

PETROVIETNAM
PETROVIETNAM CA MAU FERTILIZER COMPANY LIMITED- PVCFC



PROSPECTUS

ON INITIAL PUBLIC OFFERING PETROVIETNAM CA MAU FERTILIZER COMPANY LIMITED

To ensure rights of investors, Share Auction Board of PetroVietnam Ca Mau Fertilizer Company Limited - (PVCFC) recommends potential investors to consider this Document before deciding bidding registration.



AUCTIONEER

HO CHI MINH STOCK EXCHANGE
Add. 16 Vo Van Kiet, District 1, Ho Chi Minh City
Tel: (84-8) 38217713 Fax: (84-8) 38217452



ADVISOR

PETROVIETNAM SECURITIES INCORPORATED
Add.: 18 Ly Thuong Kiet, Hoan Kiem District, Ha Noi
HO CHI MINH BRANCH
Add.: 24 -26 Ho Tung Mau, District 1, Ho Chi Minh City

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PART 1

INFORMATION ABOUT SHARE AUCTION OF INITIAL PUBLIC OFFERING OF PETROVIETNAM CA MAU FERTILIZER COMPANY

1. Information about share auction of initial public offering

1	Number of share to be auctioned	128,951,300 shares
2	Types of shares	Common shares
3	Par value	VND 10,000 per share
4	Starting price	VND 12,000 per share
5	Maximum number of shares to be subscribed by an institutional investor	128,951,300 shares
6	Maximum number of shares to be subscribed by an individual investor	128,951,300 shares
7	Maximum number of shares to be subscribed by a foreign investor	128,951,300 shares
8	Minimum number of shares to be subscribed by an investor	100 shares
9	Charter capital	VND 5,294,000,000,000

2. Proposed structure of charter capital after IPO

No.	Shareholders	Number of shares	Ratio	Total Value (million VND)
1	State owned shares	269,994,000	51.00%	2,699,940
2	Shares to be offered	259,406,000	49.00%	2,594,060
	<i>In which:</i>			
2.1	<i>Preference shares to be offered to PVCFC employees</i>	1,503,400	0.28%	15,034
2.2	<i>Shares to be publicly auctioned via HSX</i>	128,951,300	24.36%	1,289,513

2.3	<i>Shares to be offered to strategic investors</i>	128,951,300	24.36%	1,289,513
	TOTAL (1+2)	529,400,000	100.00%	5,294,000

- ***Auction method:*** Two-tier auction system via Ho Chi Minh Stock Exchange.
- ***Participants:*** Foreign and domestic organizations and individuals satisfying the conditions as prescribed by the Regulation on shares auction of initial public offering of PetroVietnam Ca Mau Fertilizer Company.
- ***Deposit:*** 10% of total value of share numbers subscribed by the starting price.
- ***Deadlines for information publishing, auction registration, deposit payment and issue of auction register from of investors at Agents:*** Under the provisions of Regulation on share auction of initial public offering of PetroVietnam Ca Mau Fertilizer Company.
- ***Deadline for Agents to receive Auction register form submission:*** Under the provisions of Regulation on share auction of initial public offering of PetroVietnam Ca Mau Fertilizer Company.
- ***Time to organize the auction:*** Under the provisions of Regulation on share auction of initial public offering of PetroVietnam Ca Mau Fertilizer Company.
- ***Place of the auction:***

HO CHI MINH STOCK EXCHANGE
16 Vo Van Kiet -District 1-Ho Chi Minh City
- ***Time for payment of share purchase based on auction result at the Agents:*** Under the provisions of Regulation on share auction of initial public offering of PetroVietnam Ca Mau Fertilizer Company.
- ***Time for receipt of the deposit based on the auction result:*** Under the provisions of Regulation on share auction of initial public offering of PetroVietnam Ca Mau Fertilizer Company.
- ***List of Agents:*** Under the provisions of Regulation on share auction of initial public offering of PetroVietnam Ca Mau Fertilizer Company.

3. Partners related to the share issue

3.1. The Issuer

PETROVIETNAM CA MAU FERTILIZER COMPANY LIMITED (PVCFC)

Address: Lot D, Ward 1 Industrial Zone, Ngo Quyen Street, Ward 1, Ca Mau City, Ca Mau Province, Viet Nam

Telephone: (84.780) 3819000 Fax: (84.780) 3590501

Website: <http://www.pvcfc.com.vn>

3.2. The Auctioneer

HO CHI MINH STOCK EXCHANGE (HSX)

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

3.3. The Advisor

PETROVIETNAM SECURITIES INCORPORATED (PSI)

Address: 18 Ly Thuong Kiet, Hoan Kiem District, Ha Noi.

Telephone: (84-4)39346888 Fax: (84-4)39343999

Website: <http://www.psi.vn>

Ho Chi Minh branch: 24 -26 Ho Tung Mau, District 1, Ho Chi Minh City.

Telephone: (84-8)39146789 Fax: (84-8)3914 6969

Da Nang branch: The third floor, 53 Le Hong Phong, Hai Chau District, Da Nang

Tel: (0511) 389 9338 Fax: (0511) 3899339

Vung Tau branch: The fifth floor, 47 Ba Cu, Vung Tau, Ba Ria – Vung Tau

Tel: (064) 36254520/22-26 Fax: (064) 36254562

4. List of definitions and abbreviations

<i>PVCFC</i>	<i>PetroVietnam Ca Mau Fertilizer Company Limited</i>
<i>PVN</i>	<i>Vietnam Oil and Gas Group</i>
<i>BOM</i>	<i>Board of Management</i>
<i>HSX</i>	<i>Ho Chi Minh City Stock Exchange</i>
<i>IPO</i>	<i>Initial Public Offering</i>
<i>JSC</i>	<i>Joint Stock Company</i>
<i>NH₃</i>	<i>Ammonia chemical composition</i>
<i>NPK</i>	<i>Nitrogen, Phosphorus, Potassium</i>
<i>PE/PP</i>	<i>Polyolefin types</i>
<i>PVCFC</i>	<i>PetroVietnam Ca Mau Fertilizer Company Limited</i>
<i>PVN</i>	<i>Vietnam National Oil and Gas Group or PetroVietnam</i>
<i>PPC</i>	<i>Provincial People's Committees</i>
<i>ROA</i>	<i>Return on Total Assets</i>
<i>ROE</i>	<i>Return on Equity</i>
<i>SSC</i>	<i>Vietnam State Securities Commission</i>
<i>Vinachem</i>	<i>Vietnam Chemical Group</i>
<i>VND</i>	<i>Vietnam Dong</i>

Decree No. 59/2011/ND-CP dated 18/07/2011 on transformation of enterprises with 100% state capital into joint-stock companies.

