b. Contents of investment, capacity scale and product quality:

 Improving the capacity of existing mining from 1.1 million tons/year to 2.5 million tons/year by open-pit mining methods; constructing a new mineral processing plant with a capacity (product) 44,200 tons of copper concentrate 23% Cu and associated byproducts.

 This project is expected to be completed and put into production from Quarter II /2017.


c. Construction Location of Project:

 In communes of Ban Vuoc and Coc My, Bat Xat district, Lao Cai province.

d. Total investment capital of project:

In accordance with Decision No. 864/QĐ-HĐTV dated 19/6/2012 of the Member Council of Vinacomin - Minerals Holding Corporation, total investment capital: **VND2,566,735 million.**

e. Investment capital source:


 Loan from Commercial Joint Stock Export Import Bank (Eximbank): VND1,500.00 billion;

 Equity capital: VND770.00 billion

 Other mobilized capital: VND296,735 billion

f. Form of investment: Investment in Expanding and Increasing the capacity

g. Form of project management:




 The Project owner Vinacomin - Minerals Holding Corporation directly manage the project through Project management Board and Professional departments of the Corporation

h. Time of project implementation: From 2009 to Quarter I/2017

i. Economic efficiency of project:

 Net present value (NPV): VND182,316 million.


 Internal rate of return (IRR): 20.37%..

-  Project whole-life revenue: VND41,578,102 million.
-  Net profit (after tax) of project whole-life: VND5,185,126 million.
-  Payback Time (T): 9.04 years






3.3.2. The Capacity expanding and increasing project of Lao Cai Copper Smelter and Refinery plant

a. Project owner: Vinacomin - Minerals Holding Corporation.

b. Investment contents:


-  Constructing a new production line of metal copper with a capacity of 20,000 tones of metal copper/year in Ban Qua commune, Bat Xat district, Lao Cai province. Alternative planning of construction area for one more production line of 20,000 tones of metal copper /year, so as to increase the total production capacity of metal copper for the Vinacomin - Minerals Holding Corporation in the province of Lao Cai to 50,000 tons of metal copper/year.

c. Capacity scale and product quality:

-  Grade A cathode copper (99,99%): 19,712 tons/year
-  Grade I cathode copper (99.95%Cu): 385 tons/year
-  Gold ingot (99,99%Au): 1,395 kg/year
-  Silver ingot (99,99%Ag): 616 kg/year
-  Sulfuric Acid (93-98%H₂SO₄): 84,556 tons/year



d. Form of investment: Investment in expanding and increasing the capacity

e. Form of project management:

-  The Project owner - Vinacomin - Minerals Holding Corporation directly manage the project through Project management Board and Professional departments of the Corporation


f. Operating time of project: 20 years.

g. Total investment capital of project:


-  The total investment of the project shall be in accordance with Decision No. 2738/QD-TKV dated 24th December 2014 of Member Council of Vietnam National Coal-Mineral Industries Holding Corporation is: VND3,955.156 billion.
-  Investment capital source: VND3,955.156 billion. In which:
 - Loan: VND2,867.992 billion;
 - Equity capital: VND716.998 billion;
 - Other mobilized capital: VND370.166 billion.

h. Time of project implementation: 2.5 years (From 2014 to 2017).

i. Economic efficiency of project:

 Net present value (NPV, $i = 11.5\%$): VND152.987 billion;

 Internal rate of return (IRR): 12.41%;


 Payback Time (T): 8.68 years;

 Average payback coefficient: 1.30.

3.3.3. Project of Mining Zinc Mine - Bat Xat – Lao Cai province:

a. Project owner: Vinacomin - Minerals Holding Corporation.

b. Capacity scale and product quality

 Design mining capacity of the project is 350,000 tons of raw ore/year with an average content of 0.69% Cu, supply raw ore for mineral processing plant No.2 under the Project of Mining, expanding, increasing the capacity of Sin Quyen copper Mine, Lao Cai province.


c. Form of investment: New investment.

d. Form of project management: Project owner - Vinacomin - Minerals Holding Corporation directly manages the Project.

e. Lifecycle of mine and project: 19 years


f. Construction location of project: Coc My commune, Bat Xat district, Lao Cai province.

g. Total investment capital:

 Total investment capital of Project: VND594.130 billion


h. Source of investment capital:


 Owner's self-funded capital: VND178.242 billion.


 Loan: VND411.760 billion.

 Working capital: VND4.128 billion.

i. Project efficiency:

 Discount coefficient (r): 13 %.

 Net present value: (NPV, $i = 13\%$) : 107.788 billion.

 Internal rate of return (IRR): 17.08 %

 Net profit (Pn): VND858.433 billion.

 Payback Time (T): 6.47 years.

3.3.4. Other projects

Investment will be promoted on other projects after year 2018 including a Plant producing products



from non-ferrous metal; Underground mining in-depth pits at Sin Quyen copper mine, Bat Xat, Lao Cai province; Management center at Tay Bac (Northern Region); Building Complex at 562 Nguyen Van Cu, Long Bien, Hanoi; Apartment Block for staff in Bat Xat commune – Lao Cai province.

3.3.5. Investment projects on Maintaining producing work

Apart from above projects, every year, the Corporation will perform investment projects to maintain normal producing work, with a total estimated investment of VND123,000 million, ensuring to maintain business and production activities.



Table 18: Summary of investment plan in the period of 2015-2017

Unit: Mil. VND

No.	Project, construction name	Anticipated execution in 2014	Plan in 2015	Plan in 2016	Plan in 2017	Total
I	Plan in construction investment	681,086	1,084,479	2,280,275	3,031,409	6,396,163
1	Group A projects	654,896	963,479	2,106,525	2,796,991	5,866,995
1.1	Mining, expanding, increasing the capacity of Sin Quyen copper Mine, Lao Cai province	491,718	758,026	670,748	646,243	2,075,017
1.2	Expanding and increasing the capacity of Lao Cai Copper Smelter and Refinery plant	163,178	205,453	1,435,777	2,150,748	3,791,978
2	Group B projects	26,190	80,000	132,750	193,418	406,168
2.1	Mining Vi Kem copper mine, Bat Xat, Lao Cai province	14,610	30,000	100,000	120,000	250,000
2.2	Plant to manufacture products from non-ferrous metal				10,000	10,000
2.3	Underground mining at Sin Quyen Copper Mine, Bat Xat, Lao Cai province				10,918	10,918
2.4	Producing controlling center of Minerals holding corporation – Vinacomin in Northwestern area	3,410	10,000	10,000	5,000	25,000
2.5	Complex building at 562 Nguyen Van Cu, Long Bien, Hanoi	6,740	30,000	12,750	37,500	80,250
2.6	Dwelling area of staff in Bat Xat commune – Lao Cai province	1,430	10,000	10,000	10,000	30,000
3	Group C project		41,000	41,000	41,000	123,000
3.1	Supplemented investment to maintain producing, business of the Corporation		41,000	41,000	41,000	123,000
II	Anticipated fixed assets for usage		227,114	450,000	5,036,378	5,713,492
1	Anticipated fixed assets for usage	429,317	227,114	450,000	5,036,378	5,713,492


