**INFORMATION DISCLOSURE**

##### OF

##### INITIAL PUBLIC OFFERING

##### SOUTHERN AIRPORTS SERVICES COMPANY LIMITED

**AUCTION ORGANIZATION**

**HO CHI MINH STOCK EXCHANGE**

Address: 16 Vo Van Kiet, District 1, Ho Chi Minh City

Tel: (08) 38217713 Fax: (08) 38217452

Website: www.hsx.vn

**ISSUER**

**SOUTHERN AIRPORTS SERVICES COMPANY LIMITED**

Address: Tan Son Nhat International Airport, Ward 2, Tan Binh District, HCM City

Tel: (08) 38485383 Fax: (08) 38447812

Website: [www.sasco.com.vn](http://www.sasco.com.vn)

**ADVISORY ORGANIZATION**

**VIETCOMBANK SECURITIES LIMITED COMPANY (VCBS)**

Address: 17th Floor, Vietcombank Tower, 198 Tran Quang Khai, Hoan Kiem, Ha Noi

Tel: (04) 39360261 Fax: (04) 39360262

Website: [www.vcbs.com.vn](http://www.vcbs.com.vn)

***Ho Chi Minh City, August 2014***

**INFORMATION DISCLOSURE ABOUT THE OFFERING SECURITIES**

**OF**

**SOUTHERN AIRPORTS SERVICES COMPANY LIMITED**

Offer volume: **31,097,900** shares, accounting for **23.65%** of charter capital.

Type of stock: Common stock

Par value: 10,000 dong/share.

Initial price: 10,000 dong/share.

Cash Deposit: 10% cash deposit of total registered value at initial price.

Investor: Organizations and individuals that meet the conditions specified in Auction Regulation of initial public offering of Southern Airports Services Company Limited.

Auction organization: Ho Chi Minh City Stock Exchange.

Auction implementation: Under the provisions of Auction Regulation of initial public offering by Southern Airports Services Company Limited issued by Ho Chi Minh City Stock Exchange.

Auction location: Ho Chi Minh City Stock Exchange.

Address: 16 Vo Van Kiet, District 1, Ho Chi Minh City.

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**PART I**

**GENERAL INFORMATION OF THE AUCTION**

## RELATED LEGAL BASIS

* Enterprise Law No. 60/2005/QH11 dated Nov 29, 2005 by the National Assembly of the Socialist Republic of Vietnam.
* Decree No.59/2011/ND-CP dated Jul 18, 2011 by the Government on transformation of 100% State-owned enterprise into joint-stock-company.
* Circular No. 196/2011/TT-BTC dated Dec 26, 2011 by the Ministry of Finance guiding on the initial sale of shares and the management and use of proceeds from the equitization of 100% State-owned enterprise into joint-stock-company.
* Circular No. 202/2011/TT-BTC dated Dec 30, 2011 by the Ministry of Finance guiding on the handling of finance and determination of enterprise value when transforming 100% State-owned enterprise into joint-stock-company, pursuant to Decree No. 59/2011/ND-CP dated Jul 18, 2011 by the Government.
* Document No.12348/BGTVT-TC dated Mar 19, 2013 by the Ministry of Transport on approval of valuation time of Southern Airports Services Company Limited.
* Decision No.1460/BGTVT-TC dated May 30, 2013 by Transport Minister on approval of Re-structuring Aviations Corporation of Vietnam
* Decision No.2524/BGTVT-TC dated August 23, 2013 by the Transport Minister on approval of the list of equitized
* Decision No.917/QD-BGTVT dated March 27, 2014 by the Transport Minister on approval of equitized enterprise value of Southern Airports Services Company Limited.
* Decision No.2572/QD-BGTVT dated July 07, 2014 by the Ministry of Transport on approval of the equitization plan of Southern Airports Services Company Limited under Aviations Corporation of Vietnam.

## LIST OF PERSONNEL RESPONSIBLE FOR THE CONTENT OF THE INFORMATION DISCLOSURE

### Equitization Board

Mr Nguyen Nguyen Hung Chairman of Board of Members of Aviations Corporation of Vietnam

Head of Equitization Board

### Southern Airports Services Company Limited

Mr Nguyen Quoc Danh President – Director of SASCO

Mr Nguyen Van Hung Cuong Chief Accountant of SASCO

The people whose names are mentioned above guarantee that the information and data provided in this information disclosure are correct with the facts so that the investors are able to evaluate assets, financial condition, performance results and business prospects of Southern Airports Services Company Limited before registering for participation in auction.

### Advisory Organization

Mr Le Van Minh Director of Vietcombank Securities Limited Company (VCBS) – Ho Chi Minh Branch.

The evaluation and selection of words in this information disclosure are carried out prudently, based on the information and data provided by Southern Airports Services Company Limited. We ensure that the steps taken and the content of the information disclosure are in compliance with the mandatory order, but do not imply a guarantee of stock value.

## DEFINITIONS AND ABBREVIATIONS

* CBCNV : Employees.
* Company : Southern Airports Services Company Limited
* CPH : Equitization.
* DTT : Net Revenue.
* ĐKDN : Company registration
* GTDN : Company value.
* ISO : International Organization for Standardization
* MTV : One Member.
* QLDN : Company Management.
* QSDĐ : Land Use Rights.
* ROA : Return on Assets
* ROE : Return on Equity
* ROS : Return on Sales
* SXKD : Business activities
* TMCP : Commercial Joint stock.
* TNHH : Limited Liability.
* TSCĐ : Fixed assets.
* VCBS :Vietcombank Securities Limited Company

**PART II**

**COMPANY PERFORMANCE BEFORE EQUITIZATION**

## COMPANY INFORMATION

### Company Introduction

|  |  |
| --- | --- |
| * + Full name: | **Southern Airports Services Company Limited** |
| * + Abbreviation: | SASCO |
| * + English name: | Southern Airports Services Company Limited |
| * + Address: | Tan Son Nhat International Airport, Ward 2, Tan Binh District, Ho Chi Minh City |
| * + Tel: | (08) 38485383 Fax: (08) 38447812 |
| * + Email: | sasco@sasco.com.vn |
| * + Website: | www.sasco.com.vn |
| * + Logo: | logo_sasco |

### Foundation and Development

In 1992, the socio-economic situation nationwide had made positive changes and begun the process of international integration in many fields. The Aviation industry of Vietnam faced the need for clear definition of the management functions by the State and the business functions, from which the conditions were created for the industry to operate its management, administration and business activities effectively, as well as to exploit and promote resources to make the aviation transportation business activities quickly become one the nation’s key economic sectors. On June 30, 1992, the Council of Ministers issued Decree No. 242/ HĐBT on establishing the Civil Aviation Department of Vietnam, creating a foundation for the separation between State management and business production in aviation activities. Accordingly, units of production, business and services were separated for independent operations from groups of airports and airlines.

On April 22, 1993, Southern Airports Services Company was established under Decision No. 776/QĐ/TCCB-LĐ promulgated by the Minister of Transport. The English trading name of the Company was: SASCO (abbreviated from Southern Airports Services Company)

In 1994, to implement Decree No.338/HDBT, SASCO was re-established under Decision No. 1807 QD/TCCB-LD dated October 19, 1994 by the Ministry of Transport; as a state-owned enterprise with independent accounting, and under the management of the State and the Civil Aviation Department of Vietnam.

In 1997, to implement the Government’s policy on the establishment of strong companies, paving the way for the formation of companies capable of competing in regional and international market in the trend of opening and cooperating of the nation; Vietnam Airlines Corporation was launched on the basis of taking the national airlines (Vietnam Airlines) as the core and consisting of business as well as service units in the aviation industry. SASCO became an independent accounting member of Vietnam Airlines Corporation under Decision No.1027/QD-HDQT dated June 30, 1997 by the Board of Directors of Vietnam Airlines Corporation and was renamed: Southern Airports Services Company.

Along with the strong development of Vietnam's economy in general and the aviation industry in particular, SASCO has quickly stabilized its operations, gradually built the business, invested in infrastructure, developed human resources, and effectively deployed business operations. It has also continuously improved service quality as well as step-by-step built up SASCO brand name in the domestic and international market.

During the formation and development process, in order to meet the requirements for innovation, competition and sustainability, SASCO has always concerned particularly about employee training, standardized activities and quality control. In 2003, the Company began educating and training the quality control system (ISO 9001-2000 standard), as well as training internal auditors for many key officials of member units. A key member of SASCO – Aviation Trading Service Center – was granted the Certificate of Quality Control ISO 9001-2000 in 2006. Major business units of SASCO such as restaurants, VIP Lounges, Duty Free Shops at the airport, etc have been certified of meeting the standard of the tourism industry.

On February 27, 2006, based on the actual situation and the process of business innovation, the Minister of Transport signed Decision No. 479/QĐ-BGTVT regarding the transfer of Southern Airports Services Company from Vienam Airlines Corporation to Southern Airports Authority.

On January 16, 2008, the Ministry of Transport issued Decision No. 168/QĐ-BGTVT on the official establishment of Southern Airports Corporaton on the basis of grouping the Southern Airports. SASCO officially became an independent accounting business under Southern Airports Corporation.

In order to implement the policy of state-owned business innovation, from 01 July 2010, Southern Airports Services Company had transformed its business type into Southern Airports Services Company Limited under Southern Airports Corporation.

In February 08, 2012, the Ministry of Transport issued Decision No. 238/QĐ-BGTVT on the establishment of Aviations Corporation of Vietnam with the operation of parent company – subsidiary model. SASCO is the subsidiary under Aviations Corporation of Vietnam.

Implementing Decision No. 49/QĐ-BGTVT dated January 08, 2013 by the Ministry of Transport on the approval of the list of to-be-equitized companies, the Company has drastically implemented the equitization of Southern Airports Services Company Limited.

With many positive contributions to the cause of socio-economic development of Vietnam’s Civil Aviation industry and of the nation, SASCO has been recorded with the noble rewards:

* In 1995, SASCO was awarded Third-Class Labor Medal;
* In 1999, SASCO was awarded Second-Class Labor Medal;
* In 2003, SASCO was awarded First-Class Labor Medal;
* In 2012, SASCO was honorably awarded Third-Class Independence Medal;
* From 1993 - 2009, SASCO had continuously received the Certificate of Merit, the Flags of Excellent Emulation by the Government, the Ministry, the Industry, Civil Aviation Department of Vietnam and Ho Chi Minh City People's Committee;
* In 2008, SASCO was awarded ISO Gold Trophy, certifying the company as an excellent business in the application of Quality control systems according to the international standard.
* From 2007 up to present, SASCO has always been in the list of 500 largest businesses in Vietnam (VNR500) by Vietnam Report JSC and Vietnamnet e-news;
* In 2010, SASCO was honorably ranked the 202 position in the Table of 1000 Enterprise of Tax Contribution (V1000) by Vietnam Report JSC and Taxation Magazine – General Department of Taxation;
* For the consecutive 3 years from 2008 to 2010, SASCO had been ranked AAA – the highest rank in the Table of Corporate Credit Ratings (\*) by Credit Information Center.

*(\*) AAA is defined by State Bank of Vietnam as the optimal rank in the Table of Corporate Credit Ratings, proving that the enterprise has highly effective operations, very good financial autonomy; long-term growth potential, strong financial capability; good loan repayment history; and the lowest risks.*

### Business lines

According to the Certificate of business registration No. 0301123125, first registered on June 30, 2010 and changed for the fourth time on June 16, 2014, SASCO’s business lines include:

| **Sector** | **Sector code** |
| --- | --- |
| Retail in department stores.  *Details: Duty free trading. Retail of food, beverages, tobacco, pipe tobacco, handicrafts goods, jewelry, gems, cultural products (with circulated content); agricultural, forestry and seafood raw materials, alive animals (not at the headquarters and excluding endangered animals); chemicals used in agriculture (excluding plant protection products); construction materials, motor vehicles, motorcycles, spare parts for motor vehicles; gasoline, oil, grease (excluding mechanical processing, recycling, electroplating at the headquarters); non-agricultural raw materials, waste and scrap (not at the headquarters); machinery, equipment and spare parts for industry - agriculture - fisheries, chemicals (excluding those used in agriculture); groceries, machinery, equipment, personal belongings and household appliances; books, newspapers, magazines (with circulated content); gasoline, oil, grease, lubricants, spices, sauces, seafood, aquaculture feed (not at the headquarters). Import and Export of goods for passenger services.* | 4719 (official) |
| Sauna, massage and similar health care services (excluding sports).  *Details: Massage, feet reflexology, mud bath.* | 9610 |
| Trading of Real-estate, land using right of the owner, the user or leasing.  *Details: real-estate business. Warehouse for rent, houses for rent for business purposes.* | 6810 |
| Courier service.  *Details: postal, parcel service, courier service.* | 5320 |
| Road passenger transportation in urban and suburban areas (excluding bus transportation).  *Details: Road transportation agency, tourist transportation, passenger transportation on fixed routes under contracts by taxis and buses.* | 4931 |
| Travel agency | 7911 |
| Advertising. | 7310 |
| Market research and public opinion survey. | 7320 |
| Mining of chemical and fertilizer minerals.  *Details: Mining and processing of mineral mud (not at the headquarters).* | 0891 |
| Manufacture of other unclassified foods  *Details: manufacture of spices, sauces (not at the headquarters).* | 1079 |
| Manufacture of processed foods (not at the headquarters). | 1075 |
| Manufacture of beds, wardrobes, tables, chairs (not at the headquarters). | 3100 |
| Warehousing and storage facilities. | 5210 |
| Agency, brokerage, auction.  *Details: commercial brokerage.* | 4610 |
| Organization of trade introduction and promotion. | 8230 |
| Construction completion. | 4330 |
| Architectural activities and related engineering consultancy.  *Details: Architectural design. Interior and exterior design. Civil and engineering construction design. Supervision of civil and engineering constructions. Construction design of urban engineering infrastructure. Construction planning design. Examination of construction design. Investigation of construction quality. Project management. Examination of investment projects. Budget estimation and total cost estimation. Investigation of topographic construction.* | 7110 |
| Short-stay accommodation services.  *Details: Hotel (Standard stars and not at the headquarters).* | 5510 |
| Restaurant and mobile catering services.  *Details: Restaurant. Ration providing services on flight. Dining services under contract.* | 5610 |
| Tour operation.  *Details: Promotion and Tour organization related services.* | 7912 |
| Unclassified recreational activities.  *Details: Bathing beach business, discos, karaoke (not in Ho Chi Minh City), swimming activities, water sports, sailing, yatch services, aerial sports, parachuting, operations of bodybuilding and aerobics clubs.* | 9329 |
| Consultancy, brokerage, auction of real-estate, and land using right. | 6820 |
| Hairdresser services. | 9631 |
| Production of non-alcoholic beverages, mineral water (not at the headquarters). | 1104 |
| Planting and tending (not at the headquarters). | 0210 |
| Maintenance and repair of motorcycles. | 4542 |
| Housing Construction.  *Details: Civil, industrial, engineering, traffic construction.* | 4100 |
| Management consultancy activities.  *Details: Procurement Consultancy (excluding finance, accounting, law).* | 7020 |
| Supporting services related to transportation  *Details: Marine Brokerage. Services of customs procedures. Services of transport safety inspection. Broken vehicle towing. Freight forwarding, loading and unloading, packing goods services. Ticket agent. Harbor operation business. Engineering exploitation, aviation commerce services, Services of aviation equipment installation on ground (except airport business, air service, air freight business and mechanics processing, waste recycling, electroplating at the headquarters).* | 5229 |
| Pipeline transport (not at the headquarters) | 4940 |

### Company’s organizational structure

### Company’s organizational chart

*Chart 1: Company’s organizational chart*

**GENERAL DIECTOR**

**DEPUTY DIRECTOR**

**CHIEF ACCOUNTANT**

**DUTY-FREE**

**TRADING DEPARTMENT**

**PRESIDENT**

**COMPTROLLER**

**SASCO TSN TRADING CENTER**

**CENTER OF INVESTMENT – CONSTRUCTION CONSULTANCY**

**SASCO BRANCH IN PHU QUOC**

**SASCO BRANCH IN HA NOI**

**COPPORATE OFFICE**

**FINANCE-ACCOUTING DEPARTMENT**

**PARTY – UNION OFFICE**

**QUALITY CONTROL DEPARTMENT**

**HUMAN RESOURCE**

**DEPARTMENT**

**IT DEPARTMENT**

**OWNER**

Aviations Corporation of Vietnam

*Source: Company*

### Company’s organizational structure

The Company’s organizational structure includes: President, General Director, Comptroller, 02 Deputy Directors, Chief Accountant, 06 functional departments, 03 subordinate units, 02 branches in Phu Quoc and Ha Noi.

**President**

President is appointed by the Owner - Aviations Corporation of Vietnam. The President is the legal representative of Southern Airports Services Company Limited.

The President is the direct representative of the Owner in the Company, implementing rights and obligations assigned by the Owner and law regulations; acting on behalf of the Company to implement rights and obligations of the Company except for those within the authority of the Owner; being responsible to the laws and the Owner for all activities of the Company.

**Comptroller**

Comptroller is appointed by the Owner - Aviations Corporation of Vietnam.

Comptroller has to have sufficient ability for civil acts and is not subject to being banned from corporate management as prescribed by law. Comptroller has to have qualifications or professional experience in accounting, auditing or professional qualifications, practical experience in the industry, and the primary business of the Company.