Circular No.196/2011/TT-BTC dated 26/12/2011 of the Ministry of Finance, guiding the initial sale of shares and the management and use of proceeds from equitization of enterprises with 100% state capital into joint-stock companies

5. Legal basis of the auction

- Decree No. 59/2011/ND-CP dated 18/07/2011 on transformation of enterprises with 100% state capital into joint-stock companies.
- Decree No. 189/2013/NĐ-CP on amendment of Decree 59/2011/NĐ-CP on transformation of enterprises with 100% state capital into joint-stock companies.
- Circular No.196/2011/TT-BTC dated 26/12/2011 of the Ministry of Finance, guiding the initial sale of shares and the management and use of proceeds from equitization of enterprises with 100% state capital into joint-stock companies.
- Circular No. 202/2011/TT-BTC dated 30/12/2011 of the Ministry of Finance, guiding the handling of finance and determination of value of enterprise when the transformation of the 100% state-owned enterprises into joint stock company under the provisions of Decree No. 59/2011/ND-CP dated 18/07/2011 of the Government.
- Circular No. 33/2012/TT-BLĐTBXH dated 20/12/2012 of the Ministry of Labor, Invalids and Social Affairs, guiding the implementation policies for employees under Decree No. 59/2011/ND-CP dated 18/7/2011 of Government on transformation of enterprises with 100% state capital into joint-stock companies.
- Decision No. 5963/QĐ-DKVN dated 29/8/2014 of Board of Members of PVN on the enterprise value for equitization of PetroVietnam Ca Mau Fertilizer Company Limited on December 31st, 2013.
- Decision No. 2341/QĐ-DKVN dated 24/10/2014 of Board of Members of PVN on approval of the plan and transfer of PetroVietnam Ca Mau Fertilizer Company Limited into Joint Stock Company.

6. Individuals responsible for the contents of the Prospectus

6.1. The Equitization Steering Committee

Mr. Phan Dinh Duc	Position: Member of PVN's Board of Members - Chairman
Mr. Le Manh Hung	Position: Vice President of PVN- Deputy Chairman
Mr. LeDinh Mau	Position: Chief Accountant and Head of Finance - Accounting-Audit Department of PVN – Member
Mr. Tran Viet Dung	Position: Deputy Head of Personnel Department of PVN– Member
Mr. Phan Anh Minh	Position: Head of the Legal Department of PVN – Member

6.2. The Issuer

Mr. Nguyen Duc Thanh	Position: Chairman of the PVCFC's Board of Member– Member of Equitization Steering Committee
Mr. Bui Minh Tien	Position: General Director of PVCFC - Member of Equitization Steering Committee
Mr. Le Ngoc Minh Tri	Position: Chief Accountant of PVCFC

We guarantee that all information and data provided in this Prospectus are consistent with actual facts, sufficient and necessary for investors to evaluate the assets, business operations, financial performance, operating results and prospects of PVCFC.

6.3. The Advisor

Mr. Phạm Quang Huy	Position: Director of Petroleum Securities Incorporated.
Mr. Mai Trung Dung	Position: Deputy Director of PSI

We guarantee that analysis, evaluation and selection of words represented in this Prospect are performed appropriately and prudentially based on information and data supplied by PetroVietnam Ca Mau Fertilizer Company Limited.

PART 2

INFORMATION ON THE EQUITIZED ENTERPRISE

1. Name and address of the equitized enterprise

1.1. Name and address of the enterprise before equitization

- Vietnamese name: **CÔNG TY TNHH MTV PHÂN BÓN DẦU KHÍ CÀ MAU**
- English name: **PETROVIETNAM CAMAU FERTILIZER COMPANY LIMITED**
- Abbreviation: **PVCFC**
- Headquarter: Lot D, Ward 1 Industrial Zone, Ngo Quyen Street, Ward 1, Ca Mau City, Ca Mau Province, Viet Nam.
- Tel: (84.780) 3819000
- Fax: (84.780) 3590501
- Website: www.pvcfc.com.vn

- Logo:



1.2. Planned name and address of the enterprise after equitization

- Vietnamese name: **CÔNG TY TNHH MTV PHÂN BÓN DẦU KHÍ CÀ MAU**
- English name: **PETROVIETNAM CAMAU FERTILIZER JOINT STOCK COMPANY**
- Abbreviation: **PVCFC**
- Headquarter: Lot D, Ward 1 Industrial Zone, Ngo Quyen Street, Ward 1, Ca Mau City, Ca Mau Province, Viet Nam.
- Tel: (84.780) 3819000
- Fax: (84.780) 3590501
- Website: www.pvcfc.com.vn
- Logo: (as above)

2. Business lines

2.1. Business lines before equitization

According to Business Registration Certificate No. 2001012298 with the fourth registration of change issued by the Department of Planning and Investment of Ca Mau Province dated 13/03/2014, PetroVietnam Ca Mau Fertilizer Company Limited registered business lines as follows:

- Manufacture of fertilizers and nitrogen compounds:
 - Manufacturing, trading, storing, transporting and distributing fertilizers and other petroleum chemical products.
 - Importing/exporting, trading fertilizers and petroleum chemicals.
 - Investing and contributing capital with other entities for production, sales of products related to fertilizers and petroleum chemicals.
- Services in the production and trading of fertilizers and other related petroleum chemical products.
- Transportation services business, warehousing, financial investment and other businesses in accordance with the law.

2.2. Scheduled business activities after equitization

- Manufacture of basic chemicals, fertilizers and nitrogen compounds;
- Wholesale, retail of fertilizer and chemicals used in agriculture – industry;
- Consultancy and instruction on techniques of fertilizer and chemical use;
- Warehousing, storage and cargo loading/unloading;
- Research and experimental development of natural science and techniques;
- Test and technical analysis;
- Maintenance, repair of machinery and equipment;
- Other businesses in accordance with the provisions of law.

3. Main Products and Services of the Company

3.1. Urea Products



On January 30th, 2012, Ca Mau Fertilizer Plant launched the first commercial product line – granular urea.

Cà Mau Fertilizer – Jade Seeds for Golden Crops is high quality granular urea brand in Viet Nam (TCVN 2619) with many outstanding features such as slow nitrogen resolution, enable the plants to absorb nutrients efficiently, make green trees and save fertilizer, uniform granule size, easy to spread and mix because of no dust and so on. Just over a year, Ca Mau fertilizer product has covered Mekong Delta region and becomes the reliable choice of majority of farmers.