Source: Vimico

3.4. Production and business plan


3.4.1. For mineral mining and processing


a. Mineral mining

(i) At Sin Quyen Copper Mine, Lao Cai province

 Implementing the Project on expanding and increasing the mining – processing capacity of Sin Quyen Copper Mine with the mining capacity as follows: In 2015, excavating, loading 8 million m³ of spoils, mining 1,360,000 tons of raw ore (RO), mineral processing 48,000 tons of ore concentrate 23%Cu. In 2016, excavating, loading 8 million m³ of spoils, mining 1.4 million tons of CRO, mineral processing 48,000 tons of ore concentrate 23%Cu. In 2017, excavating and loading 11 million m³ of spoils, mining 2,017 million tons of CRO, mineral processing 70,000 tons of ore concentrates 23%Cu.


(ii) At Vi Kem copper mine, Lao Cai province


 In 2014, applying for mine provision, expecting to execute the mine construction for 4 years (2015-2018)

 Raw ore mining output: 350,000 tons per year, content of 0.69%Cu to supply to Mineral Processing Plant No.2 under the Project of Mining and Increasing the mining – processing capacity of Sin Quyen Copper Mine.


b. About mineral processing

(i) Copper ore processing at Sin Quyen Copper Mine company






 Expanding Sin Quyen copper complex: Investing another new mineral processing plant with advanced technology, equipment, high automation level, capacity of 1.3 million tons of raw ore per year, it is expected to bring into operation in 2017;

 Output of copper concentrate 24%Cu in 2016 is 48,000 tons, gaining 70,000 tons in 2017; Output of iron concentrate 60%Fe is 100,000 tons in 2016, and 130,000 tons from 2017.

(ii) Copper slag concentration:

 Investing another new plant with advanced technology, capacity of nearly 100,000 tons/year according to the expansion project of copper refinery plant, it is expected to put into operation in 2017.

3.4.2. About metallurgy

-  After the parent company – the Corporation has shifted to operate in form of shareholding company model in 2015, promoting the gained results on mastering the metallurgy techniques ownership, the output has met and exceeded the design standards, continuing to implement an investment project of expanding and increasing the capacity of Lao Cai Copper Smelter and Refinery Plant gaining 3 times as high as the current capacity (from 10,000 tons/year to 30,000 tons/year) and investing another new 20,000 tons/year plant with innovating the advanced technology and more prominent technique features, lower costs than that of the current plant, quality of cathode copper meet LME standards.
-  One 20,000 tons/year copper refinery plant is to be put into operation in Quarter IV 2017, the expected output in 2017 of the parent company is 15,000 tons of cathode copper; associated products in floatation-processed copper concentrates produced by the parent company - the Corporation includes 750kg of gold, excluding the increase in gold output thanks to the advantage in mineral processing technology when processing or buying gold concentrates from other enterprises, 780kg of silver, around 53,000 tons of sulphuric acid H₂SO₄.
-  Cathode copper, after the capitalization, will continue to be researched on its product market feasibility, technology in order to conduct producing other products after metallurgy such as producing copper wire, copper pipe, copper bars or copper alloy to increase the product value.
-  Gold, silver products are consumed in the market or processed to jewelries, fine arts.
-  Because iron concentrate product at Sin Quyen Mine has high content of S, it is required to research, implement an investment project to decrease content of S, meeting consumption demands.

3.4.3. In respect of sales, business

Based on the resources and material source development strategy, electro-mechanical, mineral processing, metallurgy development strategy of the Corporation in years 2015 – 2017, the Corporation is to develop a product consumption strategy for the period of 2015-2017 in connection with producing output plan and market situation of non-ferrous metal in the world and in the country in the following years, the details for each main product are as follows:


a. Consumption market:

Retaining the traditional customer system who have used cathode copper, zinc ingot, tin ingot the Corporation for the last years, especially customers in the Northern region. They are customers having a close relations to the Corporation's products for many years and have adjusted their technology, technique and equipment in connection with the properties of cathode copper, bar zinc, bar tin produced by the Corporation. Continuing to promote the products of cathode copper, zinc ingot, tin ingot to potential customers in the Southern region. This region is home to many plants using producing input materials of cathode copper such as Cadivi, CFT, Ngo Han, Think Phat enterprises, etc..


(i) For iron concentrates:

Iron concentrates in Lao Cai area (Kip Tuoc mine, Lang Vinh – Lang Co mine, iron concentrates at Sin Quyen Mine) are consumed as the producing input materials for iron and steel plants operating in Lao Cai province. Investment is implemented into technology line to process S substance in iron concentrates, processing iron ore at Cao Bang concentrated for Cao Bang iron and steel complex.


(ii) For sulphuric acid:


 Consumption is focused on producers in the same area to produce fertilizer, animal food additive, spices etc.. However, according to forecast, the competition in the coming years will be very drastic to the imported acid, the redundant acid quantity of fertilizer plants in this area, so it is necessary to maintain the current customer system as well as establish relationship on the basis of the mutual benefit binding and mutual interest, simultaneously promote to sign long-term agreements, principle contracts on stably buying/selling this acid amount with each customer.

(iii) For gold, silver:

 Consuming 100% product output in the domestic market or hand-overing that to Vietnam Japan Gemstone Branch - Vimico to directly classifying metals, process products, consume, etc... in accordance with the organization and operation charter of the Branch and management regulations on product consumption of the Corporation.

b. Improvement of product quality control:


 Continue to improve and stabilize the quality of products. Currently, the quality of cathode copper produced by the Corporation from 99.95 to 99.97% copper concentration lower than grade A copper of LME brand, it should be raised to 99.99% copper concentration. The quality of zinc ingot produced by the Corporation is lower than LME standards. Therefore, to increase the value of products and be able to compete with imported copper and increase the market share on the domestic market, these products should be improved and especially, stabilized in quality.