**General Director**

General Director is appointed by the Owner – Aviations Corporation of Vietnam according to the proposal of the Company President.

General Director runs daily operations of the Company in accordance with goals, plans and resolutions, decisions and decentralization of the Company President according to the Charters of the Company.

General Director is responsible to+

the Company President, Owner and the law for the implementation of his rights and obligations.

**Deputy Director**

Deputy Director is appointed, dismissed, demoted or signed the term contract, terminated the contract as requested by the Company President.

Deputy Director assists the General Director in running the Company as assigned and authorized by the General Director; he is responsible to General Director and the law for assigned and authorized duties.

Currently, the Company has 02 Deputy Directors.

**Chief Accountant**

Chief Accountant is appointed, dismissed, demoted or signed the term contract, terminated the contract as requested by the Company President.

Chief Accountant assists General Director in organizing and carrying out financial and accounting activities in accordance with the law on finance and accounting.

**Assisting apparatus**

There are 06 professional divisions in the Company with the functions of advising and assisting the President and the Board of Directors in management and administration:

**Corporate Office** is the advising and assisting unit for the President, Board of Directors on legal affairs, administration, external relations; information processing and communication of the Company’s management and operation; management of facilities, engineering, safety, security, and hygiene of the Operation Building.

**Party – Union Office** is the advising and assisting unit for the Party Committee, the President, the Board of Directors on affairs of Communist Party, Labour Union, Youth Union, emulation – reward, and society – charity.

**Finance – Accounting Department** is the advising and assisting unit for the President, Board of Directors on activities in terms of finance, accounting, statistics, planning.

**Quality Control Department** is the advising and assisting unit for the President, Board of Directors on doing research for building the standards and norms of economics and engineering, quality standards of products and services, production process of the units and divisions under the Company in accordance with the regulations of the State; assessing, evaluating the standards of products, services, production process of the Company’s units and departments.

**Information Technology Department** is the advising and assisting unit for the President, Board of Directors in the field of information technology in terms of designing and setting up application software; controlling and operating computer network; controlling and operating communication system of the Company.

**Human Resources Department** is the advising and assisting unit for the President, Board of Directors on organizing, managing officials, employees; implementing compensation and benefits policy; recruiting, training and developing human resources; operating internal communication.

**Center of Investment - Construction Consultancy**

Organizing, managing and implementing the Company’s projects

Organizing, consulting and trading in real-estate, construction and related fields; consulting investment and construction.

**Duty-free Trading Department**

Duty-free Trading Department is the division for selling duty-free goods at Tan Son Nhat International Airport. The division imports and exports duty-free products for its business activities; advises and assists the President and Boards of Directors in managing goods, planning business – marketing strategy, performs organizing and management functions of the duty-free business as assigned.

**SASCO Tan Son Nhat Trading Center**

This is a business unit of dependent accounting under SASCO with the function of trading in the following fields:

* Trading activities: grocery, fine arts, jewelry; airline tickets, gasoline, import and export;
* Service activities: food and beverages, Business Lounges, currency exchange, foot massage; passenger transportation inside and outside of the airport, freight forwarding, travel, passenger assistance, airport services;
* Production activities: producing and trading fish sauce.

**Branch of Southern Airports Services Company Limited in Phu Quoc**

* Address: 379 Nguyen Trung Truc, Quarter 5, Duong Dong Town, Phu Quoc District, Kien Giang Province
* Branch code: 0301123125-006.

**Branch of Southern Airports Services Company Limited in Ha Noi**

* Address: 74 Tay Son, Dong Da District, Ha Noi City
* Branch code: 0301123125-008

### Organization of politics and socio - politics

### The Company’s organization of politics and socio – politics includes:

* The Base Party Committee in Southern Airports Services Company Limited;
* The Base Labour Union in Southern Airports Services Company Limited;
* The Base Youth Union in Southern Airports Services Company Limited.

### Businesses invested by SASCO

At the valuation time of December 31, 2013, the Company had invested in subsidiaries, associated companies and other enterprises as follows:

*Table 1: Businesses invested by SASCO:*

| **No.** | **Company’s names** | **Capital contribution ratio** |
| --- | --- | --- |
| **I** | **Subsidiaries** |  |
| 1 | Tan Son Nhat Petrol Commercial JSC (TAPECO) | 65.00% |
| **II** | **Associated Companies** |  |
| 1 | Saigon Airport JSC | 28.51% |
| 2 | Phu Quoc – SASCO Company Limited | 50.00% |
| 3 | Green Garden Development JSC | 25.75% |
| 4 | Viethaus JSC | 29.00% |
| **III** | **Long-term financial investment** |  |
| 1 | Noi Bai Catering Services JSC | 10.00% |
| 2 | Noi Bai Airport Services JSC (NASCO) | 4.44% |
| 3 | Middle Airports Services JSC (MASCO) | 9.85% |
| 4 | Aviation Construction JSC | 18.85% |
| 5 | Tan Son Nhat Cargo Services Company Limited (TCS) | 15.00% |
| 6 | East Asia Commercial Joint-Stock Bank (EAB/DongA Bank) | 0.68% |
| 7 | Phu Quoc Infrastructure Development Investment Co. (PIDI) | 10.00% |
| 8 | Can Gio Pharmaceutical JSC (Cagipharm) | 0.48% |
| 9 | Valley of Love Travel JSC | 7.20% |
| 10 | Thao Dien Real Estate Corporation | 6.65% |
| 11 | DESCON Construction Corporation | 1.65% |
| 12 | Saigon Beer Alcohol Beverage Corp. (SABECO) | 0.08% |
| *Source: Equitization Project of SASCO* | | |

### List of Parent company and Subsidiaries

* Parent company: Aviations Corporation of Vietnam.
* Subsidiaries: as described in item 5.4

### Condition of human capital and human resource organization plan

* 1. **Condition of human capital**

As an enterprise operating in trading business, SASCO has identified human as one of the key factors contributing to the success of the Company. The Company has always paid great attention to human resources as well as the policy of human resources development. The statistics of the total employees through years as follows:

*Table 2: The status of human resources in the past 3 years* *Unit: person*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No.** | **Classification** | **2011** | **2012** | **2013** |
| **1** | **Total** | **1,453** | **1,507** | **1,655** |
| 1.1 | Indirect/office employees | 308 | 306 | 292 |
| 1.2 | Direct sales employees | 1.145 | 1.201 | 1.363 |
| **2** | **Gender** | **1,453** | **1,507** | **1,655** |
| 2.1 | Male | 693 | 748 | 857 |
| 2.2 | Female | 760 | 759 | 798 |
| **3** | **Education level** | **1,453** | **1,507** | **1,655** |
| 3.1 | Postgraduate | 9 | 10 | 9 |
| 3.2 | University | 322 | 329 | 361 |
| 3.3 | College graduate | 207 | 227 | 252 |
| 3.4 | Professional staff | 915 | 941 | 1.033 |
| **4** | **Labor contract** | **1,448** | **1,502** | **1,650** |
| 4.1 | Indefinite term contracts | 522 | 504 | 478 |
| 4.2 | Definite term contracts  (1 – 3 years) | 814 | 895 | 894 |
|  | Under 12-month contracts | 112 | 103 | 278 |
| *Source: Equitization Project of SASCO* | | | | |

* **General evaluation**

In general, the Company’s officers and office employees not only have great experience and high professional levels but are also well-trained in both domestic and overseas educational institutions, which enable them to acquire advanced technology in the world, meet the requirements of production, adapt, understand and promptly meet the development of domestic market mechanisms as well as some other areas of international market.

Direct employees are young, dynamic and enthusiastic in the job with high foreign language levels.

* **Human resources policy**

The Company has always focused on improving working conditions, policies, and income for employees. The Company has built and applied the policy of salary and bonus tied to the business performance of the divisions, sections and individuals in order to encourage them to improve productivity and job quality. The Company has also well implemented benefits for employees in terms of periodical health examination, vacation, paid personal leave extension, 24/24 accident insurance, salary support for sick leave, maternity leave, etc and offers saving books to retirement employees as well as loan/support for those in difficulty.

The development of key officers source and talent discovery have been paid special attention by the Company. The planned officers have been facilitated to participate in courses for professional training, leadership and management skills, and to approach actual domestic and international business environment. On the other hand, the Company annually organizes training programs to improve specialized skills for employees in various forms. In the period of 2011 – 2013, the Company had organized 571 courses to train 14,662 staff units for professional improvement with the total training cost of 2,191,914,000 VND.

* 1. **Human resource organization plan**

*Table 3: Human resource organization plan* *Unit: person*

| **No.** | **Division** | **Available employees on 27/03/2014** | **Unused employees** | **Employees required for equitization** |
| --- | --- | --- | --- | --- |
| 1 | Board of Management | 05 |  | 05 |
| 2 | Human Resource Department | 20 |  | 20 |
| 3 | Finance – Accounting Department | 21 | 01 | 20 |
| 4 | IT Department | 15 |  | 15 |
| 5 | Quality Control Department | 05 |  | 05 |
| 6 | Corporate Office | 29 | 01 | 28 |
| 7 | Party – Union Office | 08 |  | 08 |
| 8 | Advertising Trading Department | 03 |  | 03 |
| 9 | Duty-Free Trading Department | 293 |  | 293 |
| 10 | Center of Investment – Construction Consultancy | 19 |  | 19 |
| 11 | SASCO Tan Son Nhat Trading Center | 694 | 08 | 686 |
| 12 | Ha Noi Branch | 06 |  | 06 |
| 13 | Phu Quoc Branch | 478 |  | 478 |
|  | **Total** | **1,596** | **10** | **1,586** |
| *Source: Equitization Project of SASCO* | | | | |

## COMPANY VALUE AT THE TIME OF EQUITIZATION

### Company value as of December 31, 2013

According to the Decision No. 917/QĐ-BGTVT March 27, 2014 by the Ministry of Transport on *“the value of equitized enterprise - Southern Aiports Services Company Limited under Aviations Corporation of Vietnam”* as of December 31, 2013, the Company’s value is determined by the method of property as follows:

* The market value of the Company is: **1,989,664,645,727** VNĐ (One thousand nine hundred eighty nine billion, six hundred sixty four million, six hundred forty five thousand and seven hundred twenty seven Vietnam Dongs).
* The market value of the state-owned capital in the Company is **1,313,271,893,589** VNĐ (One thousand three hundred thirteen billion, two hundred seventy one million, eight hundred ninety three thousand, and five hundred eighty nine Vietnam Dongs).

*Table 4: The result of Enterprise’s valuation as of December 31,­­ 2013:*

*Currency: VN dong*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Items** | **Book value (VND)** | **Value after financial processing**  **(VND)** | **Final value** | **Changes (VND)** |
| *(1)* | *(2)* | *(3)* | *(4)* | *(5)=(4)-(3)* |
| 1. **Available assets (I+II+III+IV)** | **1,563,393,073,479** | **1,878,744,874,942** | **1,989,664,645,727** | **110,919,770,785** |
| 1. **Fixed assets and long-term investments** | **585,834,554,060** | **834,209,687,365** | **929,972,717,603** | **95,763,030,238** |
| 1. Fixed assets | 169,882,787,329 | 169,882,787,329 | 247,967,505,633 | 78,084,718,304 |
| 1. Tangible fixed assets | 169,852,823,805 | 169,852,823,805 | 247,937,542,109 | 78,084,718,304 |
| 1. Intangible fixed assets (excluding the land using right value) | 29,963,524 | 29,963,524 | 29,963,524 | - |
| 1. Leasing fixed assets | - | - |  | **-** |
| 1. Property investment | 20,278,863,188 | 20,278,863,188 | 22,881,939,502 | 2,603,076,314 |
| 1. Long-term investment | 279,708,111,720 | 296,517,420,867 | 311,592,656,487 | 15,075,235,620 |
| 1. Construction cost in progress | 19,420,823,226 | 19,420,823,226 | 19,420,823,226 | **-** |
| 1. Escrow account and long-term deposit | 88,511,243,143 | 24,729,844,970 | 24,729,844,970 | **-** |
| 1. Long-term cost paid in advance (excluding goodwill) | 8,032,725,454 | 8,032,725,454 | 8,032,725,454 | **-** |
| 1. Long-term receivables | - | 295,347,222,331 | 295,347,222,331 | **-** |
| 1. **Current assets and short-term investments** | **956,612,440,629** | **1,023,589,108,787** | **990,083,208,655** | **(33,505,900,132)** |
| 1. Cash | 466,595,788,342 | 466,595,788,342 | 466,595,788,342 | - |
| 1. Cash | 6,459,468,365 | 6,459,468,365 | 6,459,468,365 | - |
| 1. Cash in bank | 131,644,312,562 | 131,644,312,562 | 131,644,312,562 | - |
| 1. Cash on delivery | 952,766,943 | 952,766,943 | 952,766,943 | - |
| 1. Cash in bank (under 3 months) | 327,539,240,472 | 327,539,240,472 | 327,539,240,472 | - |
| 1. Short-term investment | 106,851,577,500 | 142,703,950,000 | 106,851,577,500 | (35,852,372,500) |
| 1. Account receivables | 131,603,821,186 | 160,640,193,808 | 160,640,193,808 | - |
| 1. Inventory | 238,930,653,706 | 241,018,576,742 | 238,930,653,706 | **(2,087,923,036)** |
| 1. Other current assets | 12,630,599,895 | 12,630,599,895 | 17,064,995,299 | 4,434,395,404 |
| Advance | *895,082,117* | *895,082,117* | *895,082,117* | ***-*** |
| Short-term deposits | *2,081,515,182* | *2,081,515,182* | *2,081,515,182* | ***-*** |
| Tax and governmental fees | *231,995,955* | *231,995,955* | *231,995,955* | ***-*** |
| Prepaid expenses | *6,962,142,876* | *6,962,142,876* | *6,962,142,876* | *-* |
| Tools & Utensils (100% value) | *-* | *-* | *4,434,395,404* | *4,434,395,404* |
| VAT deductible | *2,459,863,765* | *2,459,863,765* | *2,459,863,765* | ***-*** |
| 1. Professional expense |  |  |  | **-** |
| 1. **Goodwill** | **-** |  | **38,750,561,695** | **38,750,561,695** |
| 1. **Land use right value** | **20,946,078,790** | **20,946,078,790** | **30,858,157,775** | **9,912,078,985** |
| 1. **Unused assets** | **-** |  | **-** | **-** |
| 1. **Fixed assets and long-term investments** | **-** |  | **-** | **-** |
| 1. Fixed assets | - |  | - | **-** |
| 1. Long-term investments | - |  |  | **-** |
| 1. Construction cost in progress | - |  |  | **-** |
| 1. Escrow account and long-term deposit | - |  |  | **-** |
| 1. **Current assets and short-term investments** | **-** |  | **-** | **-** |
| 1. Uncollectible debt | - |  | - | **-** |
| 1. Obsolete and damaged goods | - |  | - | **-** |
| 1. Reverse accounts receivables | - |  | - |  |
| 1. **Assets need liquidating** | **-** |  | **-** | **-** |
| 1. Fixed assets and long-term investments | - |  | - | **-** |
| 1. Current assets and short-term investments | - |  | - | **-** |
| 1. **Assets from welfare and reward fund** | **-** |  |  | **-** |
| **TOTAL (A+ B+ C+ D)** | **1,563,393,073,479** | **1,878,744,874,942** | **1,989,664,645,727** | **110,919,770,785** |
| **In which:** |  |  |  | **-** |
| **TOTAL MARKET VALUE (ITEM A)** | **1,563,393,073,479** | **1,878,744,874,942** | **1,989,664,645,727** | **110,919,770,785** |
| **E1, Actual liabilities** | **651,738,378,695** | **676,392,752,138** | **676,392,752,138** | **-** |
| **E2, Professional Fund** |  |  |  |  |
| **TOTAL VALUE OF STATE-OWNED CAPITAL {A-(E1+E2)}** | **911,654,694,784** | **1,202,352,122,804** | **1,313,271,893,589** | **110,919,770,785** |

*Source: SASCO’s Valuation Document on December 31, 2013*

### Company assets

# Fixed assets

The book value and fair value (re-evaluated value) of the fixed assets on December 31, 2013 as below:

***Table 5: The Company’s assets value on December 31, 2013*** *Unit: VND*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Assets** | **Book value** | | **Fair value** | | **Changes** | |
|  | **Original value**  **(VND)** | **Net book value (VND)** | **Original value**  **(VND)** | **Net book value (VND)** | **Original value**  **(VND)** | **Net book value (VND)** |
| **Used fixed assets** | **493,399,364,712** | **211,107,729,307** | **543,820,806,134** | **301,707,602,909** | **50,421,441,422** | **90,599,873,602** |
| **Tangible fixed assets** | **443,871,594,739** | **169,852,823,805** | **479,349,533,200** | **247,937,542,109** | **35,477,938,461** | **78,084,718,304** |
| - Building | 41,012,023,783 | 15,540,716,829 | 76,489,962,244 | 45,179,877,305 | 35,477,938,461 | 29,639,160,476 |
| - Equipment | 24,106,015,311 | 3,077,843,427 | 24,106,015,311 | 7,580,546,033 | 0 | 4,502,702,606 |
| - Transportation vehicle | 319,373,501,914 | 147,380,518,715 | 319,373,501,914 | 180,787,403,477 | 0 | 33,406,884,762 |
| - Management equipment | 54,882,732,258 | 3,218,676,351 | 54,882,732,258 | 12,991,804,712 | 0 | 9,773,128,361 |
| - Other fixed assets | 4,497,321,473 | 635,068,483 | 4,497,321,473 | 1,397,910,582 | 0 | 762,842,099 |
| **Intangible fixed assets** | **24,551,532,373** | **20,976,042,314** | **36,403,102,398** | **30,888,121,299** | **11,851,570,025** | **9,912,078,985** |
| **Real Estate Investments** | **24,976,237,600** | **20,278,863,188** | **28,068,170,536** | **22,881,939,502** | **3,091,932,936** | **2,603,076,314** |
| **Unused fixed assets** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Fixed assets need liquidating** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Fixed assets created from welfare & reward fund** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Total** | **493,399,364,712** | **211,107,729,307** | **543,820,806,134** | **301,707,602,909** | **50,421,441,422** | **90,599,873,602** |
| *Source: The Company’s fixed assets value on December 31 2013* | | | | | | |

# Status of lands in use

The Company has managed and used the total land area of 1,493,080.60 m2 in Ho Chi Minh City and provinces Binh Duong, Da Lat, Phu Quoc, etc specific as follows:

*Table 6: List of lands in use*

| **No.** | **Address** | **Area** | **Conditions** |
| --- | --- | --- | --- |
|
| **I** | **Annually paid land leased by State** | **1,333,415.6** |  |
| 1 | The land under SASCO Operation Building  Address: Tan Son Nhat International Airport, Ward 2, Tan Binh District, ho Chi Minh City | 22,115.6 | In use for SASCO Operation Building |
| 2 | The land at Suoi Hoa – Da Lat  Address: plot 306 & 308, subdivision 147, Ward 7, Da Lat City, Lam Dong Province | 1,311,300 | In progress of the Eco-resort project |
| **II** | **Planned land awaiting for clearance** | **35,067.8** |  |
| 1 | The land at Duong Bao village, Duong To Ward, Phu Quoc District, Kien Giang Province, Plot 112 - Map No.1) | 9,900 | Decision No, 5782/QĐ-UBND by Phu Quoc People’s Committee dated 10/11/2011 |
| 2 | The land at Duong Bao village, Duong To Ward, Phu Quoc District, Kien Giang Province, Plot 120 - Map No.1) | 15,000 | Decision No, 3201/QĐ-UBND by Phu Quoc People’s Committee dated 21/06/2013 |
| 3 | The land at Duong Bao village, Duong To Ward, Phu Quoc District, Kien Giang Province, Plot 109 - Map No.1) | 7,200 | Decision No, 5776/QĐ-UBND by Phu Quoc People’s Committee dated 10/11/2011, |
| 4 | The land at Duong Bao village, Duong To Ward, Phu Quoc District, Kien Giang Province, Plot 53d - Map No.1) | 2,967.8 | Decision No, 2323/QĐ-UBND by Phu Quoc People’s Committee dated 08/08/208, |
| **III** | **Lands assigned by the State** | - | - |
| **IV** | **Other lands** | **124,597.2** |  |
| **1** | **Lands in progress for projects** | **17,676** |  |
| 1.1 | The land 108, 112B and 114 Hong Ha (completed procedure 09),  Address : 108, 112B, 114 Hong Ha St., Ward 2, Tan Binh District, HCMC | 17,676 | In progress for projecting.  Temporarily used for swimming pool, sport club; warehouse, kitchen, automobile repair station |
| **2** | **Transferred lands** | **106,921.2** |  |
| 2.1 | Land in Hoc Mon  Address: Xuan Thoi Son Commune, Hoc Mon District , HCMC | 10,316 | Used for nursery, tree planting; villa construction |
| 2.2 | The land An Binh – Binh Duong  Address: An Binh Commune, Di An District, Binh Duong Province | 28,909.3 | In use for fish sauce factory; restaurant, sport ground |
| 2.3 | The land at Quarter 1, Dương Đông Town, Phu Quoc, Kien Giang Province | 2,200 | In progress for gas station project |
| 2.4 | The land at Rach Ham village, Ham Ninh Commune, Phu Quoc, Kien Giang Province | 9,973 | Used for farm |
| 2.5 | The land at Ben Tram village, Quarter 1 Dương Dong Town, Phu Quoc, Kien Giang Province | 3,000 | Used for garden, farm |
| 2.6 | The land at Ben Tram village, Cua Duong Commune, Phu Quoc District, Kien Giang Province | 30,129.3 | Used for garden, farm |
| 2.7 | The land at Quarter 5 Dương Đông Town, Phu Quoc, Kien Giang Province | 1,475.8 | Used for garden, farm |
| 2.8 | The land at Quarter 5 Dương Đông Town, Phu Quoc, Kien Giang Province | 4,430.4 | Branch office in Phu Quoc, Automobile repair station of the Company’s branch in Phu Quoc |
| 2.9 | The land at Nguyen Trung Truc Street, Quarter 5, Duong Dong Town, Phu Quoc, Kien Giang Province | 4,799 |
| 2.10 | The land at Nguyen Chi Thanh Street, Quarter 5, Duong Dong Town, Phu Quoc, Kien Giang Province | 4,758 | Used for garden, farm |
| 2.11 | The land at Ben Tram village, Cua Duong Commune, Phu Quoc, Kien Giang Province | 6,930.4 | Used for garden, farm |
|  | **Total** | **1,493,080.60** |  |
| *Source: Equitization Project of SASCO* | | | |

## PART III

### COMPANY’S BUSINESS PERFORMANCE IN THE LAST THREE YEAR BEFORE EQUITIZATION

### Business performance

* 1. Company’s products

Known as major business trading in aviation services at the largest airport nationwide, SASCO has always maintained the leading position with strong potential, sustainable and stable growth with traditional business lines.

* **Chain of Duty Free Shops:**

SASCO Duty Free is a sub-brand under SASCO with the main function of trading Duty Free goods at Tan Son Nhat Airport, In collaboration with world’s leading group of providing duty-free goods, SASCO Duty Free has raised the total number of products up to 12,000 items from high-end brands with competitive prices not only in domestic market but also in comparison with Duty Free centers at airports around the world, Some typical items are as follows: Spirits, Tobaccos, Perfumes, Cosmetics, Confectionery, etc.

* **Chain of Department stores**:

The chain of department stores trades in over 10,000 kinds of high-quality commodities to best satisfy customers’ needs, including fine-arts, brocade, lacquerware, cosmetics, leather & leatherette goods, ceramics, silverware, sculpture, foods, fruit, specialties, seafood of a great variety and particular traits from different regions of Vietnam; all on sales in domestic and international terminals of Tan Son Nhat International Airports.

* **Chain of restaurants, bars**:

Restaurant and food stall chains as well as joint-venture restaurants with international franchise are located in public area and departure hall of domestic and international terminals such as Café Espressamente, Illy, Burger King, Star cafe, Fin bar.

* **Chain of CIP Lounges:**

Chain of CIP Lounges is located at domestic and international terminals to serve business class passengers and loyal passengers of Vietnam Airlines and 43 other airlines.

Three lounges at Domestic Departure Terminal.

Six luxury lounges at International Departure Terminal (two of them are in irregular operations).

* **VietSpa massage services**:

To fully meet the demand of passengers in pending time, SASCO offers Vietspa massage services in domestic and international Departure Halls of Tan Son Nhat international airport. With a luxurious, highly- aesthetic design, warm and relaxing atmostphere, VietSpa is a good place to reduce fatigue, stress and refresh yourself before long flights.

* **Car rental service**:

Car rental service provides medium and high-class vehicles for passengers departing from and arriving at Tan Son Nhat International Airport or hotel guests in the city, as well as services at events.

* **SASCO Travel**

SASCO Travel provides passengers with tours, assistance in hotel reservation and air booking at Tan Son Nhat Airport.

In order to create the balance for sustainable business growth, SASCO has actively multi-lateralized activities, diversified business lines, and expanded non-aviation activities, including:

* **SASCO Blue Lagoon Resort in Phu Quoc**:

Located in the center of Duong Dong Town with 100-meter coastline and a luxurious modern swimming pool of 300 sqm, SASCO Blue Lagoon Resort consists of a 4-storey main building, 9 bungalows and 10 chalets, providing a total of 80 rooms of 7 grades.

In 2003, SASCO Blue Lagoon Resort was recognized 4-star standard by Vietnam National Administration of Tourism.

* **Indoor and out-of-home advertising at the airport:**

BOOMSpace Airport oparates in the field of out-of-home advertisement (OOH) and at airports with varied service packages for customers to choose suitable and effective advertising channels for every communication objectives.

* **Farm business:** rubber plantations in Binh Phuoc.
* **Real-estate business**:

SASCO has progressively expanded investment in real estate and tourism projects of large scale in cities and provinces like Hochiminh City, Phu Quoc, Cam Ranh and Da Lat.

* **SASCO Phu Quoc Fish sauce**:

Phu Quoc SASCO fish sauce has been present in the market for many years, produced by traditional method from the ingredients of fresh anchovies and salt. Without fish of mixed types and chemicals, SASCO Phu Quoc fish sauce has a special taste of Phu Quoc anchovy; brown color with luscious flavor of the fish sauce, making dishes more tasty and delicious, The original feature of SASCO Phu Quoc fish sauce is its high-protein contain up to 40oN, which makes it not only tasty but also nutritious.

* **Multilateral cooperation:**

With the strategy of “Multilateral Co-operation & Stable Growth”, finance investment and capital contribution for joint-ventures are prioritized by SASCO in order to make the best of comparison advantage, business opportunities, market expansion, sales and profit boosting, hence, sustainable growth is ensured.

* **Other general services:**

Other than the above-stated business lines, SASCO also trades in other general services as follows: Real-estate brokerage, currency exchange., etc.

* 1. Business performance

*Table 7: Structure of revenues, gross profit of the Company* *Unit: VND*

|  |  |  |  |
| --- | --- | --- | --- |
| **Items** | **2011** | **2012** | **2013** |
| Net sales | 1,708,060,324,520 | 1,809,667,471,880 | 2,008,380,805,436 |
| Cost of goods sold | 1,163,675,414,872 | 1,255,046,894,534 | 1,381,161,132,279 |
| Gross profit | 544,384,909,648 | 554,620,577,346 | 627,219,673,157 |
| Before-tax profit | 90,665,205,558 | 109,626,562,332 | 122,518,785,167 |
| After-tax profit | 86,628,794,947 | 98,919,963,133 | 92,359,894,535 |
| Gross profit margin | 31.87% | 30.65% | 31.23% |
| ROE | 11.45% | 10.98% | 10.13% |
| ROA | 5.83% | 6.30% | 5.91% |
| ROS | 5.07% | 5.47% | 4.60% |
| *Source: Audited financial statements of SASCO in years of 2011 - 2013, VCBS calculations* | | | |

Overall, revenue and profit of the Company increase steadily over the years, Specifically, net sales increased by 5.94% in 2012 and by 10.98% in 2013, respectively over 1,255.05 and 1,381.16 billions. The cost accounted for a relatively high proportion of sale in the period of 2011 – 2013. The cost increased slightly, but not too high at the rate of revenue increase, respectively by 7.85% and 10.05% for 2012 and 2013. According to the increase of the cost and revenue as above, gross profit also increased slightly by 1.88% for 2012 and by 13.03% in 2013.

Gross profit margin from 2011 - 2013 was relatively stable at an average of 31.25%, ROE and ROA in 2013 increased at the stable rate, respectively by 10.85% and 6.01%.

***Figure 1: Company’s structure of revenue and gross profit*** *Unit: VND*

*Source: Audited financial statements of SASCO in years of 2011 - 2013, VCBS calculations*

Gross profit

Cost of goods sold

Net sales

### Materials and goods supply

### Materials/goods supply for business activities of the Company is quite stable, accounted for more than 300 manufacturers, official domestic and overseas distributors. They are prestigious units which have been working with the company for many years with their potentials and advantages in each sector. The company has developed and implemented policies and procedures for evaluating suppliers regularly and periodically before and during the cooperation to ensure stability, variety, reasonable prices of goods and optimize business performance.

### Cost Structure

***Table 8: Cost structure***

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Items** | **2011** | | **2012** | | **2013** | |
| **Value (VND Million )** | **Ratio** | **Value (VND Million )** | **Ratio** | **Value (VND Million )** | **Ratio** |
| Cost of goods sold | 1,163,675 | 67.03% | 1,255,047 | 68.37% | 1,381,161 | 68.36% |
| Financial expenses | 105,242 | 6.06% | -29,749 | -1.62% | 25,303 | 1.25% |
| Cost of sales | 281,563 | 16.22% | 300,876 | 16.39% | 342,667 | 16.96% |
| Administration costs | 185,124 | 10.66% | 307,929 | 16.78% | 270,338 | 13.38% |
| Other expenses | 434 | 0.03% | 1,509 | 0.08 | 1,085 | 0.05% |
| **Total** | **1,736,038** | **100.00** | **1,835,612** | **100.00** | **2,020,554** | **100.00** |
| *Source: Audited financial statements of SASCO in years of 2011 - 2013, VCBS calculations* | | | | | | |

Overall, the total cost of the Company rose slightly over the years, namely by 5.37% in 2012 and by 10.07% in 2013. Cost of goods sold accounted for a high proportion of the cost structure with the average weight of about 67.92% in the period of 2011-2013, followed by cost of sales and administration costs for the average proportion of three years from 2011 to 2013, respectively by 16.52% and 13.60%. Financial expenses and other costs didn’t account for a significant proportion of the cost structure. Although the growth rate of the Company’s costs was not too high, the increase in costs partially affected profit margins. Therefore, in the competition, especially when the Company is officially transformed into joint stock company, the cost management of the Company requires to be more rigorous, specific and detailed to maximize profits.

### Research and development of new products

The Company regularly conducts market research to find out the needs of customers and learn experience of trading non-aviation services at large international airports in order to develop new products and services and diversify business types of the Company.

### Technology

As a business primarily operating in the field of producing and providing services, the Company is currently applying the system of information technology which is capable to meet the demand of management and current business activities, specifically as follows:

5.1. Hardware facilities:

The Company has fully equipped the computer network system, CISCO equipment, tape back-up system with IBM modern technology, firewall system and nearly 400 computers for the intranet of the whole Company.

5.2. Investment in copyrighted software

Since early 2005, the Company has invested in copyrighted application software such as MS Windows Server 2003, MS SQL Server 2000, Windows XP Professional, MS Office.

At the beginning of 2011, copyrighted Kaspersky Antivirus software was applied in the entire company to protect computers, enhancing the system security.

5.3. The implementation of application software programs

The Company is currently developing and using its own software for the needs of management and business activities.

5.4. Internet application and E-commerce

At the moment, the Company is managing and applying websites as online information channels to promote products and services of the Company:

* [www.saigonairport.com](http://www.saigonairport.com)
* [www.sascotravel.com.vn](http://www.sascotravel.com.vn)
* [www.sasco-bluelagoon-resort.com](http://www.sasco-bluelagoon-resort.com)

Especially, website [www.sasco-bluelagoon-resort.com](http://www.sasco-bluelagoon-resort.com) allows online booking and payment.

* **Equipment**

|  |  |  |
| --- | --- | --- |
| **No,** | **Items** | **Quantity (pcs)** |
| 1 | Firewall Cyberoam | 04 |
| 2 | CISCO Switch | 28 |
| 3 | IBM servers | 08 |
| 4 | Desktop | 397 |
| 5 | Laptop | 18 |
| 6 | Laser printer | 120 |
| 7 | Dot matrix printer | 112 |
| 8 | Photocopier | 26 |
|  | **Total** | **713** |

1. **Quality control on products and services**

The Company’s vision is stable growth, keeping the position of the leading business in Vietnam in producing and providing varied and high quality non-aviation services to meet international standards and domestic and overseas customer’s demand. The Board of Directors of SASCO always pays attention to the quality of products and services to provide high quality ones and build up strong brand name and reputation.

All factors affecting the quality of products and services are strictly controlled (facilities, equipment, goods supplied for services, staff, service norms) through plans of maintaining and upgrading facilities and equipment in service; controlling quality of goods; monitoring service quality in each workshift; periodically evaluating service process and norms; collecting assessments of independent organizations and customers; collecting customer feedback on service quality; training and educating regularly. The force joining in quality control includes SASCO’s Board of Directors, Quality Control Department, Heads of units and all employees working in departments and units.

The Company always closely collaborates with management units of airports, state, clients, and other independent evaluation units in controlling product and service quality through annual assessments. All reports and assessments are conducted on time in full.

From 2006 up to present, SASCO has applied quality management system according to ISO 9001:2008 in services at Tan Son Nhat International Airport and increasingly perfected with the orientation of total quality management.

### Marketing

The Company usually conducts market research and evaluates customer’s satisfaction as the basis to develop new products and improve available services. Accordingly, the Company invests in and renovates the chain of business locations with good facilities and clear identity system, sets up pricing strategy which is competitive and suitable for different market segments, and customers. To maximize revenue, the Company implements promotion programs according to general strategies of suppliers or the Company itself; as well as trains product knowledge, selling and customer service, foreign language skills for staff to improve sales effectiveness.