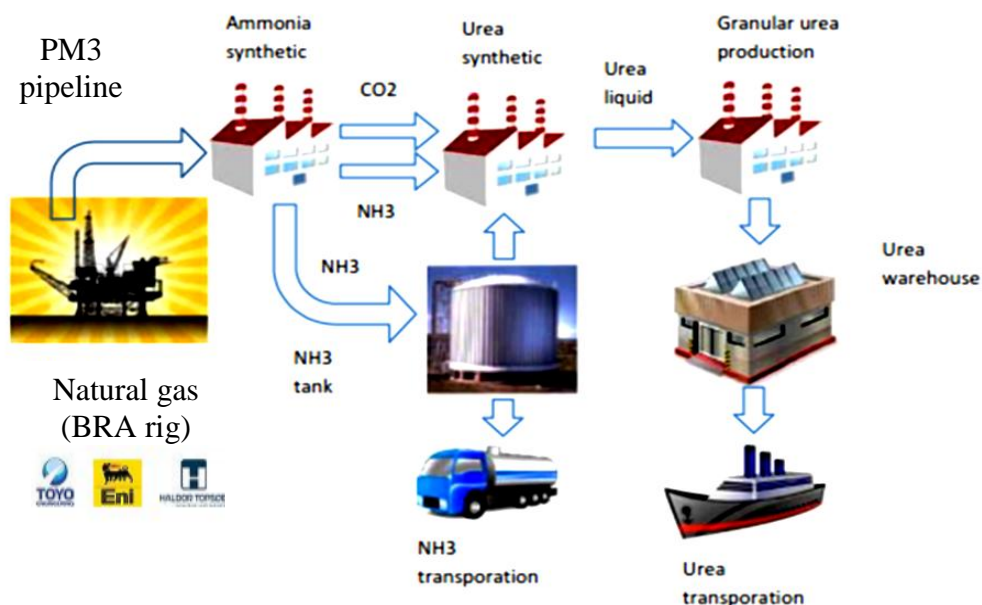
The basic parameters of the product such as nitrogen content, percentage of impurities and moisture are better than criteria Vietnam standards.

Criteria	Parameters	Effects
Nitrogen Content	≥46.3 % volume	
Biuret Content	≤0.99 % volume	Reduce fading, soil erosion
The Water Content	≤0.5 % volume	Nitrogen particles take longer to associate into block, increasing

solubility time in water

At present, Ca Mau fertilizer products are packaged in two types, in which the type of 50 kg/bag (*normal bag*) is used mainly for domestic consumption and the type of 1000 kg/bag (*Jumbo bag*) is used for export market and some NPK plants. Besides, the company also provides bulk cargo to meet various demand of customers, especially international customers.

THE TECHNOLOGICAL PRODUCTION DIAGRAM

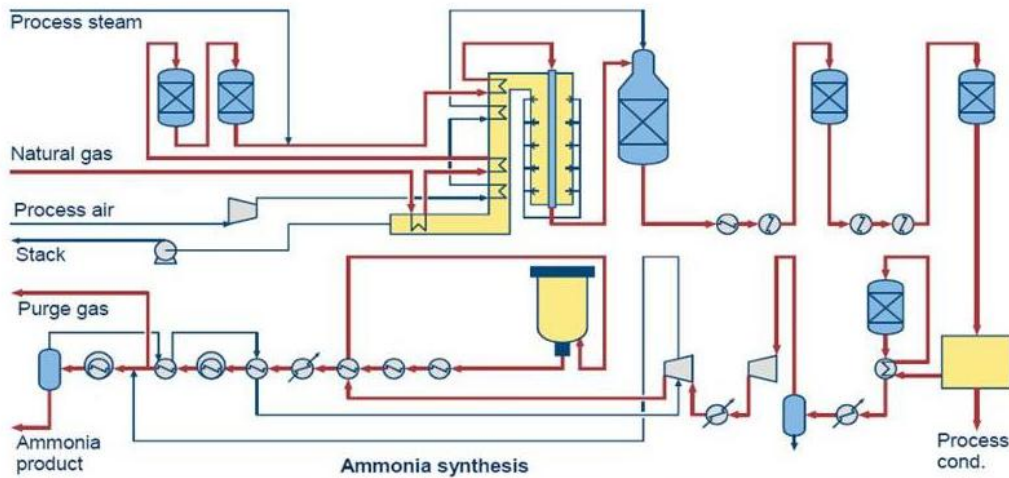


Ca Mau fertilizer plant uses the most advanced and modern technology at present. Most of main and important devices come from EU/G7. The plant applies international standards (ASME, API, JIS...) and mandatory standards on environment and safety, fire prevention and fighting of Viet Nam. In detail, including:

Ammonia production technology of Haldor Topsoe SA - Denmark: is the prestige manufacturer in the field of ammonia production and its production technology is always updated and improved. This technology is applied to new licenses such as CMFP in burner systems, logic system for system safety control, layout heat resistance concrete layer arrangement and ammonia synthetic equipment.

Haldor Topsoe technology copyright is highly appreciated all over the world due to low power consumption and high efficiency.

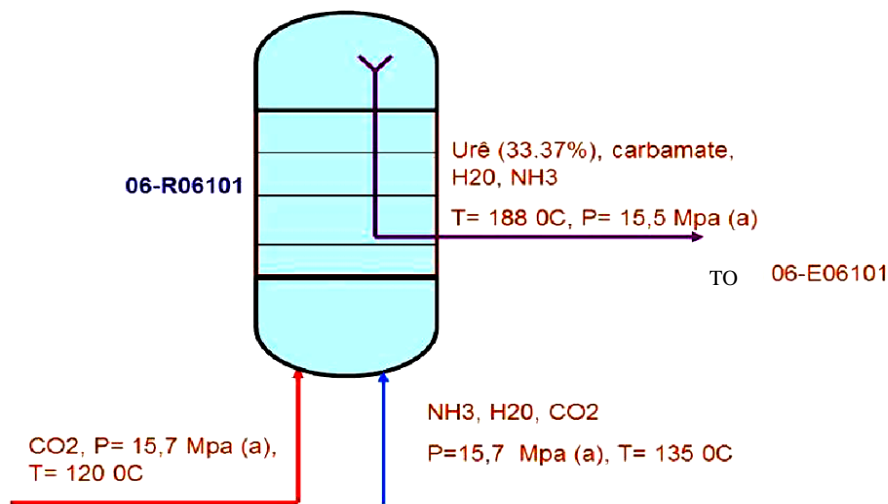
Ammonia workshop technology diagram with capacity of 1,350 tons of Ammonia per day and 1,790 tons of CO2 per day



Urea production technology of Snamprogetti - Italy: Urea synthesis technology of Snamprogetti uses NH₃ self-dissociating on the basis of entire circulation regeneration evaporation process which is an advanced, effective and safe production technology.