 For the remaining products such as tin ingot, iron concentrate, gold, silver, sulfuric acid, it is required to assure the current product quality, and consider researching to further improve the quality in case of favorable conditions and high feasibility.

c. Customers and policies to protect the customer system:

To promote Vimico trademark for main products, in addition to maintaining of high quality; stabilizing and reducing production costs to improve competitiveness, it is very important to keep the traditional customers for stable and long-term consumption. The Corporation determines its customers who are producers directly using cathode copper, zinc ingot, tin ingot, etc.. will be the prioritized targets of the Corporation, especially for cathode copper and zinc ingot products.

d. Selling price:

 Develop flexible pricing method consistent with the world and product consumption chain of customers. Pricing method must ensure the highest compatibility with the sales chain of each customer, ensuring the most effective support between the producer and users.

 For products with specific characteristics such as sulfuric acid, there should be a priority policy on prices for traditional customers in according with ensuring price stability in each period (about every 6 to 12 months/ period) and compliance with the common market and the production costs of the Corporation, avoiding affecting the production when they could not be sold.


 For gold and silver products: the Corporation will deliver consumer prices to Vietnam - Japan Gemstones Branch – Vimico on the basis of ensuring the efficiency of production and business of the Corporation and consistency with the common market.

Table 19: Production and consumption plan for the period of 2015-2017







No.	Target	Unit	2015	2016	2017
I	Mining				



No.	Target	Unit	2015	2016	2017
1	Sin Quyen Mine Overburden-stripping	m ³	8,000,000	8,000,000	11,000,000
2	Imported Ore	Ton	1,360,000	1,400,000	2,018,000
	Content	%Cu	0.91	0.91	0.91
3	Coefficient of overburden-stripping		5.88	5.71	5.45
II	Total output of the parent company	Mil.VND	327,084	327,084	465,324
III	Produced outputs				
1	Copper concentrate 24%Cu	Ton	48,000	48,000	70,000
2	Iron concentrate 60%Fe	Ton	100,000	100,000	130,000
3	Cathode copper 99,95%Cu	Ton	10,500	10,500	15,000
4	Sulfuric acid H2SO4	Ton	41,000	41,000	53,000
5	Gold 99,9%Au	Kgr	480	480	750
6	Silver 99,9%Ag	Kgr	480	480	800
7	Other business	Mil. VND	32,122	32,813	33,773
IV	Consumer products				
1	Iron concentrate 60%Fe	Ton	100,000	100,000	150,000
2	Cathode copper 99,95%Cu	Ton	10,500	10,500	15,000
3	Sulfuric acid H2SO4	Ton	41,000	41,000	55,000
4	Gold 99,9%Au	Kg	480	480	750
5	Silver 99,9%Ag	Kg	480	480	800
6	Other business	Mil. VND	35,061	32,601	34,773
7	Minerals produced by the Subsidiaries				
7.1	<i>Tin Ingot 99.75 - 99.95%Sn</i>	<i>Ton</i>	<i>760</i>	<i>650</i>	<i>700</i>
7.2	<i>Tin Ingot 99.95%Zn</i>	<i>Ton</i>	<i>9,500</i>	<i>10,000</i>	<i>10,000</i>
7.3	<i>Iron concentrate 60%Fe</i>	<i>Ton</i>	<i>180,000</i>	<i>200,000</i>	<i>200,000</i>
7.4	<i>Silicon Ferro</i>	<i>Ton</i>	<i>1,000</i>		
7.5	<i>Manganese Ferro</i>	<i>Ton</i>			
7.6	<i>Cast iron</i>	<i>Ton</i>	<i>5,000</i>		
7.7	<i>Billet steel</i>	<i>Ton</i>	<i>50,000</i>	<i>180,000</i>	<i>200,000</i>

Source: Vimico

3.5. Production and business plan in 3 years after equitization

-  Production and business plan for the years from 2015 to 2017 of the parent company - the Corporation after equitization will have various difficulties due to: the costs of input materials are forecasted to rise; tax, fees and charges policies by the Government as well as local authorities are sharply increased compared with the previous period (State shall collect fees for licensing mineral mining, the use of geological data - the annual average increase in costs is nearly VND30 billion, the natural resources tax has increased from 2014, etc.);
-  Difficult mining condition, at high depth, makes an increase in the costs of hauling, loading and blasting. Equipment in mineral processing plants and metallurgy plants, after nearly 10 years of production operation, has been degraded, requiring for an increase in major repair costs.
-  The investment arrangement for key projects meets a lot of difficulties, especially, borrowing costs rising sharply in the period of investment.
-  The selling prices of minerals have been forecasted not to improve yet; the increase rate is not high.
-  For the subsidiaries, the Corporation holds controlling shares due to resources with small and limited reserves and mainly located in remote areas causing difficulties in mechanization investment with high costs and application for mining license renewal and issuance of new mining license; a number of new investment projects have just put in operation, thus the productivity is still in limitation, etc.. Therefore, capital investment efficiency in these subsidiaries is not high.
-  With the aforesaid difficulties, the plan of the parent company – the Corporation are promoted as follows:
 - ✓ Main produced items include products from copper projects of the parent company – the Corporation.
 - ✓ Consumer products include products from copper projects of the parent company and other products mainly produced by the subsidiaries and delivered to the parent company – the Corporation for consumption (ingot zinc, ingot tin, Ferro types, iron concentrate 60%Fe, billet steel, gold).
 - ✓ The selling prices of main products such as copper cathodes, gold, silver, acid, iron concentrate produced by the parent company are determined on the basis of the average selling prices implemented in 2014 and market forecast in 2015 including positive fluctuation factors of increased exchange rates of 0.5% over the years from 2015 to 2017. According to LME brand, cathode copper price will be USD7,000/ton in 2015 and USD7,100/ton from 2016 to 2017. Exchange rate will be 21,250 VND/USD in 2015; 21,306 VND/USD in 2016; and 21,520 VND/USD in 2017.