### Trademarks, registered patents and copyrights

* The Company has registered the protection for the following trademarks:
* SASCO (fish sauce)
* SASCO (old logo)
* TAN SON NHAT TAXI
* SAIGON SASCO TAXI
* PHU QUOC TAXI
* PHUSA HOTEL
* PHU SA
* Hoa Mai (fish sauce)
* SASCO Travel
* CAM RANH (mineral, bottled water)
* CAM RANH'S (mineral, bottled water)
* CAMRANH (mineral, bottled water)
* CAM RANH (raw mud, mud bathing center)
* Viet Spa
* SASCO Travel Full Service Corporate travel
* SASCO Blue Lagoon It's Relax Times
* Sim Spa For a pure relaxation!
* Wami
* Waterman
* SASCO DUTYFREE Tan Son Nhat
* SASCO Business Class
* Fish sauce "Phú Nhĩ"
* Blue Lagoon

### List of signed or processing contracts

***Table9: List of signed or processing contracts***

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **No,** | **Date of signing** | **Partner** | **Content** | **Value generated** | | |
| **Unit** | **Value** | **Time of value generation** |
| **I** | **PURCHASING** | | |  |  |  |
| **Total** | | | **USD** | **2,409,481** |  |
| **VND** | **30,863,587,087** |  |
| 1 | 12/09/2013 | IPP Group (S) Pte Ltd | Providing and selling commodities, products at duty-free stores at international terminal of Tan Son Nhat International Airport | USD | 2,353,601 | Monthly average of first 06 months of 2014 |
| 2 | 01/04/2013 | Military Petrochemical Company Limited | Providing petroleum | VND | 6,681,762,374 | Monthly average of 2013 |
| 3 | 16/09/2013 | Vietnam Airlines Corporation | Providing air tickets | VND | 6,604,707,796 | Monthly average of 2013 |
| 4 | 01/04/2013 | Thuong Nguyen Private Company | Providing beer | VND | 6,085,966,883 | Monthly average of 2013 |
| 5 | 01/03/2013 | Green Garden development JSC | Providing fruit, theochew pastry, bonsai | VND | 2,055,309,867 | Monthly average of 2013 |
| 6 | 01/03/2013 | AUTOGRILL VFS F&B JSC | Cooperating, managing, administrating | VND | 3,720,613,917 | Monthly average of first 06 months of 2014 |
| 7 | 22/08/2012 | Thuy Lai Commercial Service Company Limited | Processed foods | VND | 1,865,226,250 | Monthly average of 2013 |
| 8 | 05/05/2014 | Investment and Commercial Engineering CEMCO Vietnam Limited | Providing primeval plastic granules | VND | 3,850,000,000 |  |
| 9 | 10/03/2014 | RECRON (Malaysia) SDN,BHD | Importing PET CHIPS 6801 | USD | 55,880 |  |
| **II** | **SELLING** |  |  |  |  |  |
| **Total** | | | **VND** | **33,753,329,566** |  |
| 1 | 01/04/2013 | Southern Airports Trading JSC | Providing beer under contract | VND | 14,975,174,914 | Monthly average of 2013 |
| 2 | 28/12/2012 | Aviations Corporation of Vietnam – Tan Son Nhat Exploitation Center | Providing catering for delayed passengers, guest reception, passenger transport, trucks in parking area, fuel… | VND | 10,789,613,025 | Monthly average of 2013 |
| 3 | 30/10/2013 | SINGAPORE AIRLINES | Providing catering, lounges, Spa | VND | 1,247,567,764 | Monthly average of 2013 |
| 4 | 28/12/2012 | CATHAY PACIFIC AIRWAYS | Providing Lounge service under contract | VND | 1,123,720,543 | Monthly average of 2013 |
| 5 | 02/11/2009 | PRIORITY PASS (A.P) Ltd | Providing Lounge service under contract | VND | 1,056,020,488 | Monthly average of 2013 |
| 6 | 16/06/2014 | HOA PHAT Plastic Production And Trade JSC | Selling primeval plastic granules HDPE under contract | VND | 3,986,400,000 |  |
| 7 | 01/01/2014 | Hanh Phuc Travel Company Limited | Providing accommodation 2014 under contract (Blue Lagoon) | VND | 360,728,833 | Monthly average of first 06 months of 2014 |

*Source: Company*

### Financial overview and business performance in 3 years before equitization

***Table 10: Financial overview and business performance in the period of 2011 – 2013***

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **No,** | **Items** | **Unit** | **31/12/2011** | **31/12/2012** | **31/12/2013** | **2013 /2012 (%)** |
| 1 | Total registered charter capital | VND Million | 756,419 | 887,000 | 887,000 | 100.00 |
| 2 | Total asset value | VND Million | 1,486,976 | 1,571,088 | 1,563,393 | 99.51 |
| 3 | Short-term liabilities | VND Million | 108,626 | 88,195 | 112,190 | 127.21 |
|  | *In which, overdue liabilities* | *VND Million* | *-* | *-* | *-* | *-* |
| 4 | Long-term liabilities | VND Million | 4,800 | - | - | - |
|  | *In which, overdue liabilities* | *VND Million* | *-* | *-* | *-* | *-* |
| 5 | Uncollectible liabilities | VND Million | 59,634 | 300,071 | 325,488 | 108.47 |
| 6 | Total revenue and other income | VND Million | 1,831,520 | 1,950,294 | 2,147,664 | 110.12 |
|  | *In which, net sales* | *VND Million* | *1,708,060* | *1,809,667* | *2,008,381* | *110.98* |
| 7 | Total expenses | VND Million | 1,736,039 | 1,835,611 | 2,020,554 | 110.08 |
| 8 | Before-tax profit | VND Million | 90,665 | 109,627 | 122,519 | 111.76 |
| 9 | After-tax profit | VND Million | 86,629 | 98,920 | 92,360 | 93.37 |
| 10 | State budget contribution | VND Million | 26,042 | 87,255 | 73,869 | 84.66 |
|  | *In which, corporate income taxes* | VND Million | *2,658* | *61,299* | *47,475* | *77.45* |
| 11 | Total employees/ month | Person | 1,651 | 1,644 | 1,755 | 106.75 |
| 11.1 | *SASCO average employees / month* | Person | *1,446* | *1,433* | *1,575* | *109.91* |
| 11.2 | *SASCO average outsourcing employees/ month* | Person | *205* | *211* | *180* | *85.31* |
| 12 | Average income (person/month) | VND Million | 8,870 | 9,445 | 9,490 | 100.48 |
| 13 | SASCO average income (person/month) | VND Million | 9,697 | 10,314 | 10,059 | 97.53 |
| *Source : Equitization Project of SASCO* | | | | | | |

Most of the key indicators of the annual business plan are accomplished, and the growth of following year is higher than previous one, as follows:

In the period of 2010 - 2013:

* Average annual revenue reached 1,976.49 billion/year, average annual growth was 8.29%;
* Average annual before-tax profit reached 107.60 billion /year, average annual growth was 16.25%;
* Average state budget contribution reached 62.4 billion / year, average annual growth was 68.42%;

**General assessment of the financial situation**

The above Table of business performance and financial situation shows the financial situation of the Company through the years:

* Good ability of financial autonomy shown through low debt on equity ratio;
* Liquidity is ensured at all times;
* High rate of return on equity, namely 13.47% in 2011; 14.23% in 2012; 14.94% in 2013;

The Company has organized and mobilized sufficient and necessary capital sources for the needs of current business as well as development of the Company, in which the Owner’s capital has always been preserved and grown year by year, guarantee capital sufficiency for the Company’s operation.

With the competence and business advantages, the Company is always active in using capital reasonably (mobilized capital, capital in payments, owner’s capital, etc.) with the lowest costs. The Company also reasonably use mobilized capital to achieve high effectiveness in business activities through maintaining consistent asset structure with business features in each period.

### Ranking of the Company

With achievements obtained so far, from 2010 to 2013, the Company had been ranked A according to the evaluation of Aviations Corporation of Vietnam.

### Factors affecting the business performance of the Company in the reported year

* **Advantages**
* The rapid and stable growth of aviation market.
* The support of Aviations Corporation of Vietnam (the Owner of State capital, holding dominate shares) in the traditional target market.
* With the capability and experience accumulated over years in providing aviation services, the Company eventually affirms its ability to provide products and services with high quality to meet the rigorous standards of domestic and foreign customers.
* Production management and administration have complied with the complete system, ensuring the process and product quality to enhance the Company’s reputation in market.
* Officers and employees are now mature and have enough capability and experience to push the Company up, achieving established plans and high profits.
* **Disadvantages**
* The Company is operating in the market sensitive to the effects of fluctuations in political conflicts, natural disasters, weather wretch and epidemics.
* In the market economy, SASCO has been also affected by the risks that businesses in the entire economy have faced such as the volatility of the world economy and the inflation on the national economy. In the past years, Vietnam's economy has coped with many difficulties due to the impact of the global economic crisis, so the company's business performance has also been significantly influenced. Currently, although the global and domestic economy has a positive sign, the difficult situation also affects the Company in the early stages when converting into joint-stock companies.
* Although the world economy has been gradually out of the recession, and slowly recovered, the political and economic situation is still in turmoil in many countries, forcing them to apply spending tightening and austerity; High unemployment rate also contributes to affect the Vietnam’s economy.
* Despite the State’s efforts to curb inflation, prices of some commodities go up a lot, so consumers continue to tighten spending, and focus on some essential goods as well as save money. The financial situation is still complicated and unpredictable.
* Some airports such as Da Nang, Cam Ranh, Phu Quoc, etc. has operated direct international routes, which influences on the volume of passengers through Tan Son Nhat International Airport.
* The business sectors of the Company have been under pressure of tougher competition even in the airport market..

### 13. Company’s position and Industry’s prospect

### Company’s position

The Company is a leading business in providing aviation products and services with many advantages:

* Tan Son Nhat International Airport is one of the important gateways connecting Vietnam and the world. Moreover, Tan Son Nhat International Airport is also topped on capacity with over 17-20 million passengers per year – overloaded with over 25 million/year (in comparison with current capacity of 6 millions at Noi Bai Airport and 3 millions at Da Nang). SASCO is now the leader in this market.
* With over 20 years of formation and development, SASCO has built a strong brand name in providing services and goods at airports.
* With over 20 years of formation and development, SASCO has built a senior management team. All the key managers have 10 – 15 year experience.
* With around 1,700 employees, SASCO has a large amount of labors in the industry. Personnel of SASCO have been well-trained on professionals, with 23% of graduate and postgraduate.

### Industry’s prospect

**Market prediction to 2020 and vision to 2025:**

International Civil Aviation Organization (ICAO) has predicted that the passenger growth speed in the world will be respectively 5.9% and 6.3% in 2014 and 2015.

**With the positive changes of the world’ economy and flourishes of Vietnam’s, especially some advantages and disadvantages affectingg the growth of aviation in general and Tan Son Nhat and Phu Quoc International Airports in particular, SASCO predicts its business market to year 2020 and vision to year 2025 as follows:**

* **Airport market**

**Tan Son Nhat International Airport**

* Tan Son Nhat Airport has currently reached 20 million passengers, and 550 flights a day at the peak. Also, in the first 02 months of 2014, airport market continued rising sharply by 23%.
* According to Aviations Corporation of Vietnam, by 2015, Tan Son Nhat International Airport after renovation and extension will have reached the maximum capacity of 25 million passengers/year, and the market size will have saturated, affecting the growth speed of the Company’s business activities.
* There has recently been many competitive factors in SASCO’ market; individuals and organizations are able to operate their business at the airport, making SASCO market share shrunk.
* Although the market has peaked and been shared, with the capability and experience accumulated over the years in providing high quality products and services, SASCO affirms to continue holding the leading position in the field of aviation business at Tan Son Nhat airport, sustain growth, financial ratios at high level of safety, as well as the system of varied and high quality products and services.
* **Out-of airport market**
* Sustain and develop existing products and services: production of Phu Quoc bottled fish sauce, passenger road transport, travel service, etc.
* Invest in and implement business projects of resorts, mineral water, commercial centers, social housing, etc.
* Boost the business activities of travel and transportation in Phu Quoc.
* The Company has established the stable long-term relationship with business partners, credit institutions and banks. Together with the policy of openness and comprehensive integration, the Company will have opportunities to cooperate and develop market, as well as conduct joint-venture activities in its development process.

### Conformation of development orientation of the Company

Vietnam’s political, social and legal environment is quiet stable with fully integrated economy and pretty high growth. Aviation prospect is quiet good when countries in the region and the world have opened their sky more and more, meanwhile Vietnam is one of the countries with big market of freight and passenger transportation compared to others in the world, which is a very positive sign for the Company. Therefore, the Company’s orientations for development is suitable with certain development of the industry and society. In general, these orientations are also suitable with stable and long-term growth of the Comapny in the future.

## PART IV

# COMPANY’S DEVELOPMENT ORIENTATION AFTER EQUITIZATION

## COMPANY INTRODUCTION AFTER EQUITIZATION

### Company overview

|  |  |
| --- | --- |
| * Vietnamese name: | **Công ty Cổ phần Dịch vụ Hàng không Sân Bay Tân Sơn Nhất** |
| * English name: | Southern Airports Services Joint Stock Company |
| * Abbreviation: | SASCO |
| * Logo: | **logo_sasco** |
| * Address: | Tan Son Nhat International Airport, Ward 2, Tan Binh District, Ho Chi Minh City |
| * Tel: | (08) 38485383 |
| * Fax: | (08) 38447812 |
| * Email: | sasco@sasco.com.vn |
| * Website: | www.sasco.com.vn |

### Legal form:

Joint-stock company has legal status, seal and accounts; is allowed to have accounts at domestic and foreign banks; register business according to the law.

After equitization, the Company will operate as a joint-stock company of which the State holds 51% of the charter capital , according to the Enterprise Law No. 60/2005/QH11 dated Nov 29, 2005 by the National Assembly of the Socialist Republic of Vietnam.

### Expected business sectors

Inheriting the business sectors granted by the Ho Chi Minh’s Department of Planning and

Investment with business license No. 0301123125 which include:

* Duty Free trading;
* Department store and fine arts trading;
* Freight and passenger transportation;
* Import and export; freight forwarding;
* Travel agency;
* Restaurant; hotel;
* Advertising service;
* Real-estate trading;
* Farm production and trading and other general services;
* Sauna, massage and similar health care services (excluding sports) (Sector code 9610),
* Travel agency (Sector code 7911);
* Courier service, Details: postal, parcel service, courier service*,* (Sector code 5320);
* Market research and public opinion survey (Sector code 7320);
* Mining of chemical and fertilizer minerals (Sector code 0891);
* Manufacture of processed foods (not at the headquarters) (Sector code 1075);
* Manufacture of beds, wardrobes, tables, chairs (not at the headquarters) (Sector code 3100);
* Warehousing and storage facilities (Sector code 5210);
* Agents, brokerage, auction (Details: commercial brokerage, property auction) (Sector code 4610);
* Organization of trade introduction and promotion (Sector code 8230);
* Construction completion (Sector code 4330);
* Architectural activities and related engineering consultancy (Sector code 7110);
* Short-stay accommodation services (Details: Hotel (Standard stars and not at the headquarters)) (Sector code 5510);
* Restaurant and mobile catering services (Sector code 5610); (Details: Restaurant, Ration providing services in flight, Dining services under contract)
* Travel tour operations (Sector code 7912);
* Unclassified recreational activities (Sector code 9329) (Details: Bathing beach business, discos, karaoke (not in Ho Chi Minh City), swimming activities, water sports, sailing, yacht services, aerial sports, parachuting, operations of bodybuilding and aerobics clubs);
* Consultancy, brokerage, auction of real-estate, and land using right (Sector code 6820)
* Hairdressing services (Sector code 9631);
* Production of non-alcoholic beverages, mineral water (not at the headquarters) (Sector code 1104);
* Planting and tending (not at the headquarters) (Sector code 0210);
* Maintenance and repair of cars and motorcycles (Sector code 4542);
* Housing Construction (Sector code 4100);
* Management consultancy activities (Sector code 7020);
* Supporting services related to transportation (Sector code 5229);
* Pipeline transport (not at the headquarters) (Sector code 4940),
* **Main products and services:**

Basically, after equitization, the Company will still maintain and develop traditional products that significantly contribute to the Company’s revenue:

* Chain of Duty-free Shops with some typical items in terms of liquors and spirits, tobaccos, perfume, cosmetics, watches, fashion, leather goods, etc.
* The system of commercial services at the airport in terms of CIP and VIP Lounges, chain of department stores, restaurants, bars, currency exchange, etc.