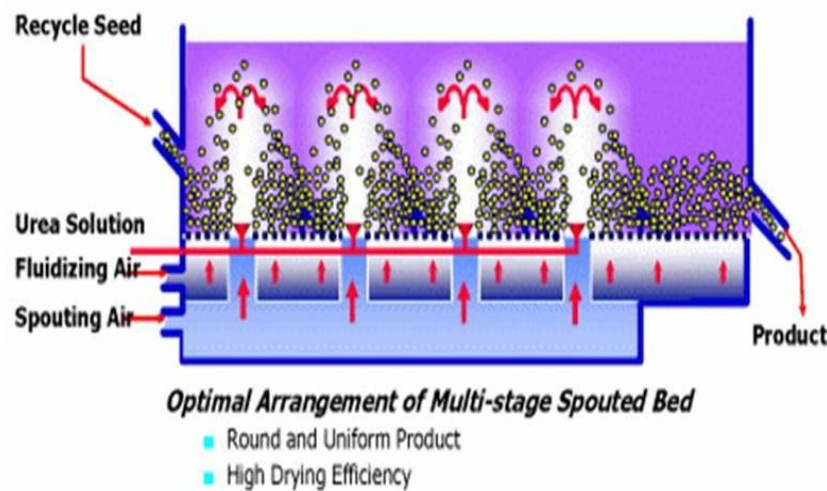
- Urea synthesis technology of Snamprogetti was successfully transferred to Ca Mau fertilizer plant and is being operated competently by the staff.
- This technology is regularly updated to enhance automation and safety in high-pressure technology and explosive environments. This is shown clearly in CMFP projects with motor valves replacing for hand valves and online analysis system of fire and explosion gas to promptly adjust.

Urea Synthesis Tower 06-R-06101



Granulating Pelletizing Technology of Toyo Engineering Corp. - Japan: TEC owns granulation technology named “Spout-Fluid Bed Granulation” which is developed and successfully operated granulating factory with high capacity. At present, TEC has designed the pelletizing factory with capacity of 3250 ton/ day.

- Granulating Technology of TEC produces many granular products with various sizes corresponding to each use purposes such as closed pouring, aerial spraying for forest, etc or to market requirements by changing the size of floor hole.
- Granulating system can continuously operate without hygiene for a period of 4 to 6 weeks and this does not affect the production of nitrogen because nitrogen solution is stored in the tank of liquid nitrogen solution.
- Based on applied factories and scientific researches, TEC has promoted the improvement of design of dust filter equipment to collect dust better and reduce installation cost. There is almost no nitrogen dust in exhaust air.



3.2. Packaging Product

PetroVietnam Packaging Joint Stock Company (PPC), a subsidiary of PVCFC specializes in producing PP-woven package products with or without color printing; PE/PP film-covered PP package coated PE/PP with or without color printing; HDPE/ LLDPE bag for industrial customer group, rice exporting companies, fertilizer companies and animal feed companies

At present, PPC is operating package production line system based on technology from Taiwan, European standards which is completely automation with a design capacity of 20 million bags/year.

4. Total number of labors transferred to Joint Stock Company

The number of labors transferred to the JSC when there was a decision on approval of equitized enterprise value dated 29/8/2014 is 806.

Criteria	Quantity (labor)	Ratio (%)
Based on labor qualification	806	100
Post graduated	14	1.74
Bachelor	377	46.78
College and Vocational School	131	16.25
Technical workers	219	27.17
Unskilled workers	13	1.61
Primary labors, drivers	52	6.54
Based on labor contract	806	100
Non-Contract (assigned by PVN)	7	0.87
Indefinite contracts	177	21.96
Contracts with term of 1-3 years	620	76.92
Probationary Contract	2	0.25
Based on gender	806	100
Male	688	85.36
Female	118	14.64

Source: PVCFC

5. Enterprise Value on December 31st, 2013

According to document:

PVCFC enterprise valuation dossiers prepared by Viet Capital Securities JSC;

Decision No. 643/QD-DKVN dated 25/1/2014 of PVN's Members Board on approval of supply of supplemental investment capital for the Ca Mau fertilizer plant investment project of the Project Management Unit of Ca Mau Gas - Power – Fertilizer complex and increase of charter capital of PVCFC

Decision No. 5963/QD-DKVN dated 29/8/2014 of PVN's Member Board on the enterprise value of PetroVietnam Ca Mau Fertilizer Company Limited on December 31st, 2013 for equitization.

Unit: VND

Items (1)	Data in accounting books (2)	Redefined data from valuation organization (3)	Difference (4)=(3)-(2)
A. Current Asset	14,215,009,612,968	15,422,755,588,791	1,207,745,975,823
I. Long term Assets	11,312,419,767,801	12,350,028,224,652	1,037,608,456,851
1. Long-term Receivables			
2. Fixed assets	11,150,078,616,602	12,184,231,575,684	1,034,152,959,082
2.1. Tangible fixed assets	11,145,959,886,333	12,180,112,845,415	1,034,152,959,082
2.2. Intangible fixed assets	410,716,670	410,716,670	
2.3. Construction in progress cost	3,708,013,599	3,708,013,599	
3. Real Estate Investments			
4. Long-term Financial investments	25,150,000,000	28,605,497,769	3,455,497,769
5. Other long-term assets	137,191,151,199	137,191,151,199	
II. Current assets	2,902,589,845,167	2,902,589,845,786	619
1. Cash and cash equivalents	2,348,182,799,062	2,348,182,799,681	619
+ Cash Balance	228,182,798,962	228,182,799,681	719
+ Cash in Bank	2,120,000,000,100	2,120,000,000,000	(100)
2. Current Financial investments			
3. Receivables	43,166,316,837	43,166,316,837	
4. Inventory	417,469,220,065	417,469,220,065	
5. Other current assets	93,771,509,203	93,771,509,203	
III. Goodwill value		136,962,280,053	136,962,280,053
IV. Land use right value		33,175,238,300	33,175,238,300
B. Non-used Assets			
C. Pending liquidation Assets			
D. Asset formed from Welfare funds			
Total assets (A+B+C+D)	14,215,009,612,968	15,422,755,588,791	1,207,745,975,823
Business total actual value (Item A)	14,215,009,612,968	15,422,755,588,791	1,207,745,975,823
E1. Actual Debt	10,781,207,935,171	10,814,383,173,471	33,175,238,300
E2. Balance from welfare and commendation funds			
E3. Commendation fund for Management board			
Total actual State capital in enterprise [A - (E1 + E2 + E3)]	3,433,801,677,797	4,608,372,415,320	1,174,570,737,523

Source: Enterprise valuation minutes based on asset method of PVCFC on December 31st, 2013

Actual State capital value in Enterprise:

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Advisor: PetroVietnam Securities Incorporated (PSI)

Head office: 18 Ly Thuong Kiet, Hoan Kiem District, Ha Noi

Tel: (04) 3934 3888

Fax: (04) 3934 3999

Ho Chi Minh Branch: 24 -26 Ho Tung Mau, District 1, Ho Chi Minh City

Tel: (08)3914 6789

Fax: (08) 3914 6969

The enterprise valuation result prepared by Viet Capital Securities JSC was approved by Equitization Steering Committee of PVCFC and PVN with actual capital of the State in the enterprise of **VND 4,608,372,415,320** (including VND 235,727,454,968 of retained earnings in the enterprise to return to PVN).