During the period from 2015 to 2017, the parent company - the Corporation will implement 2 investment projects to expand Sin Quyen Copper Mine and the cooper smelter plant, phase 2, with a large total investment (approximately VND6,000 billion). On the other hand, the amount of capital investment in the subsidiaries by the Corporation holding controlling shares over 51% of the charter capital is quite large (more than VND700 billion), most of the subsidiaries operate in mining and processing of mineral and resources in a scattered and small-scale way with production and business inefficiency, without profits, affecting the capital utilizing efficiency of the Corporation.

Table 20. Main business targets plan for the period of 2015-2017

No.	Target	Unit	2015	2016	2017
I	Plan of investment and major repair				
1	Repair of fixed assets	Mil. VND	195,937	169,400	217,715
2	Increased depreciation when investing in fixed assets	Mil. VND	6,950	130,000	80,011
II	Borrowing Plan		85,021	206,944	536,705
III	Business Plan				
1	Charter Capital	Mil. VND	2,000,000	2,000,000	2,000,000
2	Total employees	person	1,655	1,746	2,603
3	Total fund of salary	Mil. VND	177,610	177,611	212,088
4	Average income/person/month	Mil. VND	8.9	8.5	6.8
5	The Parent Company's Product Revenue	Mil. VND	2,172,923	2,213,590	3,210,884
5.1	Mineral revenue	Mil. VND	2,119,855	2,153,842	3,144,080
	<i>Iron concentrate 60%Fe</i>	<i>Mil. VND</i>	<i>75,000</i>	<i>82,500</i>	<i>112,500</i>
	<i>Cathode Cooper 99,95%Cu</i>	<i>Mil. VND</i>	<i>1,561,875</i>	<i>1,588,362</i>	<i>2,291,780</i>
	<i>Sulfuric Acid H₂SO₄</i>	<i>Mil. VND</i>	<i>69,700</i>	<i>69,700</i>	<i>93,500</i>
	<i>Gold 99,9%Au</i>	<i>Mil. VND</i>	<i>408,000</i>	<i>408,000</i>	<i>637,500</i>
	<i>Silver 99,9%Ag</i>	<i>Mil. VND</i>	<i>5,280</i>	<i>5,280</i>	<i>8,800</i>
5.2	Other revenue	Mil. VND	38,840	36,514	38,529
5.3	Other income	Mil. VND	14,228	23,234	28,275
6	Total revenue of parent company	Mil. VND	4,326,923	4,643,840	5,840,384
6.1	Total revenue of the parent company's products	Mil. VND	2,172,923	2,213,590	3,210,884
6.2	Revenue from the Subsidiaries' products	Mil. VND	2,154,000	2,430,250	2,629,500
7	Cost price	Mil. VND	3,992,446	4,256,848	5,338,944
7.1	Cost price of the parent company's products	Mil. VND	1,838,446	1,826,598	2,709,444
7.2	Cost price of the Subsidiaries' products	Mil. VND	2,154,000	2,430,250	2,629,500
8	Management Costs	Mil. VND	259,214	241,139	356,508
9	Costs of sales	Mil. VND	15,385	15,323	16,040
10	Production cost price of the parent company's products				
	Cooper concentrate 24%Cu	Mil. VND/Ton	26.13	24.88	25.65
	Iron concentrate 60%Fe	Mil. VND/Ton	0.65	0.65	0.65
	Cathode cooper 99,95%Cu	Mil.	127.21	124.43	129.95











INFORMATION DECLARATION OF THE INITIAL PUBLIC SHARE OFFERING


No.	Target	Unit	2015	2016	2017
		VND/Ton			
	Sulfuric Acid H ₂ SO ₄	Mil. VND/Ton	1.40	1.40	1.40
	Gold 99.9%Au	Mil. VND/kg	730.00	720.00	730.00
	Silver 99.9%Ag	Mil. VND/kg	9.00	9.00	9.00
11	Total production costs of the parent company's products	Mil. VND	2,189,695	2,440,734	3,236,138
11.1	Intermediate costs	Mil. VND	1,516,067	1,801,585	2,289,914
	Materials	Mil. VND	558,274	642,208	777,097
	Fuel	Mil. VND	304,315	455,492	596,400
	Motivation	Mil. VND	130,411	148,222	200,492
	Costs of sales and management	Mil. VND	453,928	455,381	526,491
	Loan Interest costs	Mil. VND	69,140	100,281	189,435
11.2	Added Value		673,628	639,149	946,224
	Fixed asset depreciation costs	Mil. VND	157,698	202,953	350,956
	Salary	Mil. VND	177,610	177,611	212,088
	Social insurance	Mil. VND	32,257	32,467	34,177
	Outside purchasing and leasing costs	Mil. VND	306,062	226,118	349,003
12	Profit before tax	Mil. VND	59,878	130,530	128,892
12.1	From production and business		45,649	107,297	100,617
12.2	From outside investment		14,228	23,234	28,275
13	Corporate income tax (CIT)	%	10	22	22
14	Profit after taxes	Mil. VND	55,311	106,925	106,756
15	The ratio of after-tax profit /shareholders' equity	%	3	6	6
16	Allocation of funds	Mil. VND			
16.1	- Financial contingency fund	Mil. VND			
16.2	- Development fund	Mil. VND			
16.3	- Bonus and welfare fund	Mil. VND			
16.4	- BOD and BOM's operation fund	Mil. VND			
17	Dividend (75% of after-tax profit)	Mil. VND	41,483	80,194	80,067
18	Annual dividend rate	%	2	4	4
19	Selling prices of the parent company's products				
	Iron concentrate 60%Fe	Mil. VND/Ton	0.75	0.75	0.75
	Cathode cooper 99,95%Cu	Mil. VND/Ton	148.75	151.27	152.79
	Sulfuric Acid H ₂ SO ₄	Mil. VND/Ton	1.7	2	2
	Gold 99,9%Au	Mil. VND/kg	850	850	850
	Silver 99,9%Ag	Mil. VND/kg	11	11	11
20	Exchange rate	VND/USD	21,250	21,306	21,520
21	LME cathode copper	USD/Ton	7,000	7,100	7,100
22	Receivables to Budget	Mil. VND	350,300	399,200	445,600