### Charter Captial and Charter Capital structure

* 1. Charter capital evaluation evidence
* Business plan in the next 3 years.
* Plans of project investment and extension of the Company.
* The Company market value and the State capital value of the Aviations Corporation of Vietnam at the date of December 31, 2013 are accounted according to the Decision No. 917 /QD-BGTVT dated March 27, 2014 by the Minister of Transport; Therein the Company market value at the date of December 31, 2013 was **1**,**989,664,645,727 VND,** out of which the State capital value of the Aviations Corporation of Vietnam was **1,313,271,893,589 VND.**
  1. Charter Capital
* Charter Capital : 1,315,000,000,000 VND
* Par value : 10,000 VND
* Number of shares : 131,500,000
* Type of stock : Common stock

## 4.3 Charter Capital structure

*Table 11: List of shareholders*

| **No** | **Shareholders** | **(%)** | **Number of shares** | **Value (VND)** |
| --- | --- | --- | --- | --- |
| **1** | **State Owner** | **51.00** | **67,065,000** | **670,650,000,000** |
| **2** | **Employee Owner (2.1+2.2)** | **1.75** | **2,303,100** | **23,031,000,000** |
| 2.1 | Shares sold at preferential price  (60% of lowest exercised price by strategic investors) | 0.86 | 1,131,100 | 11,311,000,000 |
| 2.2 | Additional shares purchased under  the long-term working commitment (2.2.1 + 2.2.2) | 0.89 | 1,172,000 | 11,720,000,000 |
| *2.2.1* | *Additional shares purchased under*  *section 2a, Term 48 of Decree*  *59/2011/ND-CP (200 shares/1year)* | *0.51* | *676,000* | *6,760,000,000* |
| *2.2.2* | *Additional shares purchased under*  *section 2b, Term 48 of Decree*  *59/2011/ND-CP (500 shares/1 year)* | *0.38* | *496,000* | *4,960,000,000* |
| **3** | **Auction shares offering** | **23.65** | **31,097,900** | **310,979,000,000** |
| **4** | **Shares sold to strategic investors** | **23.60** | **31,034,000** | **310,340,000,000** |
|  | **Total** | **100.00** | **131,500,000** | **1,315,000,000,000** |
| *Source: Euqitization Project of SASCO* | | | | |

*Figure 2: Charter capital structure and outside share*

*Source: Euqitization Project of SASCO*

State Owner

Employees

Aunction shares offering

Shares sold to strategic investors

### Organization Structure after equitization

After equitization, the Company operates under the Charter of organization and operation approved by the General Assembly of Shareholders, pursuant to the provisions of the Enterprise Law, under the management, supervision and administration of the Board of Management, Supervisory Board and the Board of Directors ; the expected organization of the Company is as follows:

***Chart2: Organization Structure after equitization***

**BOARD OF MANAGEMENT**

**GENERAL DIRECTOR**

**QUALITY CONTROL DEPARTMENT**

**FINANCE-ACCOUTING DEPARTMENT**

**HUMAN RESOURCE**

**DEPARTMENT**

**LEGAL AND INTERNAL CONTROL DEPARTMENT**

**SHAREHOLDER’S COMMITTEE**

**CORPORATE**

**OFFICE**

**SUPERVISORY BOARD**

**CHIEF ACCOUNTANT**

**DEPUTY DIRECTOR**

**INVESTMENT DEPARTMENT**

**MARKETING AND BUSINESS DEVELOPMENT DEPARTMENT**

**IT**

**DEPARTMENT**

**SASCO BRANCH IN HA NOI**

**SASCO TSN TRADING CENTER**

**DUTY FREE TRADING DEPARTMENT**

**SASCO BRANCH IN PHU QUOC**

*Source: Euqitization Project of SASCO*

* **Shareholders’ Committee**

Shareholders’ Committee includes all shareholders with voting rights. Shareholders’

Committee makes the highest decisions in the Company.

* **Board of Management**

Board of Management is the governing body of the Company with full authority on behalf of the Company to decide and implement the rights and obligations of the Company which is not within Shareholders’ Committee’s competence.

Number of members of Board of Management is expected to be 05 (including the Chairman and other 04 members).

* **Supervisory Board**

Supervisory Board shall supervise Management Board, General Director in the management and administration of the Company; be responsible to the Shareholders’ Committee in the implementation of assigned tasks.

The number of members of Supervisory Board is expected to be 03 (including the Head and other 02 members).

* **Board of Directors (General Director and Deputy General Directors)**

General Director executes daily business of the Company, is subject to the supervision of the Board of Management and is responsible to the Board of Management and the law on the rights and duties assigned.

The Deputy General Directors assist the General Director to execute the Company.

* **Chief Accountant**

Chief Accountant is appointed by the General Director and approved by the Board of Management.

Chief Accountant assists the General Director to carry out financial and accounting activities of the Company in accordance with the law on finance and accounting.

* **Assisting apparatus**

**08 functional departments:**

* **Corporate Office** is the advising and assisting unit for the Communist Party Committee, Board of Management and Board of Directors on administration, archives, public relations, the office building facilities, engineering, safety, security and hygiene, and activities of Communist Party, Labour Union, Youth Union, emulation – reward and society – charity affairs.
* **Finance – Accounting Department** is the advising and assisting unit for the Board of Management and the Board of Directors on activities in terms of finance, accounting, statistics and planning.
* **Quality Control Department** is the advising and assisting unit for the Board of Management and the Board of Directors on doing research for building, checking and evaluating the standards and norms of economics and engineering, quality standards of products and services, production process of the units and divisions under the Company in accordance with the regulations of the State.
* **Information Technology Department** is the advising and assisting unit for the Board of Management and the Board of Directors in the field of information technology in terms of designing and setting up application software; controlling and operating computer network; controlling and operating communication system of the Company.
* **Human Resources Department** is the advising and assisting unit for the Board of Management and the Board of Directors on organizing, managing officers and employees; implementing compensation and benefits policy; recruiting, training and developing human resources.
* **Investment Department** is the advising and assisting unit for the Board of Management and the Board of Directors on organizing, managing and implementing the Company’s projects; Organizing, consulting and trading in real-estate, construction and related fields; consulting investment and construction.
* **Marketing and Business Development Department** is the advising and assisting unit for the Board of Management and the Board of Directors on doing research, planning marketing strategy and developing business of the Company.
* **Legal and Internal Control Department** is the advising and assisting unit for the Board of Management and the Board of Directors on legal affairs; inspecting and monitoring the units to ensure the compliance with the provisions of laws and regulations of the Company.

**02 Business units:**

* Duty Free Trading Department is the division of selling duty-free goods at Tan Son Nhat International Airport; importing and exporting duty-free goods for its business activities; advising and assisting the Board of Management and the Board of Directors in managing goods, planning marketing and sales strategy, performing organization and management of duty-free business as assigned.
* SASCO Tan Son Nhat Trading Center is a business unit of dependent accounting under SASCO with the function of trading in the following fields:
* Trading activities: grocery, fine arts, jewelry; airline tickets, gasoline, import and export;
* Service activities: food and beverages, CIP and VIP Lounges, currency exchange, foot massage; passenger transportation inside and outside the airport, freight forwarding, travel, passenger assistance, airport services;
* Production activities: producing and trading fish sauce.

**02 branches**

**Branch of Tan Son Nhat Airports Services Company Limited in Phu Quoc**

* Address: 379 Nguyen Trung Truc Street, Quarter 5, Duong Dong Town, Phu Quoc District, Kien Giang Province
* Branch code: 0301123125-006,

**Branch of Tan Son Nhat Airports Services Company Limited in Ha Noi**

* Address: 74 Tay Son Street, Dong Da District, Ha Noi City
* Branch code: 0301123125-008

## INVESTMENT PLAN AND DEVELOPMENT STRATEGY OF THE COMPANY AFTER EQUITIZATION

1. **Business forecast**

## Socio – economic situation

Economic crisis, instability in political and social situation, climate change over the world are still factors causing testability and unpredictability. The process of restructuring the economy and regulating the global financial institutions will take place strongly, associated with advances in science, technology and economical use of energy and natural resources.

According Vietnam's economy forecast of some economic institutions in domestic and abroad, for the period 2012-2015, inflation rate will fall to average level of 7.8% per year and growth stand at 6.8% per year. Private consumption will continue to decline due to concerns about the difficulty of the economy. National competitiveness, supporting industry and ability to access to credit by businesses will continue to be more difficult.

## Industry’s forecast

According to Mr. Giovanni Bisignani, General Director and CEO of the International Air Transport Association (IATA), international air transport in Vietnam will be the 3rd fastest growth in the world (after China and UAE), and the domestic passenger transport market will be second fastest after China in 2014.

In recent years, the average growth rate of Tan Son Nhat International Airport has been about 15% per year. In 2013, passenger traffic through this airport accounted for about 45% of total passenger volume through all airports across the country.

The number of passengers departing and arriving at Tan Son Nhat Airport in 2013 was over 20 millions (107% of target), including more than 9 million international passengers, recording an increase by 14% compared to 2012. The volume of goods, parcels was 375,000 tons, reaching 103% of the year’s plan, and increasing by 10% compared to 2012. In the first two months of this year, the aviation market continued rising by 23%. Therefore, passenger traffic departing and arriving at Tan Son Nhat Airport will be expected to reach 25 millions per year in 2015.

1. **Vision, orientation and development strategy for the joint-stock company**

On the basis of the assessment, analysis and forecasts, as well as the identification of the new situation, the Company plans to build goals and orientations of the joint stock company as follows:

* 1. **. Vision:**

Become a leading business in providing premium services in Vietnam..

* 1. **. Orientation:**

Concentrate on production and sales: supplying diversified and high quality products and services.

Make efforts to improve competitive advantages: maintaining and exploiting effectively target market as the foundation to develop and expand business to potential markets and fields in order to help businesses consolidate resources and sustainable development;

Invest in human resource development: building a professional and enthusiastic personnel team to accompany with the Company’s development;

Constantly modernize facilities and equipment: boosting the study of the application of business processes, the quality management standard, and the application of advanced technology and science;

Actively seek for and promote relationships of cooperation and development, investment and business opportunities.

* 1. **. Development strategy:**

Provide products and services of high quality; focus on promoting business of non-aviation services to meet customer needs and requirements of the development of Aviations Corporation of Vietnam.

Strengthen the Company with potential, brand and reputation; do business efficiently and safely; successfully complete the assigned tasks, making a positive contribution to the general development of the aviation industry, society and country.

Consolidate, develop and well exploit resources to ensure sustainable development; built good working environment and corporate culture; always care about physical and spiritual life of employees; always create favorable conditions for the employees to work, study, dedicate and develop.

Maintain and promote the tradition of "business development associated with benefits for society”; promote Gratitude programs, social and charitable activities for the community in support of the corporate Labour Union and Youth Union.

1. **Plans of investment in business development**

In the period of 2014 – 2016, the Company focuses on the following projects:

* SASCO Blue Sky Superior Apartment – Commercial Complex in Ho Chi Minh City with total area of 17,772.3 m2
* SASCO An Binh Residential Complex in An Binh - Di An, Binh Duong Province with total area of 28,909.31 m2
* SASCO Cam Ranh Superior Tourism Zone in Khanh Hoa Province with total area of 109.6 ha.
* SASCO Plaza with total area of 18,794.4 m2

The Company has also expanded markets outside the airport: developing and promoting available export and import activities; scaling up the production of Phu Quoc fish sauce in domestic and export markets; completing the closed production line from manufacturing, bottling, up to distributing and consuming fish sauce; effectively exploiting and developing business activities on farm and rubber plantation.

1. **Plans of using land**

* **In Ho Chi Minh City**

**The land used for SASCO Office Building**

* Address: Tan Son Nhat International Airport, Ward 2, Tan Binh District, Ho Chi Minh City
* Area: 22,115.6 m2
* Legal document:
* Certificates of land use rights No. AK 483 352 dated 31/7/2009 by the City People’s Committee (Attached Decision No. 3169/QD-UBND dated 26/6/2009 by the City People’s Committee).
* The land lease agreement No. 5571/HD-TNMT-DKKTD dated 31/7/2009 between the City People’s Committee and SASCO.
* Use Status: Being used as the Company headquarters.
* Land Use Plan: The Operation Building, commercial centers and office for lease.
* Form of land use: annually paid land for lease.

**The land at 108, 112B and 114 Hong Ha Street**

* Address: 108, 112B, 114 Hong Ha Street, Ward 2, Tan Binh District
* Area : 17,772.3m2
* Legal document:
* Notification No. 494/TB-BGTVT dated 25/10/2007 by the Ministry of Transport on the agreement of the conversion of land use purpose of SASCO.
* Dispatch No. 3184/STC-BCD09-CS dated 20/4/2009 of the Steeing Committee Equitization Board09 on the approval of the land use plan of SASCO.
* Dispatch No. 3938/TNMT-QLSDD dated 06/25/2013 of Ho Chi Minh City Department of Natural Resources and Environment onthe land use in some locations of 112B (Area O), 114 and 108 Hong Ha street, Ward 2, Tan Binh District.
* The Meeting Minutes dated March 24, 2008 of Steering CommitteeEquitization Board 09.
* Use status: Temporarily used for swimming and sports club.
* Land Use Plan: Investing in SASCO Superior Apartment – Commercial Complex (According Decision No. 3150/QD-CCMN dated 21/12/2007 of the Southern Airports Authority on the approval of the business plan " SASCO Aviation Superior Apartment – Commercial Complex” and Business Plan in 2007).
* Form of land use: planning land use with collection of land use fees.

**The land in Hoc Mon suburb**

* Address: Xuan Thoi Son Commune, Hoc Mon District, Ho Chi Minh City
* Area: 10,316 m2
* Legal document:
* Certificate of land use rights No. AC 764 580 dated 19/10/2005 with an area of ​​490 m2 (Land plot No. 331 in the mp No.1 BDC, X, XTS, HM in Thoi Son Commune, Hoc Mon District) issued by the City People’s Committee.
* Certificate of land use rights No, AC 764 581 dated 19/10/2005 with an area of ​​9,826 m2 (Land plot No. 332,333 in the map No.1 BDC, X, XTS, HM in Thoi Son Commune, Hoc Mon District) issued by the City People’s Committee.
* Use status: used for nursery, bonsai cultivation.
* Land use plan:
* Nursery, bonsai cultivation;
* Construction of garden villas (under nursery project, propagation, bonsai and tree cultivation No. 1265/TCT-DVTS dated 08/11/2002 and the Application form of approval on the location for residential construction “Garden villa combined with adjoining houses” in Xuan Thoi Son Commune No. 199/TCT-DVTS dated 03/03/2006 of SASCO).
* Form of land use: legally transferred land.
* The City’s People Committee has not given opinions on the Company’s plan of use land after equitization yet.
* **In Binh Duong Province**

**The land at An Binh Commune**

* Address: An Binh Commune, Di An – Binh Duong Province
* Area: 28,909.31 m2
* Legal document:
* Certificate of land use rights No. N-098060 dated 14/08/2001 by the People’s Committee of Binh Duong Province.
* Use Status: Used for fish sauce factory; restaurants, sports grounds, the buildings and structures used ligh materials.
* Decision No. 2806/QĐ-UBND dated 11/09/2008 by the People’s Committee of Binh Duong Province on revoking the Certificate of leasing land use right transfer No. N-098060 dated 14/08/2001 for SASCO to to switch land purpose into building the Residential – Commercial Zone in An Binh Commune, Di An – Binh Duong Province.
* Plan of land use: investing in building social housing.
* Form of land use: planning land use with collection of land use fees.
* The People’s Committee of Binh Duong Province has not given opinions on the Company’s plan of use land after equitization yet.
* **In Lam Dong Province**

**The land at Suoi Hoa – Da Lat**

* Address: plots 306, 308 sub-zones 147, Ward 7, Da Lat City, Lam Dong Province.
* Area: 1,311,300 m2 (131.13 ha)
* Legal document:
* Certificate of land use rights No. AN 949 237 dated 17/03/2009
* The land lease contract No. 292/HĐ-TĐ dated 31/12/2008 with the lease area of 7.38 ha.
* The land lease contract No. 165/HĐ-TĐ dated 30/06/2009 with the lease area of 123.75 ha.
* Investment Certificate No. 42121000223 dated 14/4/2008 by The People’s Committee of Lam Dong Province
* Use status: being implementing the projects of eco – resort.
* Plan of land use: Investing in building the project of eco-resort in accordance with the Investment Certificate No. 42121000223 dated 14/4/2008 by the People’s Committee of Lam Dong Province.
* Form of land uset: annually paid land for lease.
* The People’s Committee of Lam Dong Province has not given opinions on the Company’s plan of use land after equitization yet.
* **In Kien Giang Province**

**The Land at Quarter 1 Duong Dong town, Phu Quoc – Kien Giang Province**

* Address: Quarter 1 Duong Dong town, Phu Quoc – Kien Giang Province
* Area: 2,200 m2
* Legal document:
* Certificate of land use rights No. W5821967 dated 27/6/2003 by The People’s Committee of Kien Giang Province.
* Use status: being implementing gas station construction.
* Plan of land use:
* Gas station construction.
* Transfer.
* Form of land use: legally transferred land.
* The People's Committee of Kien Giang Province has issued Decision No. 202/QD-UBND dated 24/12/2014 on the approval of land use plan in Phu Quoc - Kien Giang Province for the equitization of Southern Airports Services Company Limited; Decision No. 891/QD-UBND dated 22/04/2014 on the land price is the basis for Southern Airports Services Company Limited’s valuation for plots in Phu Quoc - Kien Giang Province in the equitization.