Document No. 4341/QD-DKVN dated 27/06/2014 of PVN requesting PVCFC to return VND 235,727,454,968 of retained earnings in the enterprise.

Decision No. 643/QD-DKVN dated 25/1/2014 of PVN's Member Board on approval of supply of PVN's supplemental investment capital for the Ca Mau fertilizer plant investment project with capital of VND 921,959,846,545.

Total State capital at PVCFC is: $4,608,372,415,320 - 235,727,454,968 + 921,959,846,545 =$ **VND 5,294,604,806,897**.

6. Main Assets of the enterprise

6.1. Fixed assets

Fixed assets according to accounting books at the time of enterprise valuation dated 31/12/2013 are shown as below:

Unit: VND

Item	Cost	Depreciation	Remaining value
A. Tangible Fixed Assets	13,380,971,704,077	2,235,011,817,744	11,145,959,886,333
1. Buildings and Architectures	3,139,235,751,927	503,092,081,437	2,636,143,670,490
2. Machines and equipment	10,174,654,404,702	1,715,268,331,711	8,459,386,072,991
3. Means of transport	19,251,204,477	8,803,237,205	10,447,967,272
4. Management equipment	32,034,515,023	5,356,221,878	26,678,293,145
5. Other Assets	15,795,827,948	2,491,945,513	13,303,882,435
B. Intangible Fixed Assets	770,105,114	359,388,444	410,716,670
1. Copyrights, patents	80,000,000	32,329,746	47,670,254
2. Computer software	690,105,114	327,058,698	410,716,670
C. Capital construction in progress cost	3,708,013,599	-	3,708,013,599

- Main factory: Ca Mau fertilizer production and operation plant
- Buildings and Architectures: Company's offices, warehouses storing materials, finished goods and wharves
- Machines and equipment: Machines and equipment for production purpose, package and support equipment for operation of the main factory.
- Means of transport: Including cars, vehicles for production purpose and business trip.
- Management equipment: For office activities.

6.2. Land use and management

According to the enterprise valuation dossier of PVCFC on December 31st, 2013, PVCFC is managing and using 994,767.3 m² of land, as below:

Statistics of land use of PVCFC:

Unit: m²

No	Project name	Total area (m ²)	Location	Land certificate status /Estimated land procedure
1	Fertilizer factory construction area	592,249.9	Khanh An commune, U Minh district, Ca Mau province	Allocated by People's Committee of Ca Mau province to the company to run business under Decision No. 48/QĐ-UBND dated 21/07/2011
2	Ca Mau Fertilizer port	132,152.8	Khanh An commune, U Minh district, Ca Mau province	Allocated by People's Committee of Ca Mau province to the company to run business under Decision No. 13/QĐ-UBND dated 06/02/2012
3	Housing in stage 3	104,292.5	Lot D, Ward 1 Industrial park, Ngo Quyen, Ward 1, Ca Mau City	Allocated by People's Committee of Ca Mau province with land use charge (term of 20 years) for residential purpose under Decision No. 89/QĐ-UBND dated 04/06/2014 and Decision No. 94/QĐ-UBND dated 06/06/2014
4	Head office area of PVCFC	13,966.1	Lot D, Ward 1 Industrial park, Ngo Quyen, Ward 1, Ca Mau City	Allocated by People's Committee of Ca Mau province to the company to use as head office under Decision No. 89/QĐ-UBND dated 04/06/2014
5	Extension area of the Gas-Power-Fertilizer Industrial park	152,106	Khanh An commune, U Minh district, Ca Mau province	Allocated by People's Committee of Ca Mau province to the company to use as head office under Decision No. 89/QĐ-UBND dated

No	Project name	Total area (m2)	Location	Land certificate status /Estimated land procedure
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04/06/2014

Total area	994,767.30
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Source: Equitization Plan of PVCFC

People's Committee of Ca Mau Province issued Decision No. 89/QĐ-UBND dated 04/06/2014 on approval of Use plan of PetroVietnam Ca Mau Fertilizer Company Limited after transfer into Joint Stock Company.

7. List of branches, subsidiaries, joint venture and associated companies of the issuer

7.1. List of branches and dependent accounting affiliates of PVCFC

Until October 2014, PVCFC has no dependent accounting branches and affiliates.

7.2. List of Companies that PVCFC is holding control or controlling shares:

At the time of enterprise valuation dated 31/12/2013 for equitization, PVCFC was owning 77.03% of capital at PetroVietnam Packaging JSC.

PVCFC has finished offering a part of capital owned by PVCFC at PetroVietnam Packaging JSC down to 51% since August, 2014, (through the auction at Ho Chi Minh Stock Exchange). The average successful auction price was VND 11,579 per share.

No	Name of unit	Charter Capital (VND)	Capital contribution ratio of PVCFC	Head quarter
1	PetroVietnam Packaging JSC	32,650,000,000	51%	Lot A1-3, Tra Kha Industrial Park, Ward 8, Bac Lieu City, Bac Lieu Province