Source: Vimico

3.6. After-equitization coordination regime in the Corporation system

-  Continue to implement and improve the business cooperation regime between the parent company – the Corporation and the subsidiaries (including joint stock companies with controlling shares over 50% of the charter capital held by the Corporation) under business coordination contracts to ensure the plan operation efficiency.
-  Complete and unify business costs management regimes in the Combination of the Parent company and the subsidiaries to manage and administrate reasonable business costs, improve capital efficiency, natural resources and mineral mining efficiency and efficient use of resources of the Corporation.
-  The Parent company – the Corporation will govern the subsidiaries regarding to finance, market, business strategy, technology, human resources, etc. through its representatives in such subsidiaries. The level of dominant depends on the capital contribution ratio of the Corporation in the subsidiary.
-  On March 31, 2014, the Parent company - Corporation was borrowed by the subsidiaries with a total long-term loan of VND129,453,201,060 and a total short-term loan of VND358,848,091,495. These debts shall be collected on the repayment schedule of subsidiaries and loan agreements, In addition, the Corporation guarantees a loan of VND450 billion in BIDV for Cao Bang Cast Iron and Steel Joint Stock Company for investment in Cao Bang Cast Iron and Steel Complex Project, and guarantees repayment of VND25,052,250,000 for VIMICO - Thai Nguyen Non-ferrous Metal Joint Stock Company.
-  Through the representative managing the capital of the Corporation, the Corporation allows the subsidiaries with controlling shares of at least 51% held by the Corporation to participate in contracting mechanism, internal governance of the Corporation while monitoring and evaluating the performance of its subsidiaries.
-  Enhance and promote the role of the internal control system to ensure the overall trajectory for all subordinate units, subsidiaries with controlling shares held by the Corporation.
-  Through the consumption form focusing on a number of major products produced by the subsidiaries and totally delivered to the Corporation for consumption by the method of pricing agreement among the three parties including the Corporation - Subsidiary - Customer in accordance with the selling/purchase prices, costs management contracting mechanism of Vinacomin Minerals Holding Corporation and the regulations of the Vietnam National Coal and Mineral Industries Holding Corporation to ensure public, competitive and transparent consumption. The Parent company – the Corporation executes and controls the cash flow of these companies.

-  The selling/purchase prices in accordance with the contracting mechanism, internal governance of the Corporation for a number of products produced by the subsidiaries and delivered to the Corporation for consumption were built not only on the basis of technological indicators, consistency with the rules and regulations of Vinacomin and the Corporation but also on the basis of the market prices in a transparency way between the Parent company and the subsidiaries. Depending on the specific case, the Board of Management of the Corporation will review to make the decision.

-  The list of products produced by the Subsidiaries and delivered to the Corporation for consumption includes ingot tin 99.75% -99.95% Sn; ingot zinc 99.95% Zn; iron concentrate 60% Fe; sulfuric acid; billet steel; Ferro types; gold concentrate 82gr / ton; rare earth, etc..

PART 4. INFORMATION ON OFFERING

1. ANALYSIS OF POTENTIAL RISKS

Potential Investors should carefully consider the issues of concern listed below, in addition to the other information provided in this Information Statement before making decision on purchasing shares.

One or more of the risks described below can adversely affect the business, financial situation or operation results of VIMICO, and can affect the stock price. The issues of concern and the other uncertainties that VIMICO does not currently know or are not considered important can cause adverse effects to the investment in VIMICO's stocks.

1.1. Economic Risk and exchange rate

The mineral mining industry provides input materials for many industries in the economy. Therefore, the development of the world economy, including Vietnam, creates significant demand for the mineral industry. Because various items of Vietnam occupy low densities compared with the world, the prices of these items depend on the world prices level. Consequently, in case of the global economic slowdown and demand reduction, the prices of many kinds of minerals will go down. During the late 2014, with the sharp decline in fuel prices, selling prices of many minerals fell sharply such as LME cathode copper price falling by 22% compared with that by the end of Quarter 3 of 2014 - the time of preparing the production and business plan, prices of iron ore concentrate dropped... making the production and business plan of Vimico affected. These are great risks that the enterprise in this industry as well as Vimico shall encounter.

Since the Corporation's products are referenced to transaction prices of international market and listed under United States Dollar (USD), so the fluctuation in exchange rate may bring adverse effect to production and business activities of the Corporation.

1.2. Legal Risk

Currently, the legal system relating to mineral business activities is incomplete and asynchronous, creating a number of obstacles and difficulties for the production and business activities of enterprises in the industry. The changes in policies on mineral use and mining by the Government in the future will directly affect the production and business activities of the Company.

The activities of mineral mining companies depend heavily on the protection of environmental resources and natural landscapes, etc. The trend of increased revenues for environmental protection, industrial wastewater, mining lease land and resources tax, etc. will affect the results of operation and business of the Company. Besides, there are various shortcomings in licensing for survey, exploration, mining, processing and consumption of minerals. The mining duration of Vimico depends on the policies on management and mining by the State in each period. It takes time on mining licensing and that is also a risk for the operation of the Corporation.

In respect of the legal risks relating to the case of Eximbank is specified in Item 2.4, Part 2. "Issues are to be solved".

1.3. Financial Risk

 *Risk of Inventory value*

For cast iron products in stock (inventory), the price at the time of determining the enterprise value is VND7,650,000/ton for quantity of 11,945 tons, however, at the time of preparing the information disclosure, the price is only VND6,450,000/ton for the sold quantity of 500 tons/1,000 tons offered.

 *Risk of Provisioning*

Provision value for hard-to-be-recovered receivables at the time of determining the enterprise value is VND49,542,355,297 (It was VND48,495,022,840 as of 30/09/2014) was reversed to increase the state capital. By the regulations, after transformation into a joint stock company, it is required to reestablish a provision and accounted it into the expenses of the joint stock company. At the time of determining the enterprise value, the provision amounts for price decline in long-term investment has been reversed to increase the state's capital is VND32,999,381,183 (excluding the provision amount of VND34,069,165,561 invested in the Southern Mining Joint Venture being financially handled before of determining the enterprise value). This provision amount shall be made into the cost the joint stock company as stipulated by the law regulations.


 *Risk of capital withdrawal at units*

For the capital withdrawal at the affiliates, the Corporation submitted to and was approved by Vinacomin of the plans for capital withdrawal under par value (in Official Letter No. 6461 / TVK-TCCB, dated 04 December, 2014 of Vinacomin). If this capital withdrawal occurs after the transformation into a joint stock company, it may cause a loss amount corresponding to the difference between the book value and the actual sold value.