**The land at Rach Ham Village – Ham Ninh Commune, Phu Quoc – Kien Giang Province**

* Address: The land at Rach Ham Village – Ham Ninh Commune, Phu Quoc – Kien Giang Province (Plots No. 8a,8b - Map No. 4).
* Area 9,973 m2 (plot 1: 8,141 + plot 2: 1,832)
* Legal documnet:
* Certificate of land use rights No. X165985 dated 20/11/2003 by The People’s Committee of Kien Giang Province.
* Use status: farm constrcution.
* Plan of land use:
* Building restaurant for tourist on the way to tourist attractions;
* Building farm for plantation and seafood cultivation;
* Building resort and beach for tourists;
* Form of land: legally transferred land,
* The People's Committee of Kien Giang Province has issued Decision No. 202/QD-UBND date 24/12/2014 on the approval of land use plan in Phu Quoc - Kien Giang Province for the equitization of Southern Airports Services Company Limited; Decision No. 891/QD-UBND dated 22/04/2014 on the land price is the basis for Southern Airports Services Company Limited’s valuation for plots in Phu Quoc - Kien Giang Province in the equitization.

**The Land at Ben Tram Village, Quarter 1 Duong Dong town, Phu Quoc – Kien Giang Province**

* Address: Ben Tram Village, Quarter 1 Duong Dong town, Phu Quoc – Kien Giang Province
* Area: 1,000 m2
* Legal document:
* Certificate of land use rights No. X165986 dated 20/11/2003 by The People’s Committee of Kien Giang Province.
* Use status: fruit garden, farm.
* Plan of land use:
* Dividing into sub-plots for housing or apartment builing construcion;
* Building restaurant or hotel for tourists, combining with building cruise terminal to shuttle tourists in order to maximally exploit Duong Dong river’s advantages,
* Form of land: legally transferred land.
* The People's Committee of Kien Giang Province has issued Decision No. 202/QD-UBND date 24/12/2014 on the approval of land use plan in Phu Quoc - Kien Giang Province for the equitization of Southern Airports Services Company Limited; Decision No. 891/QD-UBND dated 22/04/2014 on the land price is the basis for Southern Airports Services Company Limited’s valuation for plots in Phu Quoc - Kien Giang Province in the equitization.

**The Land at Ben Tram Village, Quarter 1 Duong Dong town, Phu Quoc – Kien Giang Province**

* Address: Ben Tram Village, Quarter 1 Duong Dong town, Phu Quoc – Kien Giang Province
* Area: 1,000 m2
* Legal document:
* Certificate of land use rights No. X165987 dated 20/11/2003 by The People’s Committee of Kien Giang Province
* Use status: fruit garden, farm
* Plan of land use:
* Dividing into sub-plots for housing or apartment builing construcion;
* Building restaurant or hotel for tourists, combining with building cruise terminal to shuttle tourists in order to maximally exploit Duong Dong river’s advantages.
* Form of land: legally transferred land.
* The People's Committee of Kien Giang Province has issued Decision No. 202/QD-UBND date 24/12/2014 on the approval of land use plan in Phu Quoc - Kien Giang Province for the equitization of Southern Airports Services Company Limited; Decision No. 891/QD-UBND dated 22/04/2014 on the land price is the basis for Southern Airports Services Company Limited’s valuation for plots in Phu Quoc - Kien Giang Province in the equitization.

**The Land at Ben Tram Village, Quarter 1 Duong Dong town, Phu Quoc – Kien Giang Province**

* Address: Ben Tram Village, Quarter 1 Duong Dong town, Phu Quoc – Kien Giang Province
* Area: 1,000 m2
* Legal document:
* Certificate of land use rights No. X165988 dated 20/11/2003 by The People’s Committee of Kien Giang Province.
* Use status: fruit garden, farm
* Plan of land use:
* Dividing into sub-plots for housing or apartment builing construcion;
* Building restaurant or hotel for tourists, combining with building cruise terminal to shuttle tourists in order to maximally exploit Duong Dong river’s advantages,
* Form of land: legally transferred land,
* The People's Committee of Kien Giang Province has issued Decision No. 202/QD-UBND date 24/12/2014 on the approval of land use plan in Phu Quoc - Kien Giang Province for the equitization of Southern Airports Services Company Limited; Decision No. 891/QD-UBND dated 22/04/2014 on the land price is the basis for Southern Airports Services Company Limited’s valuation for plots in Phu Quoc - Kien Giang Province in the equitization.

**The Land at Ben Tram Village, Cua Duong Commune, Phu Quoc – Kien Giang Province**

* Address: Ben Tram Village, Cua Duong Commune, Phu Quoc – Kien Giang Province
* Area:30,129,3 m2
* Legal document:
* Certificate of land use rights No. AO 404784 dated 15/5/2009 by The People’s Committee of Kien Giang Province
* Deposit slip into State budget “Land use fee of 3,677.3m2” No. 0003190 dated 23/04/2009 of SASCO (attached repayment notice of land use)
* Use atatus: fruit garden, farm
* Plan of land use: nursery of bonsai cultivation, fruit trees
* Form of land: legally transferred land
* The People's Committee of Kien Giang Province has issued Decision No. 202/QD-UBND date 24/12/2014 on the approval of land use plan in Phu Quoc - Kien Giang Province for the equitization of Southern Airports Services Company Limited; Decision No. 891/QD-UBND dated 22/04/2014 on the land price is the basis for Southern Airports Services Company Limited’s valuation for plots in Phu Quoc - Kien Giang Province in the equitization.

**The land at Quarter 5, Duong Dong Town, Phu Quoc – Kien Giang Province**

* Address: Quarter 5, Duong Dong Town, Phu Quoc – Kien Giang Province
* Area: 1,475,8 m2
* Legal document:
* Certificate of land use rights No. X165825 dated 11/8/2003 by The People’s Committee of Kien Giang Province
* Use atatus: fruit garden, farm
* Plan of use:
* Gas station construction
* Building reastaurant or hotel for tourists shuttle
* Form of land: legally transferred land
* The People's Committee of Kien Giang Province has issued Decision No. 202/QD-UBND date 24/12/2014 on the approval of land use plan in Phu Quoc - Kien Giang Province for the equitization of Southern Airports Services Company Limited; Decision No. 891/QD-UBND dated 22/04/2014 on the land price is the basis for Southern Airports Services Company Limited’s valuation for plots in Phu Quoc - Kien Giang Province in the equitization.

**The land at Quarter 5, Duong Dong Town, Phu Quoc – Kien Giang Province**

* Address: Quarter 5, Duong Dong Town, Phu Quoc – Kien Giang Province
* Area: 4,430.4 m2
* Legal document:
* Certificate of land use rights No. AD 488567 dated 24/6/2006 by The People’s Committee of Kien Giang Province
* Deposit slip into State budget “Land use fee of 4,430,4 m2” No. 0009020 dated 22/01/2006 of SASCO (Attached Note of cadastral information to determine financial obligations)
* Use status:
* SASCO Branch’s office in Phu Quoc
* Automobile repair factory of SASCO Branch in Phu Quoc
* Plan of use:SASCO Branch’s office and automobile repair factory of SASCO Branch in Phu Quoc
* Form of land: legally transferred land
* The People's Committee of Kien Giang Province has issued Decision No. 202/QD-UBND date 24/12/2014 on the approval of land use plan in Phu Quoc - Kien Giang Province for the equitization of Southern Airports Services Company Limited; Decision No. 891/QD-UBND dated 22/04/2014 on the land price is the basis for Southern Airports Services Company Limited’s valuation for plots in Phu Quoc - Kien Giang Province in the equitization

**The land at Nguyen Trung Truc Street, Quarter 5, Duong Dong Town, Phu Quoc – Kien Giang**

* Address: Nguyen Trung Truc Street, Quarter 5, Duong Dong town, Phu Quoc – Kien Giang
* Area: 4,799 m2
* Legal document:
* Certificate of land use rights No. AI 484764 dated 24/10/2007 by The People’s Committee of Kien Giang Province
* Deposit slip into State budget “Land use fee of 418 m2” No. 0010695 dated 26/10/2007 of SASCO
* Use status: SASCO Branch’s office in Phu Quoc
* Plan of use: Taxi parking area and auxiliary works of SASCO Branch in Phu Quoc
* Form of land: legally transferred land
* The People's Committee of Kien Giang Province has issued Decision No. 202/QD-UBND date 24/12/2014 on the approval of land use plan in Phu Quoc - Kien Giang Province for the equitization of Southern Airports Services Company Limited; Decision No. 891/QD-UBND dated 22/04/2014 on the land price is the basis for Southern Airports Services Company Limited’s valuation for plots in Phu Quoc - Kien Giang Province in the equitization.

**The land at Nguyen Chi Thanh truc Street, Quarter 5, Duong Dong Town, Phu Quoc – Kien Giang**

* Address: Nguyen Chi Thanh truc Street, Quarter 5, Duong Dong Town, Phu Quoc – Kien Giang
* Area: 4,758 m2
* Legal document:
* Certificate of land use rights No. AH 497391 dated 7/6/2007 by The People’s Committee of Kien Giang Province
* Deposit slip into State budget “Land use fee of 520 m2” No. 0021986 dated 25/09/2007 of SASCO (attached repayment notice of land use)
* Use status: SASCO Branch’s office in Phu Quoc
* Plan of use: Project of factory of bottling fish sauce or packaging Phu Quoc pepper
* Form of land: legally transferred land.
* The People's Committee of Kien Giang Province has issued Decision No. 202/QD-UBND date 24/12/2014 on the approval of land use plan in Phu Quoc - Kien Giang Province for the equitization of Southern Airports Services Company Limited; Decision No. 891/QD-UBND dated 22/04/2014 on the land price is the basis for Southern Airports Services Company Limited’s valuation for plots in Phu Quoc - Kien Giang Province in the equitization.

**The Land at Ben Tram Village, Cua Duong Commune, Phu Quoc – Kien Giang Province**

* Address: Ben Tram Village, Cua Duong Commune, Phu Quoc – Kien Giang Province
* Area: 6,930.4 m2
* Legal document:
* Certificate of land use rights No. BD 288998 dated 18/01/2011 by The People’s Committee of Kien Giang Province
* Use atatus: fruit garden, farm
* Plan of land use: nursery of bonsai cultivation, fruit trees
* Form of land: legally transferred land
* The People's Committee of Kien Giang Province has issued Decision No. 202/QD-UBND date 24/12/2014 on the approval of land use plan in Phu Quoc - Kien Giang Province for the equitization of Southern Airports Services Company Limited; Decision No. 891/QD-UBND dated 22/04/2014 on the land price is the basis for Southern Airports Services Company Limited’s valuation for plots in Phu Quoc - Kien Giang Province in the equitization.

1. **Business plan for 3 years after equitization**

## Revenue structure from 2014 - 2016

The Company builds the business plan from 2014 – 2016 of the joint-stock company on the basis of maintaining and developing available business activities with estimation. Based on the revenue structure during the past years, the Company builds the revenue structure for years after equitization as follows:

*Table 12: Revenue structure by sectors of SASCO in the period of 2014 – 2016*

| **No,** | **Items** | **2014** | | **2015** | | **2016** | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Amount of money** | **(%)** | **Amount of money** | **(%)** | **Amount of money** | | **(%)** | |
|  | **Total revenue** | **2,032,323** |  | **2,291,761** |  | **2,408,966** | |  | |
| **I** | **By Type of activities** | | | | | | | | |
| **1** | **Sales revenue** | **1,606,452** | **79.05** | **1,849,667** | **80.71** | | **1,951,398** | | **81.01** |
| 1.1 | At the airport | 1,207,234 | 75.15 | 1,434,479 | 77.55 | | 1,512,410 | | 77.50 |
| 1.2 | Out of the airport | 399,218 | 24.85 | 415,187 | 22.45 | | 438,988 | | 22.50 |
| *-* | *Ho Chi Minh City* | *345,872* |  | *359,707* |  | | *381,289* | |  |
| *-* | *Ha Noi Branch* | *52,676* |  | *54,783* |  | | *56,974* | |  |
| *-* | *Phu Quoc Branch* | *669* |  | *696* |  | | *724* | |  |
| **2** | **Service revenue** | **425,870** | **20.95** | **442,094** | **19.29** | | **457,567** | | **18.99** |
| 2.1 | At the airport | 304,893 | 71.59 | 316,277 | 71.54 | | 327,976 | | 71.68 |
| 2.1 | Out of the airport | 120,977 | 28.41 | 125,816 | 28.46 | | 129,591 | | 28.32 |
| *-* | *Ho Chi Minh City* | *11,367* |  | *11,821* |  | | *12,176* | |  |
| *-* | *Phu Quoc Branch* | *109,610* |  | *113,994* |  | | *117,414* | |  |
| **II** | **By Market** |  |  |  |  | |  | |  |
| **1** | **Airport market** | **1,512,127** | **74.40** | **1,750,757** | **76.39** | | **1,840,386** | | **76.40** |
| 1.1 | Sales | 1,207,234 | 79.84 | 1,434,479 | 81.93 | | 1,512,410 | | 82.18 |
| 1.2 | Services | 304,893 | 20.16 | 316,277 | 18.07 | | 327,976 | | 17.82 |
| **2** | **Out-of airport market** | **520,196** | **25.60** | **541,003** | **23.61** | | **568,580** | | **23.60** |
| 2.1 | Sales | 399,218 | 76.74 | 415,187 | 76.74 | | 438,988 | | 77.21 |
| 2.2 | Services | 120,977 | 23.26 | 125,816 | 23.26 | | 129,591 | | 22.79 |
| *Source: Equitization Project of SASCO* | | | | | | | | | |

Airport market will still be the target market of the Company, accounting for 76% of annual total revenue. The average growth rate will be 10.32% per year (2014 to 2016).

## The Company’s business plan in the period of 2014 – 2016

The company has established the business plan in 03 years after equitization as follows:

## *Table 13: The Company’s business plan in the period of 2014 – 2016 Unit: Million VND*

| **No,** | **Items** | **2014** | **2015** | **2016** |
| --- | --- | --- | --- | --- |
| **1** | **Revenue from sales and services** | **2,032,323** | **2,291,761** | **2,408,966** |
|  | *In which* |  |  |  |
| *1.1* | Sales revenue | *1,606,452* | *1,849,667* | *1,951,398* |
| *1.2* | Service revenue | *425,870* | *442,094* | *457,567* |
| 2 | Sales deductions | 4,411 | 4,822 | 4,967 |
| 3 | Net revenue from sales and services | 2,027,911 | 2,286,938 | 2,403,998 |
| **4** | **Cost of goods sold** | **1,392,954** | **1,570,773** | **1,647,251** |
| **5** | **Gross revenue from sales and services** | **634,957** | **716,165** | **756,747** |
| 6 | Revenue from financial activities | 55,848 | 53,997 | 55,996 |
| 7 | Financial expense | 11,025 | 14,57 | 14,677 |
|  | *In which: interest expense* | *2,500* | *2,200* | *2,000* |
| 8 | Sales expense | 341,430 | 383,870 | 403,501 |
| 9 | Administration expense | 165,212 | 167,736 | 176,813 |
| **10** | **Net revenue from business activities** | **173,138** | **203,979** | **217,752** |
| 11 | Other incomes | 7,539 | 7,916,680 | 8,312,514 |
| 12 | Other costs | 348 | 500 | 500 |
| **13** | **Other profits** | **7,191** | **7,416** | **7,812** |
| **14** | **Total before-tax profit** | **180,330** | **211,396** | **225,564** |
| 15 | Current income tax expense | 33,873 | 41,007 | 39,613 |
| 16 | Deferred income tax expense |  |  |  |
| **17** | **After-tax profit** | **146,456** | **170,388** | **185,951** |
| **18** | **Owner’s Capital** | **1,315,000** | **1,315,000** | **1,315,000** |
| **19** | **Before-tax profit on equity ratio** | **13,71%** | **16,08%** | **17,15%** |
| *Source: Equitization Project of SASCO* | | | | |

## Some targets on the business plan 2014 - 2016

In the inheritance of business results achieved in recent years and on the basis of business orientation plans in the coming time with new goals and resources, the Company continues to choose the airport as the target market while expanding market outside the airport.