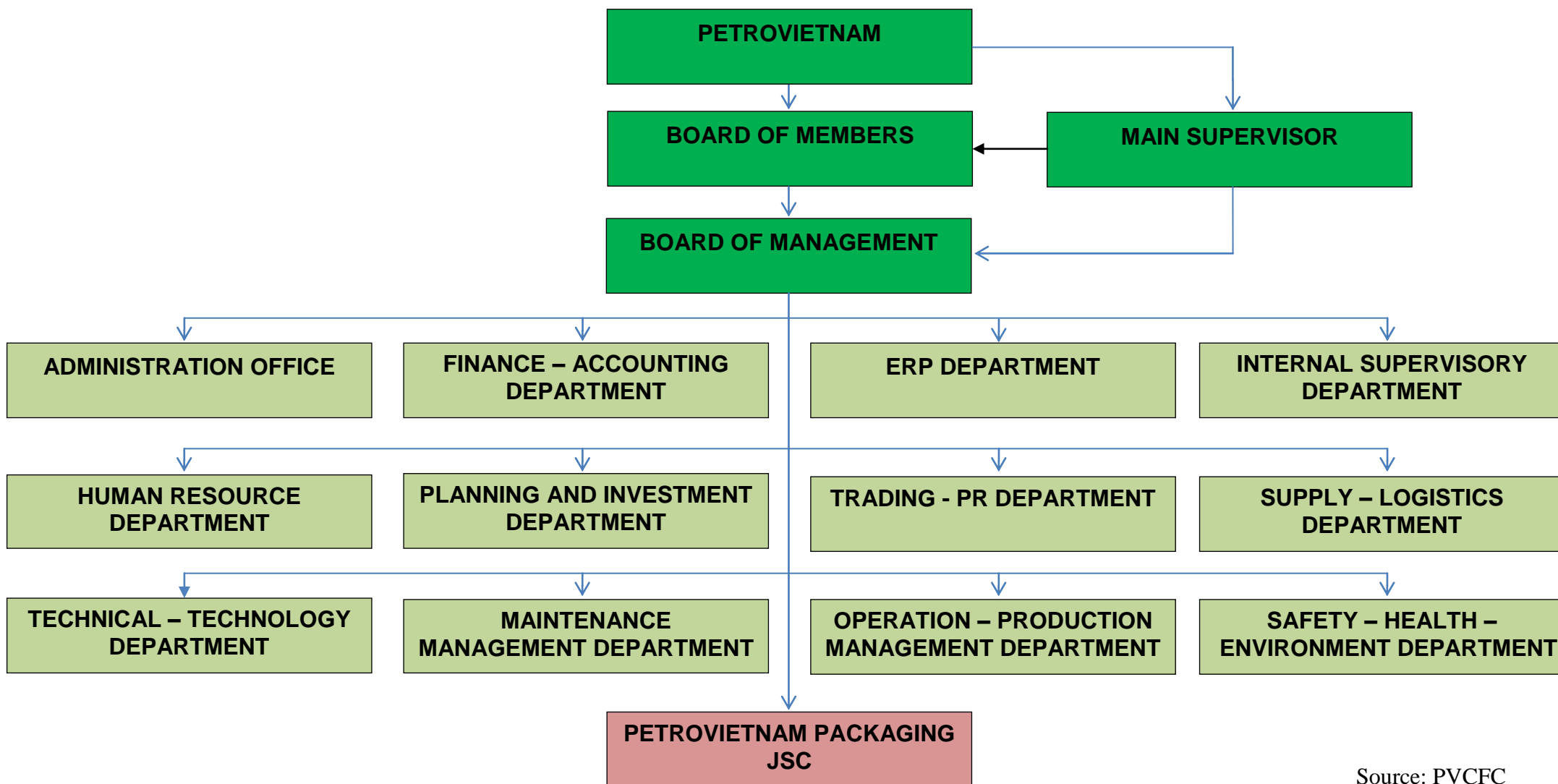
7.3. List of joint venture and associated companies

Until October, 2014, PVCFC has no Joint venture or Associated companies.



8. Organization chart of the Company

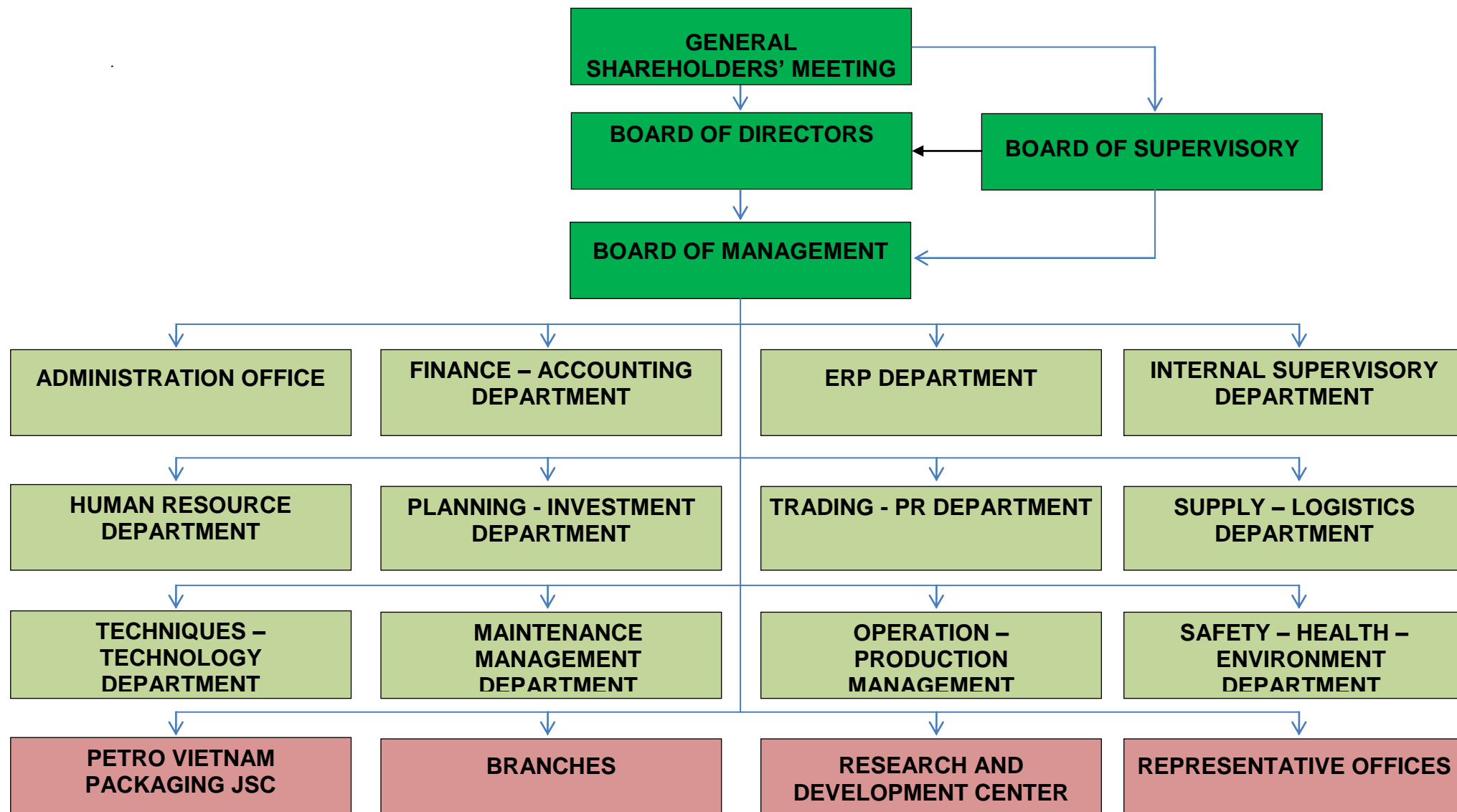
8.1. Organization chart before equitization



Source: PVCFC



8.2. Proposed organization chart of PVCFC after equitization



The organization structure and scale of the above units will be adjusted according to actual requirements and works.