 *Risk of land*

Currently, Vimico is assigned by the State to manage, use an area of more than 3.6 million m² spreading over many localities: Lao Cai, Thai Nguyen, Hanoi; and is implementing the procedures for land hire with an area of over 6.3 million m² mainly in the territory of Lao Cai province to serve the production and business activities. The management, use and application for granting the new above areas may cause the unforeseen risks and difficulties such as:

- Risk in compensation and site clearance: this is a complex works which may cause obstacles, delay the progress of the site clearance, and affect Vimico's implementation of the projects as well as production.
- Land management policy: there are always fluctuations in this aspect. The update and application of land policies may lead to the arising of costs, impacting the production and investment: money for land hire and site clearance.
- Vimico's investment plan after equitization will focus on the key projects serving production and business activities, and the housing and land-related projects in this period are facing difficulties in related guidelines and policies. Therefore, based on actual situation upon implementing these projects, Vimico will be take initiative, review and implement the investment and construction in each specific phase in such a way that is appropriate with its general development conditions.

 *Financial risk relating to the dispute between the Export – Import Bank of Thailand and Thai Nguyen Non-ferrous Metals Company*

For the dispute between the Export – Import Bank of Thailand and Thai Nguyen Non-ferrous Metals Company as stated in Section 2.4.1 - Part 2 – Information Disclosure, Thai Nguyen Non-ferrous Metals Company is now continuing to implement the procedures to make request for rejecting the award of Thai Arbitration Institute at Thai Court. In case the final decision of Thai Court creates unfavourable conditions to Thai Nguyen Non-ferrous Metals Company and the award of Thai Arbitration Institute takes effect and is recognized for execution, Thai Nguyen Non-ferrous Metals Company shall be responsible for executing under “International Convention on the Recognition and Enforcement of Foreign Arbitral Awards” of which Vietnam is a member, then, Vinacomín – Minerals Holding Corporation might take related physical responsibilities.

1.4. Risk of resource reserve and quality

Characteristic of mineral industry is that before mining any mineral mine, it is necessary to conduct the investigation of its reserve and quality. The investigation process requires many costs and time, but if the investigation results show that the mine has a small reserve, or disadvantageous mining conditions (the mine is located too deeply)..., making the mining become impossible due to economic – technical reasons, risk of sunk cost will be very high. Although all the mineral mining companies implement research, surveys and assessments on geological conditions of the mine, such research cannot predict all abnormal variations in the nature. Inaccurate assessment on geology and mineral reserves for possible mining will directly affect Vimico’s production and business plan.

1.5. Specific risk of mining

In the mining process, beside the produced products, there are toxic wastes, scraps and due to working in out-door conditions, the enterprise shall also bear the risks of natural disaster, flooding, risks of labour accident, and risks of environmental pollution... leading to the increase in the operating costs or even the revoking of the mining license...

The technology and equipment of the Corporation mostly are of Chinese origin. These are dedicated equipment and machinery for this industry, therefore, any effect related to the economic policy and foreign relations between the two countries will directly affect the production and business activities of the Corporation when having to search for the source machinery and spare parts for replacement.

1.6. Risks of increase in input costs

Mining activities are directly related to the use of fuel types such as gasoline, D.O oil and electrical power so the rise in the prices of fuel, power increase will lead to the rise the input costs of the Corporation, while the sale price of products is subject to the world market price, hardly being increased correspondingly, that it will affect the effectiveness of the Corporation.

1.7. Risk of the offering

The initial public offering (IPO) of Vimico is greatly influenced by the situation of stock market and the fluctuation of the economy. These adverse factors, information about the stock market and macro-economy will influence the psychology of investors and absorptive capacity of the market. This is offering without any guaranty agency issuing, thus this offering may not get successful as expected, i.e. the total number of shares to be purchased is less than the number shares to be offered. Meanwhile, the unsold shares shall be handled in accordance with the provisions specified in Article 40



of Decree 59/2011/ND-CP dated July 18, 2011 on transformation of enterprises with 100% state-owned capital into shareholding companies, as follows:

"The Steering Committee for Equitization shall be entitled to further offer publicly the number of unsold shares for sale to investors who participated in the auction, by the method of direct agreement. Any investor who refuses to bid shares shall not be entitled to a refund of its deposit paid upon participation in the auction.

Where shares are still not fully sold after being offered publicly for sale by the method of direct agreement, the Steering Committee for Equitization shall report the issue to the agency authorized to make the decision on the equitization plan for adjustment of the charter capital structure for transformation of the enterprise with 100% State owned capital into a shareholding company before holding the initial General Meeting of Shareholders.

The Steering Committee for Equitization and the representative of the State owned capital portion in the equitized company shall supplement the draft Charter for approval by the initial General Meeting of Shareholders of the right to further sell the State owned capital portion in the shareholding company after its official operation pursuant to the Law on Enterprises, in accordance with the amended equitization plan approved by the authorized agency".


Risks of the offering, if occurring, will change the real structure of chartered capital of the Corporation in comparison with the expected structure, concurrently, reduce the surplus of share capital, thereby, partly affect the implementation of the business plans of the Corporation after the equitization.

1.8. Other risks

Besides the above risks, Vimico's activities are influenced by other risks such as lightning strikes, fires, floods, storms, natural disasters, strikes, rebellion, chaos, coup d'etat, strike, war, accidents,... are the force majeure events beyond the control, prevention, expectation of the Corporation. These risks, if occurring, are likely to cause the damage to people, property,... for business activities of the enterprises, including Vimico.


2. METHOD OF OFFERING SHARES

2.1. Share purchasers

 Objects to bid the shares include the employees of the Corporation, the Corporation's Trade Union and domestic and overseas investors through the forms of offering (In accordance with Article 6 and Article 48 of Decree 59/2011/ND-CP).

 Shares issued to the employees are distributed by 2 forms:

- ✓ Based on the seniority in the public sector with the price rate of 60% of the lowest successful auction price.
- ✓ Based on the registration of commitment to the long-term employment at the joint stock companies with the price rate equal to the lowest successful price auction.


 Shares issued to other investors are offered by the public offering form.