On this basis, the Company sets out targets of business plan in 03 years after equitization as follows:

*Table 14: The Company’s Business plan 2014 – 2016*

| **No,** | **Items** | **Unit** | **2014** | **2015** | **2016** |
| --- | --- | --- | --- | --- | --- |
| 1 | Total output | Million VND | - | - | - |
| 2 | Registered Charter Capital | Million VND | 1,315,000 | 1,315,000 | 1,315,000 |
| 3 | Total assets | Million VND | 2,039,285 | 2,088,042 | 2,096,689 |
| 4 | Short-tem debts | Million VND | 110,000 | 112,000 | 103,000 |
|  | In which, overdue debts | Million VND | - | - | - |
| 5 | Long-term debts | Million VND | 104,531 | 83,625 | 62,719 |
|  | *in which, overdue debts* | Million VND | *-* | *-* | *-* |
| 6 | Doubtful debts | Million VND | 265,307 | 265,307 | 265,307 |
| 7 | Provision for doubtful debts | Million VND | - | - | - |
| 8 | Total revenue and other incomes | Million VND | 2,095,712 | 2,353,675 | 2,473,276 |
|  | In which, net revenue | Million VND | 2,027,912 | 2,286,939 | 2,403,999 |
| 9 | Total costs | Million VND | 1,910,970 | 2,137,456 | 2,242,744 |
| 10 | Before-tax profit | Million VND | 180,330 | 211,396 | 225,565 |
| 11 | Ration of before-tax profit/charter capital (11 = 10/2) | (%) | 13.71% | 16.08% | 17.15% |
| 12 | Income tax | Million VND | 33,873 | 41,008 | 39,614 |
| 13 | After-tax profit | Million VND | 146,457 | 170,388 | 185,951 |
| 14 | Return on Assets (ROA) | (%) | 7.18% | 8.16% | 8.87% |
| 15 | Return on Equity (ROE) | (%) | 11.14% | 12.96% | 14.14% |
| 16 | Return on Sales (ROS) | (%) | 7.22% | 7.45% | 7.74% |
| 17 | Estimated provision of funds  (15%/ of after-tax profit) | Million VND | 21,969 | 25,558 | 27,893 |
| 18 | Expected dividend profits | Million VND | 124,488 | 144,830 | 158,058 |
| 19 | Expected dividend rate  (16 = 15/2) | (%) | 9,47% | 11,01% | 12,02% |
| 20 | State budget contribution | Million VND | 63,356 | 71,965 | 72,045 |
| 21 | Total employees | Person | 1,815 | 1,865 | 1,885 |
| 22 | Average employee income (person/month) | Thousand VND | 9,750 | 10,460 | 10,838 |
| *Source: Equitization Project of SASCO* | | | | | |

*Note: The business plan does not include all the provision for doubtful debts.*

**In 2014**

**Airport market**

* The Company will still consolidate and maintain the growth rate in the target market although there have been some fluctuations significantly affecting the business performance, in particular:
* Tan Son Nhat Domestic Terminal was repaired for 3 months, disrupting some business locations of the Company there and leading to the decrease of revenue by 48 billion VND, respectively by 2.4% compared to that in 2013.
* The instability in the East Sea has reduced international passenger traffic through Tan Son Nhat Airport (especially Chinese and Russian) and directly affected the business operations at the International Terminal. In the first 06 months of 2014, the number of Chinese and Russian passengers fell by 8%, decreasing the revenue by 15 billion Dongs, respectively 1.84% compared to the same period.

**Out-of-airport market**

* The Company keeps growing with revenue rise by 16 billion Dongs, respectively 3.18% higher than 2013.

From the above analysis, the Company estimates that the revenue plan in 2014 will fall by 108 billion Dongs, respectively 5.02% down compared to that in 2013.

**In 2015 and 2016**

**Airport market**

The Company will continue developing the target market on the basis of:

* Passenger traffic through Tan Son Nhat Airport in 2015 will go up by 6.8% in comparison with 2014, and in 2016 rise by 6% in comparison with 2015.
* Operation in Domestic terminal will recover and steadily grow.
* In July 2015, International Terminal of Tan Son Nhat Airport will be expanded; The Company will expand the area of ​​duty free business of about 500 m2, so duty free sales will increase by 67 billion Dongs, respectively 7.78% increase compared to 2014.

**Out-of-airport market**

* The Company will maintain the growth rate of average annual revenue at 4.55% (2014 -2016) out of which export business is expected to be extended in 2015 and 2016; Investment and trade promotion between Vietnam and Europe will increase the Company’s export revenue by 10 billion Dongs per year, respectively 200% rise compared to the same period.

Operation costs will be set up basing on:

* Norms established and applied by the Company for many years.
* The balance on the actual needs of the business activities and performance in each type.

*Note: The above-mentioned plans do not include the estimation of the influence of the East Sea situation, the fluctuations of political conflict, epidemics in region and the world on business activities of the Company.*

## Financial plan

Based on the strategic orientation in the period of 2014 – 2016 in aviation industry, strategy of basic construction, expected loan plan and debt payment of project, the Company establishes the financial plan with the following targets:

*Table 15: Financial Plan of the Company in 2014 – 2016 Unit: Million VND*

| **No,** | **Items** | **31/12/2014** | **31/12/2015** | **31/12/2016** |
| --- | --- | --- | --- | --- |
|  | **TOTAL ASSETS** | **2,039,285** | **2,088,042** | **2,096,689** |
| **I** | **Short-term assets** | **1,127,121** | **1,055,006** | **1,029,515** |
| 1 | Cash and cash equivalents | 325,818 | 189,026 | 173,827 |
| 2 | Short-term investment | 196,681 | 220,000 | 192,000 |
| 3 | Receivables (short-term + long term) | 353,921 | 363,410 | 367,697 |
| 4 | Inventory | 237,902 | 268,272 | 281,992 |
| 5 | Other short-term assets | 12,798 | 14,298 | 13,998 |
| **II** | **Long-term assets** | **912,164** | **1,033,036** | **1,067,175** |
| 1 | Fixed assets | 492,899 | 771,821 | 821,389 |
|  | In which |  |  |  |
| *1.1* | *Tangible and intangible fixed assets* | *238,255* | *222,477* | *212,045* |
| *1.2* | *Cost of basic construction in progress* | *254,644* | *549,344* | *609,344* |
| 2 | Invested real-estate | 19,703 | 19,127 | 18,550 |
| 3 | Long-term investment | 257,594 | 189,109 | 189,109 |
| 4 | Other long-term assets | 141,968 | 52,979 | 38,126 |
|  | **TOTAL CAPITAL** | **2,039,285** | **2,088,042** | **2,096,689** |
| **III** | **Liabilities** | **716,962** | **757,200** | **756,549** |
| 1 | Short-term liabilities | 611994 | 673,575 | 693,831 |
| 2 | Long-term liabilities | 104,967 | 83,625 | 62,719 |
| **IV** | **Owner’s Capital** | **1,322,323** | **1,330,842** | **1,340,140** |
| 1 | Owner’s Capital Charter | 1,322,323 | 1,330,842 | 1,340,140 |
| 1.1 | Owner’s Investment Capital | 1,315,000 | 1,315,000 | 1,315,000 |
| 1.2 | Provisions | 7,323 | 15,842 | 25,140 |
| 2 | Other funds | **-** | **-** | **-** |
| *Source: Equitization Project of SASCO* | | | | |

* **Financial situation**

Based on the business and financial plan from 2014 to 2016 after the Company's equitization, the Company has a healthy financial situation, namely:

* Good financial autonomy through the low ratio of debt over equity, specifically: 0.54 in 2014; 0.57 in 2015; 0.57 in 2016.
* Liquidity is ensured, in particular: 1.84 in 2014; 1.57 in 2015; 1.48 in 2016.
* **Investment in fixed assets**

The investment plan of fixed assets of the company increases for the following reasons:

* The Company estimates that the investment in machine and equipment is 47 billion VND in 2014, 28 billion VND in 2015 and 40 billion VND in 2016.
* The Company continues implementing projects in progress; the basic construction costs in estimation will be 235 billion VND in 2014; 294 billion VND in 2015, and 60 billion VND in 2016.

## The Company’s construction investment plan in the period of 2014 – 2016

*Table 16: The construction investment plan in 2014 – 2016 Unit: 1,000 VND*

| **No,** | **Items** | **2014** | **2015** | **2016** | **Summary of investment necessity** |
| --- | --- | --- | --- | --- | --- |
|
| **I** | **Projects in progress in 2013** | **233,040,326** | **259,700,000** | **53,000,000** |  |
| 1 | Vung Bau Eco - Resort | 146,122,844 | 65,000,000 | 11,000,000 | Business extension |
| 2 | Blue Lagoon Resort | 49,893,811 | 21,000,000 |  | External project (Joint-venture) |
| 3 | SASCO PLAZA | 1,003,905 | 25,000,000 | 7,000,000 | Business extension |
| 4 | Suoi Hoa Eco - Resort | 74,452 | 8,700,000 | 3,000,000 | Business extension |
| 5 | An Binh Residential – Commercial Complex | 2,904,765 | 65,000,000 | 9,000,000 | Business extension |
| 6 | SASCO – Nha Trang Hotel | 367,581 | 35,000,000 | 7,000,000 | Business extension |
| 7 | SASCO – Cam Ranh Premium Resorts | 1,537,000 | 19,000,000 | 7,000,000 | Business extension |
| 8 | Factory of SASCO bottled fish sauce production | 23,685,968 |  |  | Production extension |
| 9 | Rubber plantation project in Binh Phuoc | 6,800,000 | 9,000,000 | 4,000,000 |  |
| **II** | **Projects in 2014** | **2,182,888** | **35,000,000** | **7,000,000** |  |
| 1 | SASCO Blue Sky project | 2,182,888 | 35,000,000 | 7,000,000 | Business extension |
|  | **TOTAL** | **235,223,214** | **294,700,000** | **60,000,000** |  |
| *Source: Equitization Project of SASCO* | | | | | |

1. **Missions and Solutions**

To achieve established targets of 03-year plan in 2014 – 2016, the Company has launched the solutions, including:

* 1. **Business solutions**
* **In target market**
* Consolidate, maintain and develop target market at the airports.
* Diversify products and services to meet increasing demands of customers.
* Facilitate competitive advantages in target market with new service models to meet more and more varied needs of customers.
* Continuously enhance product and service quality with competitive price in order to increase revenue through seeking for and absolutely exploiting sources of product and service supply with high quality, good reputation and effectiveness.
* Take advantage of positive support from units in the Corporation, and the ones exploiting in airport market to develop business.
* **At the out-of-airport market**
* Consolidate and develop products and services in available markets such as Phu Quoc Island, Ha Noi and Ho Chi Minh City.
* Intensify market research, product and service promotion of the Company; seek for and set up distribution channels to bring the Company’s products and services to domestic and international market.
* Boost the export activities to bring Vietnamese products, particularly fish sauce of the Company to other countries, especially Europe.
* Promote investment and trade in Europe market.
  1. **Solutions to investment**
* Implement key projects that are highly effective and approved for investment by the authorities.
* Select the time suitable with market situation and general operation of the Company to carry out projects.
* Invest capital to aim to make full use of existing human capabilities, whilst bringing rapid accumulation. Investment activities will target companies and strategic projects that are likely much profitable.
  1. **Capital and finance solutions**

Strengthen forms of capital mobilization to ensure capital for investment and business activities of the Company while raising capital accumulation for business extension. Capital solutions include:

* Base on the financial potential and business reputation of the Company to reinforce and extend cooperation with banks with credit relations for the implementation of the lowest loan cost.
* Focus on improving asset utilization.
* Pay attention to using capital in payment of customers the most effectively.
  1. **Solutions to human resources**
* During and after the time of restructuring organization, the Company will update job descriptions to suit the new requirements of the new organization.
* Improve the system of performance assessments, attaching the Company’s objectives with each unit’s and employee’s.
* Strengthen current human resource evaluation; train to develop employees to meet the growth demands of the Company.
* Attract, recruit employees with high professional level, experience and market expertise to supplement the capability shortage.
* Improve compensation and benefits system tied to the employee’s capability and job performance, creating motivation for high productivity, and ensuring fairness inside and competing with market outside.
* Promote internal communication to increase employee’s cohesion, enhance motivation and make corporate culture of SASCO more and more developing.
  1. **Marketing and branding plans**
* Actively promote and repose SASCO brand through high quality of business activities.
* Use outstanding strengths of human resource with highly qualified professionals and experience considered as competitive advantages to compete with competitors in the market.
* Maintain good relationship and promote marketing activities in provinces, local cities across the country to catch up with the demands for investment and development.
* Set up standards of customer information system, complete customer database, and standardize product and service policy to ensure great credibility of SASCO to customers.
* All SASCO’s employees also have responsibility to promote the brand through professional working style and high quality job performance, contributing to improving and maintaining SASCO brand.
  1. **Cost-saving solutions**
* Set up and issue cost norms, control the implementation of established norms.
* Propagandize all employees to implement cost norms, cost saving and waste against.
* Develop and effectively carry out advertising and marketing plan, ensuring to best meet the needs of the Company’s business.
* Promptly reward collective or individual with good performance in saving cost and reducing waste.

## ESTIMATED RISKS

1. **Economic risks**

Any economy always contains certain risks, deriving from fluctuations of macro-economic variables such as growth rate, inflation, interest rates, currency exchange rates, etc. Southern Airports Services Company Limited is an entity engaging in the economy with main activity of trade. Therefore, the country’s policy of economic development as well as the general increase or decrease of the growth rate will have direct impacts on the industry in general and the business operations of the Company in particular.

**Economic growth rate**

In the first half of 2014, the world economy in general and Vietnam in particular have a certain number of growths. However, the overall growth has not shown real steadiness. Some larger economies with expectation of good growth still have many risk factors such as adjustment of monetary policy and instable factors in the long-term public fiscal policy of some developed economies, uncertainty of the emerging economies and weak recovery in the EURO area. In Vietnam, business has continued to face difficulties and pressures: low purchasing power in the market; not high capital absorpting capacity of the economy; heavy NPLs pressure; slow goods consumption; Among them, it is notable that the process of economic restructuring takes place asynchronously and does not have really effective steps, In addition, the situation in the Sea East has recently been more complicated, initially affecting the socio-economic development and the life of people throughout the country.

Coping with economy’s difficulties at home and abroad, the Communist Party, Nation Assembly and Government have concentrated on strongly leading all industries, levels and localities to effectively perform synchronization, make efforts to overcome difficulties, as well as promote autonomy and creativity of the entire army and people. Among those, business community in the whole country has contributed to keeping macro stability, gradually developing production, and generating economic growth and ensuring social security.

According to the General Statistics Office, after first 06 months of 2014, the total domestic products (GDP) increased approximately by 5.18% in comparison with the same period of 2013, in which Quarter I rose by 5.09% and Quarter II by 5.25%. This is the high GDP raise compared to the same period of 2012 and 2013, and all three sectors have higher rate than the same time in 2013. Among the rise by 5.18% of the entire economy, the agriculture, forestry and fisheries rose by 2.96%, the industry and construction 5.33%, service 6.01% (the corresponding structure of the same period in 2013 respectively was 2.07%, 5.18% and 5.92%). These are positive and overall signs of the economic growth. The service sector continued to contribute high to the general growth rate, in which wholesales and retails went up by 5.78%; accommodation and catering rose by 8.50%; finance, banking, and insurance increased by 5.51%.

The positive signs of growth in service sector is one of the opportunities as well as big challenges for the business development of the Company because the fluctuation of macro-economic variables is non-stop, especially after the official transformation into joint stock of the Company. This will put the Company in the face of innovation, development and having flexible and suitable business policies with the changes of the economy.

**Inflation**

In June, the fact that prices of essential commodities in the world did not much increase, food supply was abundant and inflation control policies were effectively implemented, contributed to keeping domestic consumer prices being stable. According to the General Statistics Office, consumer price index in June 2014 increased by 0.3% compared to the previous month (0.08% up in April, 0.2% up in May). Some key factors making consumer prices increase in June are: (1) Certain items such as outside beverages, already-made summer clothes and domestic and abroad tour costs all increase due to the hot weather and tourist season; (2) The adjustment of prices of gasoline, diesel and kerosene on April 22, 2014 made consumer price index nationwide in June rise by 0.15% compared to the previous month; (3) Price of health services in Ho Chi Minh City was revised up from June 01 under Decision No, 1365/QD-SYT dated 05,27,2014 made ​​ price index of health services throughout the country increase by 0.87%.

Also according to the General Statistics Office, the consumer prices index in June 2014 rose by 1.38% in comparison with December 2013 and by 4.98% with the same period last year. In first 06 months of this year, the average monthly CPI went up by 0.23%. The average consumer prices index in the first half of this year increased by 4.77% compared to the same period last year. With this above-mentioned rate, inflation continued to be controlled at the rate of lower 5%, According to the National Financial Supervisory Commission, inflation rate in the whole 2014 will be likely around 5% unless there is fluctuation of essential commodities’ prices.

In general, low inflation is mainly due to low demands. Besides, the high price level high and price increase of many essential commodities such as gas, electricity and raw materials have directly affected the Company’s business activities and life of people.

**Interest rate**

Inflation stability has facilitated for interest rate reduction. Up to May 2014, deposit rates for VND in 06 months fell by 0.8% compared to the beginning of this year, from 7.2%/year to 6.4%/year.

Therefore, during the past time, the act of lowering interest rates of the State Bank has proven efforts from the Government to remove difficulties, maintain stability as well as push up business operations.

Interest rate risk of the Company is mainly related to loans with floating interest rates. The Company manages interest rate risks by analyzing market conditions to make rational decisions in timing loans and loan term in order to get the best interest rates as well as maintain the loan structure with reasonable floating and fixed rate.

**Currency exchange rate**

Currency exchange is one of the important macro-economic policies of all nations. The changes of currency exchange USD/EUR, USD/JPY, etc and currency fluctuation between USD and VND has direct impact on import-export activities, trade balance, national debt, direct and indirect investment attraction.

According to the National Financial Supervisory Commission, domestic currency deposits in VND of customers have still risen by 7.1% in comparison with the beginning of this year. Deposits in VND are still high while foreign currency deposits falls sharply by 5.5%, which indicates that the shift of capital flows from domestic to foreign currency after USD/VND fluctuation is not extended. The State Bank has continuously operated and controlled to stabilize the exchange rate (the exchange rate after 06 months only rose by 0.57% and average rate only rose by 0.73% compared to the same period last year)

Because of mainly making payment for transactions of importing goods for duty free business and service costs in USD and EUR, the Company is influenced by the fluctuation of currency exchange rate.

Although the foreign currency market and exchange rate are quite stable at the moment, the adjustment of exchange rate by the State Bank of Vietnam, as well as any changes of the rate in market will affect the Company’s business performance.

