

**SPEECH OF MR. NGUYEN THANH LIEM
DEPUTY GENERAL DIRECTOR -
HOCHIMINH CITY INVESTMENT FUND FOR URBAN DEVELOPMENT
AT THE CONFERENCE ON VIETNAM SPAIN MULTILATERAL PARTNERSHIP
IN HOCHIMINH CITY, MAR. 25, 2010**

Your Excellency,

Ladies and Gentlemen:

It's my great pleasure to attend this important event and to take this opportunity to give a brief introduction about Ho Chi Minh City Investment Fund For Urban Development – HIFU.

Ho Chi Minh City Investment Fund for Urban Development (HIFU), which is a state-owned financial institution of Ho Chi Minh City, was founded in 1996 by the Decision No. 644/TTg of the Prime Minister of Socialist Republic of Viet Nam and is a pilot model to mobilize capital efficiently for promoting socio–economy infrastructure and key industrial fields of Ho Chi Minh City.

Three main activities of the Fund are direct investment, credit financing and trust fund management.

Direct investment:

- Direct investment through establishing and/or jointly managing joint-stock companies in infrastructure and banking finance under following criteria:
 - o Prioritize municipal infrastructure projects;
 - o Revenue-backed projects providing a viable capital pay-back, and financial efficiency;
 - o Projects providing a capital exit strategy and attractive for raising funds from different sources in society.
- Receiving and managing state shares in privatized state companies.
- Indirect investment through stock market.

Credit financing: Utilizing HIFU's capital or syndicated loans with other financial institutions, HIFU has committed to give loans to targeted programs and key projects of developing socio – economy infrastructure and Ho Chi Minh City's economy, which are considered generating sound revenue for loan repayment and capital pay-back. In projects financed by syndicated loans, HIFU has often been acted as the loan coordinator.

Trust fund management: Receiving, disbursing, and collecting trusted funds from abroad and domestically.

Other than the above activities, HIFU has been authorized to issue and undertake payment of municipal bonds on behalf of Ho Chi Minh City's government. HIFU also provides financial services such as issuing corporate bonds for corporate customers, capital restructuring, investment and project preparation consulting... for many institutions located

in Hochiminh city.

Over 12 years of operation, HIFU has confirmed its reputation as a tool to mobilize funds for projects of developing economic and social infrastructures in the City, significantly contributed to the City's socio-economic infrastructure development and improving living standard for residents.

Charter capital of the Fund as of end of 2009 reached VND 2,113.6 billion (USD 112 million), 10 times more than that of the opening date. Apart from the legal capital, the Fund has mobilized capital for the City 's development in various forms, including loan syndication with 16 other financial institutions (total value of syndicated loan contracts is VND 2,445 billion), fund raising activities by companies in which HIFU is a shareholders, loans from international financial organizations (USD 2.5 million from Asian Development Bank-(ADB), EUR 30 million from Agence Francaise de Développement (AFD), USD 50 million from World Bank (WB), VND 1,939 billion (USD 102 mil.) from Calyon Bank and Société Générale for Phu My Bridge B.O.T Project).

Direct investment: As of December 31, 2009, the Fund has contributed equity to over 20 companies with total investment reaching VND 1,400 billion (USD 74 million). HIFU is key shareholder in many important institutions of the City in the field of finance and infrastructure such as Ho Chi Minh City Infrastructure Investment Joint-Stock Company (CII), Thuduc Water Boo Corporation (TDW), Cuchi Commercial And Industrial Developing Investment Joint-Stock Company (Cidico), Binh Chanh Construction Investment Shareholding Company (BCCI), Thuduc Housing Development Joint-Stock Company (Thuduc House), Housing Development Joint-Stock Bank (HDbank), Ho Chi Minh City Securities Corporation (HSC). HIFU's general strategy when founding infrastructure joint-stock companies is contributing 15 % -30 % of equity capital of those companies as "seed capital"; the rest will be funded by mobilizing other individual and institutions. The equity financing will act as a corresponding capital necessary for getting access to a debt financing for the rest of projects' investment costs. Through this model, the capital mobilized from other economic sectors has increased significantly. Typically, it has been proved that one capital unit that HIFU has invested in CII can mobilize about 152 capital units from other sources through re-investment activities of CII.

Credit financing: Total disbursement has reached VND 8,565.6 billion (USD 451 million) for 229 investment projects, the total credit loan balance is VND 4,685.6 billion (USD 247 million).

From 2003 to 2009, The Fund, under the authorization of the City People Committee, has mobilized successfully VND 11,540 billion value of municipal bond (USD 607 million).

Trust fund management: the whole trusted funds from Ho Chi Minh City's government reached VND 3,165.8 billion (USD167 million) in which the total credit line is VND 2,388 billion (USD 126 million).

Over 12 years of operation and development, HIFU has well accomplished the role as a bridge between the City's government and investors in promoting the development of Ho Chi Minh City's technical-municipal infrastructure. In order to meet the higher socio-economy development of the City, Ho Chi Minh City People's Committee signed the Decision No. 576/QĐ-UBND on February, 2nd, 2010 about the establishment of Ho Chi

Minh City Finance and Investment State-Owned Company (HFIC) based on restructuring Ho Chi Minh City Investment Fund for Urban Development (HIFU).

HFIC also has other function as managing state-owned capital in state-owned corporations, and companies in which the state has equity investment besides mobilizing capital from private sectors.

HIFU has recently been on the process of finishing the law and regulations to officially transforming HIFU into HFIC. It is our pleasure and honor to cooperate with domestic and foreign organizations, companies for promoting socio-economy development especially in key infrastructure field of Ho Chi Minh City in particular, and the Southern Key Economic Zone and Vietnam in general.