2.2. Offering method


2.2.1 *Shares of employees and trade union organizations are entitled to purchase at preferential rate.*


a. Shares of the employees purchase under the standards of seniority in the public sector.


Under the provisions specified in Clause 1 of Article 48 of Decree 59/2011/ND-CP dated July 18, 2011 of the Government on converting enterprises with 100% State owned capital into shareholding companies, the sale price of shares to employees in this case is *"Employees who have their names in the regular employee list of company at the time of announcing the value of equitized business are entitled to purchase a maximum of 100 shares for each year of real work in the public sector with the sale price by 60% of the lowest successful auction price (if a public auction is held first) or by 60% the lowest successful auction price for strategic investors (if sales to strategic investors are made first)"*, thereby:

 The total number of employees at the time announcing the Decision on approving the enterprise value for equitization (29th August 2014): 1,635 people

 Number of employees are not eligible to register for purchasing the preferred shares as their employment time working in the public sector is less than 01 year: 102 people

 Total number of employees are eligible and register to purchase preferred shares under the standards of working in the public sector: 1,533 people

 The total number of working years of all employees are entitled to purchase following the working seniority standard in the public sector: 12,224 years (excluding the number of working years in the public sector of employees who have to take redundant leave under the regime being entitled to the policy cases before the Corporation is converted into shareholding model).


 The total number of employees of the Parent company - the Corporation has officially registered to bid preferred shares under the working standard in the public sector is 1,512 people with a total number of shares bid with preferential price: 1,212,300 shares equivalent to VND12,123 billion, accounting for 0.6% of the Charter Capital.

b. The shares purchased by the employees under registration of commitment to the long-term employment at the joint stock companies

Under the provisions specified in Clause 2c of Article 48 of Decree No. 59/2011/ND-CP of the Government dated 18th July 2011 converting enterprises with 100% State owned capital into shareholding companies, the price of shares to employees in this case is *"Sale price of preferred shares to employees who further purchase shares as stipulated in Item a of Clause 2 of this Article is defined as the lowest successful auction price (if a public auction is held first) or by price lowest*

successful price for strategic investors (if sales to strategic investors are made first)''.







The Member Council of the Corporation agreed on the Resolution in Meeting Minutes No. 776/BB-VIMICO dated April 17, 2014 through the criteria identifying good experts, workers with high professional qualifications and timelines calculating the employees' regime when implementing the equitization. The total employees of the Company who are eligible to purchase preferred shares further purchase shares under the regulations: 1,617 people, with the amount of 3,616,200 shares. In which:

-  The total of employees registered to further purchase shares under the commitment to the long-term employment in the joint stock company: 1,042 people with the total shares: 2,106,700 shares, equivalent to: VND21,067,000,000 par value, accounting for: 1.06 % of the Charter Capital. In which:
 - ✓ High-quality employees: 151 people, shares registered for additional purchase of share: 600,200 shares equivalent to: VND6,002,000,000.
 - ✓ Common employees: 891 people, shares registered for additional purchase: 1,506,500 shares equivalent to : 15,065,000,000 VND


c. The preferred shares sold to Trade union organization

The Trade union has not registered to purchase preferred shares as stipulated in Item c, Clause 2 of Article 36, Decree 59/2011/ND-CP dated 18th July 2011.


2.2.2 Shares sold in form of public offering

-  The total of shares sold in the form of public offering: 46,681,000 shares, accounting for 23.34% of The Charter Capital.
-  Starting price for initial public offering: 10,500 VND/share (under Decision No. 267/QD-TKV dated 14/02/2015 of Vietnam National Coal – Mineral Industries Group on approving the starting price for initial public offering at Parent company - Vinacomin – Minerals Holding Corporation).
-  Expected time: 8:30 a.m, 23 April, 2015
-  Objects participating in the offering: domestic and overseas individual investors, institutional investors under the law regulations. The restrictions to foreign investors in purchasing shares shall comply with current regulations of the Vietnam's laws.
-  IPO organized by: **Ha Noi Stock Exchange**
-  For specific details of the IPO principles, investors please see "Auction regulations issued by Vinacomin - Minerals Holding Corporation" are publicly announced to investors.

2.3. Payment Method and Term

-  For investors purchasing shares by auction: In accordance with the auction regulations issued by Hanoi Stock Exchange.



 For employees: After the auction held to the public and the successful auction is determined.

3. TYPE OF SHARE

All shares of Vimico at the time of its establishment are ordinary shares.

The purchase, sale, transfer, inheritance of shares shall comply with the regulations of the Charter of the Joint Stock Company and other regulations of related laws

4. PLAN FOR USING THE PROCEEDS FROM EQUITIZATION

In accordance with Item a of Clause 1 of Article 42 of Decree 59/2011/ND-CP, the proceeds from the sale of the state-owned capital portion is to be used to pay for expenses spent on the equitization and handling the policy relating to the redundant employees when implementing the business equitization complying with the regulations by the State and the decision of the competent authority. The remaining portion, as defined in Item c of Article 42 and Clause 3 of Article 21 of Decree No. 59/2011-ND-CP, will be transferred to the Support Fund for enterprise arrangement of Vietnam National Coal – Mineral Industries Holding Corporation.

It is assumed that all of the shares to be offered in the State-owned capital portion in Vimico are offered successfully with the average price rate equal to initial offering price, the proceeds expected from the remaining offering is as follows:

No.	CONTENT	UNIT	VALUE	NOTES
1	Present state-owned capital	VND	2,001,884,935,775	
2	Charter capital structure:	VND	2,000,000,000,000	
a	The State: 75.00%	VND	1,500,000,000,000	
b	Employees: 1.66 %	VND	33,190,000,000	
c	Other shareholders: 23.34 %	VND	466,810,000,000	
3	The present state-owned capital amount – the state-owned charter capital after equitization	VND	501,884,935,775	= 1 – 2a
4	Number of shares sold: 25%	Share	50,000,000	10,500 VND/share
5	Structure of share sale			
a	<i>Preferential sale to employees</i>	<i>Share</i>	<i>1,212,300</i>	
b	<i>Additional sales to employees under the working commitment</i>	<i>Share</i>	<i>2,106,700</i>	
c	<i>Sale to Trade Union Organization</i>	<i>Share</i>	-	
d	<i>Sale to strategic partners</i>	<i>Share</i>	-	
e	<i>Sale by auction</i>	<i>Share</i>	<i>46,681,000</i>	