Source: PVCFC

9. List of Company's Board of Management

9.1. List of Board of Members

- a. Mr. Nguyen Duc Thanh – Chairman of the Board of Members
- b. Mr. Bui Minh Tien – Member of the Board of Members and General Director
- c. Mr. Nguyen Duc Hanh - Member of the Board of Members and Deputy General Director

9.2. Main Supervisor

- a. Mr. Tran Chi Nguyen – Main Supervisor.

9.3. List of Board of Management

- a. Mr. Bui Minh Tien - Member of the Board of Members and General Director
- b. Mr. Nguyen Duc Hanh - Member of the Board of Directors and Deputy General Director
- c. Mr. Van Tien Thanh – Deputy General Director and Director of Ca Mau Fertilizer Plant
- d. Mr. Hoang Trong Dung – Deputy General Director in charge of Business.
- e. Mr. Le Ngoc Minh Tri – Chief accountant.

- **Mr. Nguyen Duc Thanh**

Chairman of Board of Members

Qualification:

- Master Degree in Project Management
- Construction Engineer
- Bachelor of Industrial management
- Senior Associate on State management



Experience and employment history:

- 1981-1984: Senior Associate of Vung Tau Petroleum Work Management Board.
- 1984-1994: Head of Construction Team - Vung Tau Petroleum Work Management Board.
- 1994-2000: Deputy Director at Gas Corporation (formerly) – PetroVietnam Gas Corporation - PV GAS.
- 2000-2001: Director of project management board at at Liquefied petroleum gas depot Project – LPG HaiPhong.
- 2001-2007: Deputy director of project management board of Gas-Power-Fertilizer Complex Project– CPMB.
- 2007-2008: Director of project management board of Nhon Trach Petroleum Power Project - Dong Nai
- 2008-2009: Chairman and Director of PetroVietnam Power Project Consultant Company No. 2
- 2009-2011: Deputy General Director of PetroVietnam Fertilizer and Chemicals Corporation
- 2011- Present: Chairman of Board of Members of PetroVietnam Ca Mau Fertilizer Company Limited.

- **Mr. Bui Minh Tien**

Member of the Board of Members and General Director of the Company



Qualification

- Bachelor of Physics, Bachelor of Economics
- Master of Business Administration

Experience and employment history:

- 1991-1995: Senior Associate of Technique – Economy department, PetroVietnam Construction Conjunction Factory (now PetroVietnam Construction Joint Stock Corporation).
- 1995-1996: Deputy Head of Organization - Administration Department, Design Factory. Petroleum Construction and Design Company (now PetroVietnam Construction Joint Stock Corporation).
- 1996-1998: Secretary of Deputy General Director of of PetroVietnam Corporation (Now Vietnam National Oil and Gas Group – PVN)
- 1998-2002: Head of Planning and Trade Department, PetroVietnam Construction Investment Consultant Joint Stock Company
- 2002-2011: Worked in PetroVietnam Gas Corporation with positions: Deputy Head of business department, Head of business department (since 2003) and Deputy General Director (since 2007)
- 1/2011-12/2013: Chairman of Board of Directors of PetroVietnam Fertilizer and Chemicals Corporation (PVFCCo).
- 2013–Present: Member of Board of Members, General Director of Ca Mau Fertilizer Company Limited.

- **Mr. Nguyen Duc Hanh**

Member of the Board of Members and

Deputy General Director

Qualification

- Economy – Power Engineer



Experience and employment history:

- 1995-1998: Work at Local business.
- 1998-1999: Assistant Lecturer at Business Administration Faculty – National Academic of Public Administration.
- 1999-2004: Senior Associate at Economy – Technical, Budget – Payment department, PetroVietnam Construction and Investment Corporation.
- 2004-2005: Senior Associate of Economy – Planning department, Project Management Board of Ca Mau Gas – Power – Fertilizer Complex project.
- 2005-2007: Deputy Head of Economy – Planning department, Management Board of Ca Mau Gas – Power – Fertilizer Complex project.
- 2007-2012: Head of Economy – Planning department, Management Board of Ca Mau Gas – Power – Fertilizer Complex project.
- 1/2012-12/2012 Deputy General Director of PetroVietnam Ca Mau Fertilizer One Member Company Limited
- 12/2012 – 6/2014: Deputy General Director of PetroVietnam Ca Mau Fertilizer Company Limited cum Chairman of Board of Directors of PetroVietnam Packaging JSC
- 6/2014–present: Member of Board of Members cum Deputy General Director of PetroVietnam Ca Mau Fertilizer Company Limited cum Chairman of Board of Directors of PetroVietnam Packaging JSC

- **Mr. Nguyen Tien Thanh**

Deputy General Director

Director of Ca Mau Fertilizer Plant

Qualification:

- Mechanical Engineer.



Experience and employment history:

- 1994-1998: Worked at Tan Phat Industrial Construction Company Limited, District 4, Ho Chi Minh City
- 1998-1/2001: Worked at Design Factory of PetroVietnam Construction and Investment Corporation.
- 1/2001- 4/2001: Worked at MM Industrial and Agricultural Services Company Limited, Tan Binh District, HCMC
- 4/2001-2005: Deputy Head of Technical Department, Management Board of Phu My Fertilizer Plant.
- 2005-2006: Deputy Head of Fertilizer Project, Management Board of Ca Mau Gas – Power – Fertilizer Complex Project.
- 2007-2008: Deputy Head of Specialized Board of Morocco Project of PetroVietnam Fertilizer and Chemicals Corporation
- 2008-2011: Deputy Head of Management Board of Ca Mau Gas – Power – Fertilizer Complex project.
- 2011- Present: Deputy General Director of PetroVietnam Ca Mau Fertilizer Company Limited cum Deputy Head of Management Board of Ca Mau Gas – Power – Fertilizer Complex project

- **Mr. Hoang Trong Dung**

Deputy General Director in charge of Sale

Qualification:

- Technological engineer
- Economic management Master



Experience and employment history:

- 1997- 2001: Operation engineer, Head of operation shift, Secretary of Deputy General Director of Gas Product Processing and Trading Company
- 05/2001-12/2005: Leader of Technological team, Deputy head of Trial operation and Acceptance department, Management Board of Phu My Fertilizer Project
- 12/2005-2/2008: Associate of Petroleum Processing Department – Vietnam National Oil and Gas Group.
- 2/2008-3/2011: Deputy head of Management Board of Ca Mau Gas – Power – Fertilizer Complex project
- 3/2011- present: Deputy Director of PetroVietnam Ca Mau Fertilizer Company Limited, cum Deputy Head of Management Board of Ca Mau Gas – Power – Fertilizer Complex project.