In order to minimize risks related to the fluctuation of exchange rates, the Company has optimized payment terms of debts, predicted foreign currency rate, maintained rational structure of loans and debts between USD and VND, selected time of low exchange rate to purchase and make payment by foreign currency, and use the existing money source to balance between rate risks and liquidity risks.

1. **Financial risks**

The Company’s operations arises the following risks: credit risks, liquidity risks and market risks. The Company is responsible for establishing policies and control methods to minimize financial risks as well as monitor the implementation of established policies and control methods.

**Credit risks**

Credit risk is the one in which one party in the contract is not capable of performing its obligations, causing finacinal loss to the Company. The Company’ credit risks mainly comes from customer’s receivables.

**Customer receivables**

The Company reduces credit risks by only trading with good financial capacity companies, at maximum credit period of 30 days. Credit is not allowed for units with first transaction or without information about financial capability. In addition, liability accountants have to regularly monitor liabilities to hasten collection.

Customer’s reveivables of the Company are related to many units and individuals, so credit risks on customer’s reveivables is low.

**Bank deposits**

Bank deposits with term and without term of the Company are in prestigous banks, so credit risks for bank deposits are low.

**Liquidity risks**

Liquidity risk is the one in which the Company has difficulty in implementing financial obligations due to lack of money.

Liquidity risks of the Company primarily comes from the difference between the maturity of financial assets and financial liabilities.

The Company manages liquidity risks through such measures as regularly monitor requests of current and future payment to maintain cash and cash equivalents as well as loans in a rational level; monitor actual and expected cash flows to minimize the influence of cash flows’ fluctuation.

**Market risks**

Tan Son Nhat International Airport is expected to reach maximum capacity of 25 million passengers per year and not able to grow (maximum passengers for the airport capacity), leading to market saturation at that time.

The Company’s business operations are under heavy pressure in market. Competition certainly leads to price reduction but quality improvement to keep reputation and brand name to customers.

**Stock risks**

Stocks hold by the Company are might be affected by risks of commercial value of stock investment. The Company manages the risks of stock price by setting up investment quotas and diversifying business portfolio.

1. **Competition risks**

The economy is more and more growing, especially when Vietnam has mixed with WTO – the “general playground”, so competition is inevitable and tougher between domestic and foreign companies in the same industry on products, prices and market shares. This has had great impact on the Company’s business. However, this is also the opportunity to boost the Company in doing research for market extension, seeking for partners, segmenting potential customers, improving professionalism in service in order to enhance the competitive advantages with other businesses in the same industry.

1. **Legal risks**

After entering the field of joint stock companies, all activities related to the Company is not only more transparent, more open, but also affected by the provisions of the law such as Enterprise Law, Commercial Law, Securities Law, and the tax laws.

Before, the legal system of Vietnam was instable and inconsistent. Guiding documents are incomplete, un-updated, and overlapping. Moreover, the law application into practice still had some shortcomings, and enforceability is sometimes not high. These would influence on long-term strategic planning. On the other hand, because the nature of the Company is production and trading, the changes of law policy on taxes would always have great impact on the Company’s business operations.

Currently, the system of legal documents of our country have gradually improved and been always changed to suit the development trends of the economy and society. However, this policy system needs more additional adjustments to suit the actual situation. Therefore, the improvement of the stability of the State legal policy is essential for businesses, especially when Vietnam economy is step by step harmonizing with the movement and the ongoing development of the world economy. This also generates more favorable conditions for the company to be able to make a business plan.

1. **The industry’s specific risks**

Aviation intrustry is affected by many factors in terms of political and economic fluctuation, epidemics, weather on passenger travel, which has direct influence on the Company’s business activities.

1. **Risks of the offering**

The offering of the Company will depend on the change of listed securities market situation at the time of auction, the psychology of investors as well as the attractiveness of the Corporation’s shares.

This is an initial public offering by the Company. Total par value of the offering is **1,315,000,000,000 VND.** Because there is no underwriting party for the offering then this auction may be not successful as expected, i,e, total amount of shares to be purchased may be lower than selling volumes. Meanwhile, the number of shares not sold out will be handled in accordance with the provisions of Article 40 of Decree No.59/2011/ND-CP dated 18/07/2011 on the transfer of 100% State capital into joint-stock company, specifically as follows:

*“Equitization Board has the right to offer publicly the number of unsold shares to investors attended the auction in the form of direct negotiation. Investors who refused to buy shares will not be got back the deposit when participating in the auction.*

*In case of public offerings through negotiation is still not selling all shares, the Equitization Board reports to the authority department to decide to approve the equitization plan implementing adjustment of charter capital structure to transfer 100% State-owned capital into joint-stock company before organizing the first shareholders’ meeting.*

*Equitization Board and representatives of the State-owned capital at the equitized enterprise have responsibility on supplementary to the draft charter to pass through in the first shareholders’ meeting about the right to sell the remaining State-owned stakes after the joint-stock company has already been put on official operation under the Enterprise Law and the equitization plan has been approved to adjust by the authorities”.*

Risks of the offering, if ever occur, will change the structure of actual charter capital of the Company versus expected structure. Thereby, it somewhat impacts on the implementation of the business plan of the Company after equitization.

## 

## PART V

# INFORMATION ABOUT THE OFFERING

## OFFERING METHOD

### Investors - Buyers

Under Article 6 of Decree No. 59/2011/ND-CP dated Jul 18, 2011 by the Government, investors and buyers include:

* Officers and employees of the Company present at the time of publication of enterprise value on March 27, 2014.
* Domestic and foreign investors
* Strategic investors

### Offering method

### Shares issued to employees with preferential price

* Preferential price of the shares sold to employees in the Company staff list approved through abnormal employee meeting is at 60% of the lowest successful bid price offered by the strategic investors under Clause 1, Article 48 of Decree No.59/2011/ND-CP.
* Total employees in the list of the Company staffs as of March 27, 2014: **1,596 persons**.
* Total employees to purchase shares at preferential price: **1,327 persons.**
* Total employees who are not eligible for share purchase: 269 persons.

*In which*: 264 employees work in State sector under one year; 03 officers are sent to companies of SASCO’s capital contribution, who are not on the payroll and do not participate in Social Insurance at SASCO; 02 persons are in the payroll but do not participate in Social Insurance.

* Total employees registering to purchase shares at preferential price: **1,320 persons.**
* Total employees not registering to purchase shares at preferential price: **07** persons
* Total number of years working in the State sector in proportion with the total employees able to purchase shares at preferential price in accordance with the regulations: **11,311** years.
* Total number of shares at preferential price offered to **1,320** people who signed up to buy according to the number of working years in the State sector: **1,131,100** shares.
* Shares that employees registered for additional buying according to the regulations at Clause 2, Article 48 of Decree No.59/2011/ND-CP, in accordance with the list approved by the abnormal employees meeting.

*Conditions*:

* Employees in the regular list of the Company at the time of publication of enterprise value (**27/3/2014);**
* Employees to be used by/transfered to the joint-stock company.
* Employees with long-term commitment of working for the Company at least 03 years (from the date when the Company is granted the first certificate of business registration).

*Criteria for determining qualified experts with highly professional qualification, approved by the employees meeting.*

*Employees meet one of the following criteria:*

* At least 03 year experience in position of team manager in the Company.
* High job performance: continuously accomplishing duties (certificate of merit by the General Director in the 03 years 2011, 2012 and 2013.
* Employees with long years of working experience, high skills in expertise or salary level of 4/4, 5/5, 5-6/6, 6-7/7, 6-7-8/8, 10-11-12/12 (under Decree No.205/CP).
* Total employees on the Company staff list as of March 37, 2014 and subject to being transferred to work in the joint stock company: **1,586** persons, out of which are **1,551** people eligible to purchase additional shares according to the number of years with long-term working commitment for the Company.
* Total employees registering to buy more shares at the rate of 200 shares/1 year work commitment are **479** persons; The number of shares registered to buy by these employees is **676,000** shares.
* Total employees registering to buy more shares at the rate of 500 shares/1 year work commitment are **137** persons; The number of shares registered to buy by these employees is **496,000** shares.

### Shares issued to the Unions with preferential price

The Unions do not register to buy shares.

### Stocks sold to strategic investors

* **Offering objectives**
* Support SASCO to apply new technology to improve productivity, quality as well as many high quality products and services for market.
* Enhance the effectiveness of business management and strengthen the competitive advantages of SASCO in the condition of international integration.
* **Selection criteria**

SASCO will select 03 strategic investors with the following criteria:

* Being franchised to trade and distribute high-class consumption goods available at international airports in the world;
* Having experience in retails according to international standards;
* Having commitment in written document of authoritative person to have a strong attachment of long-term benefits with the Company;
* Supporting the Company after equitization to supply raw materials, goods, services, and market development.
* **List of strategic investors**

Based on the offering objectives and selection criteria, the Company has selected 03 strategic investors capable of meeting criteria as follows:

**Imex Pan Pacific Co. Ltd. (IPP)**

* Being the distributor of premium brand names of spirits such as Moet-Hennessy, RemyCointreau and Camus in Vietnam;
* Being the exclusive distributor and business of Chanel in Vietnam;
* Being franchised to trade the chain of Thai Village and Illy Café in Vietnam.
* Having experience on trading, operating duty free supermarkets, couture shopping centers (REX ARCADE and Trang Tien Plaza);
* Being the partner with capability of providing goods, developing chain of retails and restaurants in accordance with international standards for the Company.

**Au Chau Fashion & Cosmetics Co. Ltd. (ACFC)**

* Being the exclusive distributor of fashion brands such as Nike, Tommy Hilifiger, CK, Diesel, Tumi…in Vietnam market
* Having experience on organizing, managing and operating chain of retails with nearly 80 retail stores nationwide;
* Being the partner with capability of supporting SASCO to develop selling chain, sharing market information, retail experience and training sales force for the Company.

**Duy Anh Fashion & Cosmetics Co. Ltd. (DAFC)**

* Being the distributor of couture brands such as Salvatore Ferragamo, Versace, Burberry, Bvlgari, Bally, Lancome, and Biotherm in Vietnam.
* Having business capability and experience, understanding the market of couture retail.
* Being the partner with capability of supporting SASCO to develop, extend business operation on premium consumption goods, setting up the distribution system of famous brand names in the world to improve customer service quality.
* **Offering method and scale**

**Offering method**

Selling shares to strategic investors before public auction: direct agreement with eligible strategic investors.

**Offering scale:**

The total shares sold to strategic investors is **31,034,000** shares, respectively **23.60%** of Charter Capital of SASCO.

Number of chosen strategic investors: **03** investors

Number of shares sold to the strategic investors as follows:

* Imex Pan Pacific Co. Ltd.: 21,040,000 shares, respectively 16% of Charter Capital;
* Duy Anh Fashion & Cosmetics Co. Ltd: 6,575,000 shares, respectively 5% of Charter Capital;
* Au Chau Fashion & Cosmetics Co. Ltd: 3,419,000 shares, respectively 2.6% of Charter Capital;
* **Determination of offering price**

Pursuant to Point đ, Clause 3, Article 6 of Decree No.59/2011/ND-CP: offering price for strategic investors in the case of selling before public auction is the agreed price between parties but not lower than initial price approved by the authorities.

### Stock for public offering

|  |  |
| --- | --- |
| * Offer volume: | **31,097,900** shares, accounting for **23.65%** of Charter Capital. |
| * Type of offer stock: | Common stock. |
| * Par value: | 10,000 VND/stock. |
| * Initial price: | 10,000 VND/stock. |
| * Deposit: | 10% cash deposit of total registered value at  initial price. |
| * Investors: | Organizations and individuals that meet the conditions specified in Auction Regulation of initial public offering Southern Airports Services Company Limited. |
| * Auction organization: | Ho Chi Minh City Stock Exchange |
| * Auction implementation: | Under the provisions of Auction Regulation of initial public offering by Southern Airports Services Company Limited issued by Ho Chi Minh City Stock Exchange. |
| * Auction time | Under the provisions of Auction Regulation of initial public offering by Southern Airports Services Company Limitedissued by Ho Chi Minh City Stock Exchange. |
| * Auction location: | Ho Chi Minh City Stock Exchange.  Address: 16 Vo Van Kiet, District 1, Ho Chi Minh City. |

### Payment method and time of payment

## Under the provisions of Auction Regulation of initial public offering by Southern Airports Services Company Limited issued by Ho Chi Minh City Stock Exchange.

## II, PLAN OF USING FUND COLLECTED FROM EQUITIZATION

The Company temporarily calculates money collected from equitization wih the method of assuming that all shares are bought with the initial price of 10,000 VND/share, and will adjust later after the official price is set, specifically as follows:

***Table 10: Plan of using fund collected from equitization***

|  |  |  |
| --- | --- | --- |
| **No,** | **Items** | **Amount (VND)** |
| **1** | **Actual value of the State-owned capital at enterprise** | **1,313,271,893,589** |
| **2** | **Total fund collected from equitization**  **(2.1 + 2.2 + 2.3)** | **639,825,600,000** |
| 2.1 | Collection from selling shares to employees (*A+B*) | 18,506,600,000 |
| *A* | *Collection from selling shares to employees* | 6,798,600,000 |
| *B* | *Collection from selling shares according to commitment of*  *working years* | 11,720,000,000 |
| 2.2 | Collection from auction | 310,979,000,000 |
| 2.3 | Collection form selling shares to strategic investors | 310,340,000,000 |
| **3** | **Total value of shares selling to the employees and auction at starting price (3,1 + 3,2 + 3,3)** | **644,350,000,000** |
| 3.1 | Value of shares selling to the employees at starting price | 23,031,000,000 |
| 3.2 | Value of shares through auction at starting price (*C+D*) | 310,979,000,000 |
| *C* | *Value of additional issued shares* | *1,728,110,000* |
| *D* | *Value of shares the State selling* | *309,250,893,589* |
| 3.3 | *Value of shares sold to strategic investors* | 310,340,000,000 |
| **4** | **State-owned capital participating under equitization plan** | **670,650,000,000** |
| **5** | **Expected equitization cost** | **1,711,714,000** |
| **6** | **Expected equitization cost** | **668,069,900** |
| **7** | **Remaining fund from selling State-owned capital after deducting expenses as regulated [(1+2-3-4-5-6)] (\*)** | **635,717,709,689** |
| *Source: Equitization Project of SASCO* | | |

The management and use of fund from equitization comply with the provisions of Section III of Circular No. 196/2011/TT-BTC dated 26/12/2011 by the Ministry of Finance. Accordingly, the Company will submit to the Fund of business arrangement support of Aviations Corporation of Vietnam, in which the expected equitization cost is as follows:

| **No,** | **Cost items** | **Amount** |
| --- | --- | --- |
| **I** | **Direct expenses at enterprise** | **375,274,000** |
| 1 | Inventory and asset classification | 28,924,000 |
| 2 | Expenses of public debt collation | 50,000,000 |
| 3 | Expenses of training and informing equitization | 36,350,000 |
| 4 | Information disclosure expenses | 60,000,000 |
| 5 | First Meeting of Shareholders | 200,000,000 |
| **II** | **Consultancy expenses** | **840,000,000** |
| 1 | Expenses of hiring consultant of enterprise valuation | 200,000,000 |
| 2 | Consultancy expenses | 110,000,000 |
| *2,1* | *Expenses of building equitization plan and Charter of joint stock company* | *50,000,000* |
| *2,2* | *Cost of consultancy and first meeting of shareholders* | *60,000,000* |
| 3 | *Expenses* of auction | 360,000,000 |
| *3,1* | *Expenses of consultancy on document for first auction* | *60,000,000* |
| *3,2* | *Expenses of organizing auction* | *300,000,000* |
| **III** | **Cost of the Equitization Board and assisting teams** | **496,440,000** |
| 1 | Expenses of the Equitization Board | 406,440,000 |
| *1,1* | *Remuneration of Equitization Board* | *325,000,000* |
| *1,2* | *Travel expense of Equitization Board* | *81,440,000* |
| 2 | Remuneration of assisting team | 90,000,000 |
|  | **TOTAL** | **1,711,714,000** |

*Source: Equitization Project of SASCO*

*Note: the above-mentioned expenses of equitization does not include VAT*

## CONCLUSION

The disclosure is provided to investors for the purpose of helping them to evaluate assets, liabilities, financial condition, performance and business prospects of Southern Airports Services Company Limited before registering to participate in auction.

The disclosure is made on the basis of information; data provided by Southern Airports Services Company Limited and equalization plan approved by Southern Airports Services Company Limited as regulated by the law to ensure publicity, transparency and protection of the legitimate interests of investors.

We would expect investors to refer to this disclosure before deciding to participate in auction to purchase the Corporation’s shares.

Sincerely thanks,

*Ho Chi Minh city, August 12, 2014*

**STEERING COMMITTEE OF EQUITIZATION**

**SOUTHERN AIRPORTS SERVICES COMPANY LIMITED**

**REPRESENTATIVE OF STEERING COMMITTEE EQUITIZATION BOARD**

**REPRESENTATIVE OF EQUITIZED ENTERPRISE**

**SOUTHERN AIRPORTS SERVICES COMPANY LIMITED**

**PRESIDENT - DIRECTOR**

**REPRESENTATIVE OF ADVISORY ORGANIZATION**

**VIETCOMBANK SECURITIES LIMITED CORPORATION HCMC**

**BRANCH DIRECTOR**

**LE VAN MINH**