INFORMATION DECLARATION OF THE INITIAL PUBLIC SHARE OFFERING

No.	CONTENT	UNIT	VALUE	NOTES
6	Estimated selling price			
<i>a</i>	<i>Price calculated as initial offering price</i>	<i>VND</i>	<i>10,500</i>	
<i>b</i>	<i>Selling price of preferred shares to</i>	<i>VND</i>	<i>6,300</i>	<i>= 60% *6a</i>
<i>c</i>	<i>Additional selling price to employees under the working commitment</i>	<i>VND</i>	<i>10,500</i>	<i>= 6a</i>
<i>d</i>	<i>Selling price applied to other investors</i>	<i>VND</i>	<i>10,500</i>	
7	Proceeds from equitization	VND	521,793,275,775	=7a+7b+7c+7d+7e+7g
<i>a</i>	<i>Sale of preferential shares to employees</i>	<i>VND</i>	<i>7,637,490,000</i>	<i>=5a*6b</i>
<i>b</i>	<i>Sale under the working commitment</i>	<i>VND</i>	<i>22,120,350,000</i>	<i>=5b*6c</i>
<i>c</i>	<i>Sale to Trade union organization</i>	<i>VND</i>	<i>-</i>	
<i>d</i>	<i>Sale to strategic partners</i>	<i>VND</i>	<i>-</i>	
<i>e</i>	<i>Sale to other investors by auction</i>	<i>VND</i>	<i>490,150,500,000</i>	<i>=5e*6d</i>
<i>g</i>	<i>Amount receivable from the difference between the State-owned capital as the results of determining the enterprise value and charter capital after</i>	<i>VND</i>	<i>1,884,935,775</i>	<i>=(1)-(2)</i>
8	Expenses from the equitization amount	VND	1,706,700,000	=a+b
<i>a</i>	<i>Expenses for equitization</i>	<i>VND</i>	<i>1,706,700,000</i>	
<i>b</i>	<i>Expenses for redundant employees</i>	<i>VND</i>	<i>-</i>	
9	The difference in the state-owned capital to be paid	VND	520,086,575,775	=(7)-(8)

Source: *Equitization plan*



5. SCHEDULE OF LISTING, TRADING REGISTRATION AFTER EQUITIZATION

Under Clause 1, Article 14 of Decision No. 51/2014 / QD-TTg of the Prime Minister on stipulating some contents of capital withdrawal, sale of shares, trading and listing registration securities market of State-owned businesses, the Corporation shall take obligations:

a) Within ninety (90) days from the date of being granted the certificate of business registration, the officially-capitalized enterprise shall complete the registration procedures of public company, the concentrated securities registration and depository at Securities Depository Centres and trading registration on the Upcom trading system in accordance with the law on securities and securities markets.

b) In case, the officially-capitalized enterprise fully meets the conditions listed in the stock exchange, after performing the procedures to put stocks into trading on the securities market as stipulated in Point a, Clause 1 of this Article, within a maximum of one (01) year from the date of being granted the certificate of business registration, the officially-equitized enterprise shall supplement the related documents for completing the procedures of listing on the stock exchanges in accordance with the law on securities and securities markets.

After completing the equitization process, in case, the Corporation fully meets the provisions of the securities regulations on a public company, the Corporation is to commit to comply with the above regulations.

6. PERSONS TAKING MAIN RESPONSIBILITY FOR THE INFORMATION CONTENT OF EQUITIZED ENTERPRISE

6.1. Equitization Steering Committee

Mr.	Nguyen Van Hai	Member of Members Council of TKV – Head
Mr.	Nguyen Van Bien	Deputy General Director of TKV – Deputy Head
Mr.	Le Quang Dung	Chief Accountant of TKV – Standing Deputy Head
		Head of TKV Personnel Department – Member
		Head of TKV Economic Department – Member
		Head of TKV Labour and Salary Department – Member
		Head of TKV Planning Department – Member
		Head of TKV Financing Department – Member
		Head of TKV Bidding Department – Member
		Head of TKV Legal Department – Member
Mr.	Mai Le Thanh	Deputy Permanent Secretary of Quang Ninh Coal Party Committee – Member



Deputy Chairman of TKV Trade Union – Member

Mr. Le Thanh Xuan Head of Propaganda – Mass Mobilisation Commission of TKV Party Committee
Mr. Nguyen Minh Thieu – Member

6.2. Equitized enterprise

Mr. Nguyen Tien Manh General Director of Vinacomin - Vietnam Minerals Holding Corporation

6.3. Consultant Unit: Securities Joint Stock Company - Bank for Investment & Development of Vietnam

Ms. Tran Thi Thu Thanh Deputy General Director

(Under the Power of Attorney: Decision No. 462/QD-BSC dated 16th April 2012 of the General Director)

PART 5. CONCLUSION

The Information Disclosure is provided for investors to enable them to evaluate the assets, capital sources, financial condition, business results and prospects of Vinacomin - Minerals Holding Corporation before registering to bid the shares,

The information Disclosure is made on the basis of equitization plan approved by Vinacomin - Minerals Holding Corporation and information as well as data provided by Vinacomin - Minerals Holding Corporation under the related regulations, ensuring openness, transparency and protection of the legitimate interests and rights of investors. The evaluation and selection of information and wording stated in this Information Disclosure are made reasonably and carefully based on the data and information provided by Vinacomin - Minerals Holding Corporation,

As the Information Disclosure was prepared after the approval of equitization plan, so some data stated in the Information Disclosure has been updated as the reality.

Equitization plan and the enclosed documents, appendixes are an integral part of this Information Disclosure.

We recommended that the investors should carefully study information in the Information Disclosure, Equitization Plan and enclosed documents, annexes before participating in the auction held by Vinacomin - Minerals Corporation,



Ha Noi, 26 March 2015.

**PEOPLE TAKING MAIN RESPONSIBILITY FOR THE INFORMATION
CONTENT OF EQUITIZED ENTERPRISE**

**Representative of Equitization Steering
Committee**

Head

(signed and sealed)

Nguyen Van Hai

Representative of Equitized Enterprise

General Director

(signed and sealed)

Nguyen Tien Manh

Representative of IPO Consultant Organization

(signed and sealed)

General Deputy Director

Tran Thi Thu Thanh