- **Mr. Tran Chi Nguyen**

Chief Supervisor

Qualification:

- Bachelor of Economics.



Experience and time of work:

- 1998-2008: Accountant at Accounting and Finance Department, Post office of Ca Mau province
- 2008- 2009: Associate at Accounting and Finance Department, Management Board of Ca Mau Gas – Power – Fertilizer Complex project.
- 2010 -2011: Deputy head at Accounting and Finance Department, Management Board of Ca Mau Gas – Power – Fertilizer Complex project.
- 2011- Present : Chief Supervisor of PetroVietnam Ca Mau Fertilizer Company Limited.

- **Mr. Le Ngoc Minh Tri**

Chief Accountant

Qualification:

- Bachelor of Economics



Experience and employment history:

1995-1997: Accountant at PetroVietnam Tourism and Service Corporation in Ba Ria – Vung Tau.

1998-2001: Accountant at PetroVietnam Tourism and Service in Ho Chi Minh City.

2001-2006: Accountant at Management Board of Ca Mau Gas – Power – Fertilizer Complex project.

2006-2011: Chief Accountant of Management Board of Ca Mau Gas – Power – Fertilizer Complex project.

2011-Present: Chief Accountant of PetroVietnam Ca Mau Fertilizer Company Limited cum Chief Accountant of Management Board of Ca Mau Gas – Power – Fertilizer Complex project.

10. Business operation and business result in 3 consecutive years prior to the IPO

10.1. Establishment and development history

PetroVietnam Ca Mau Fertilizer Company Limited, formerly known as Project Management Unit of Ca Mau Gas – Power – Fertilizer Complex Project, 100% owned by Vietnam Oil and Gas Group, was established under the Decision No. 474/QĐ-HĐTV dated 09/03/2011 of the Chairman of Board Members of Vietnam Oil and Gas Group, after approval of the Prime Minister.

Ca Mau Fertilizer Plant Project which is a national key project in the field of oil and gas and approved by the Prime Minister for investment, belongs to Ca Mau Gas – Power – Fertilizer Complex Project and is located in Khanh An commune, U Minh district, Ca Mau province.

2012 was the first year that PVCFC operated, produced and launched Ca Mau Fertilizer to the market. Ca Mau Fertilizer Plant with a capacity of 800,000 tons / year, along with other fertilizer plants in the country have contributed to change and restructure of domestic fertilizer industry from mainly importing fertilizer to gradually reducing imports and becoming a fertilizer exporter. This is an important contribution to the implementation of the food security policy of the Party and State.

Along with Phu My Fertilizer Plant, Ca Mau Fertilizer Plant has raised fertilizer output produced by PVN to 1.6 million tons / year which meets about 80% of domestic demand for fertilizer and is an important contribution to balance supply - demand, stabilize fertilizer prices and national food security as well as participate the export market. In the first phase, Ca Mau Fertilizer Plant will focus on meeting domestic demand on fertilizer, especially in provinces of the Mekong Delta - key area of rice production and fertilizer consumption of the country.

With the advantage of granular urea product - firstly produced in Vietnam with many outstanding features such as even, coarse and rounded granules, less dust, slow resolution, making trees greener, fertilizer savings and easily mixing with other fertilizers as well as inherited advantages of PetroVietnam trademark and appropriate business policies, the brand of **Ca Mau Fertilizer - Jade Seeds for Golden Crops** (*Ca Mau fertilizer – jade seeds for golden crops*) is increasingly known and trusted by farmers.

Since operation, PVCFC have exceeded the targets for output, revenue and profits, actively invested and participated in social welfare and community activities.

With the transfer of the entire contribution capital of PetroVietnam General Services JSC (Petrosetco) in October, 2012 and PetroVietnam Fertilizers and Chemicals Corporation (PVFCCo) in June 2013 at PetroVietnam Packaging Company (PPC), PVCFC is holding 77.03% of charter capital in PPC. PPC is managing and operating the packaging production factory in Bac Lieu province whose main business activity is packaging production to meet demand on packaging products for Ca Mau Fertilizer Plant and customers in the region.

On March 11th, 2014, Board of Members of PVN decided to equitize PetroVietnam Ca Mau Fertilizer Company Limited.



10.2. Achievements of PVCFC

In July, 2013: Ca Mau Fertilizer Plant reached the level of 1 million tons of products, officially marked the maturation of Ca Mau fertilizer plant to the fertilizer sector of the country and contribution to stabilize the fertilizer market and the development Vietnamese's agriculture.

In July, 2013, PVCFC sent four experts to Venezuela to assist operation of grain creation technology with the patent of ToYo from Japan and this became one of the first units of PVN to export experts to foreign countries.

On September 2nd, 2013, at the reward of Vietnamese Golden Stars 2013, Central Youth Union of Vietnam, Vietnam Young Entrepreneurs Association awarded the Vietnamese Golden Star for PVCFC. This is an honor for enterprises for their development, great advancement and outstanding dedication to the country's economic development.

On September 12th, 2013, PVCFC received the integrated management certificate in accordance with ISO 9001: 2008; 14001:2004 standard and OHSAS 18001: 2007 certification for Occupational Health and Safety System issued by DNV – an international certification assessment organization.

On April 3rd, 2014, PVCFC signed a strategic cooperation agreement for sustainable agricultural development with An Giang Plant Protection JSC in order to promote cooperation in the agricultural sector on the basis of maximizing the strengths of the two organizations, enhance the distribution systems, increase product value and better serve farmers in accordance with the guidelines of the "four parties link" (*Farmers - State - Scientists and Entrepreneurs*) of the Government.

For 02 consecutive years (2013-2014), PVCFC was awarded with "Best Enterprises in responsible for social welfare and community development" by the Journal of Economics and Forecasting (Ministry of Planning and Investment) to the best 50 enterprises out of 1,000 units typically shortlisted.

On April 26th, 2014, PVCFC was awarded with certificates of merit by People’s Committee of Ca Mau province for the positive contribution to local socio-economic development on occasion of the 15th anniversary of the establishment of Ca Mau City.

On May 17th, 2014, PVCFC won the "Typical Agricultural Products in 2013" by the Central Committee of Vietnam Farmers' Union.

10.3. Business operation of PVCFC from 2012 to present

10.3.1. Production operation

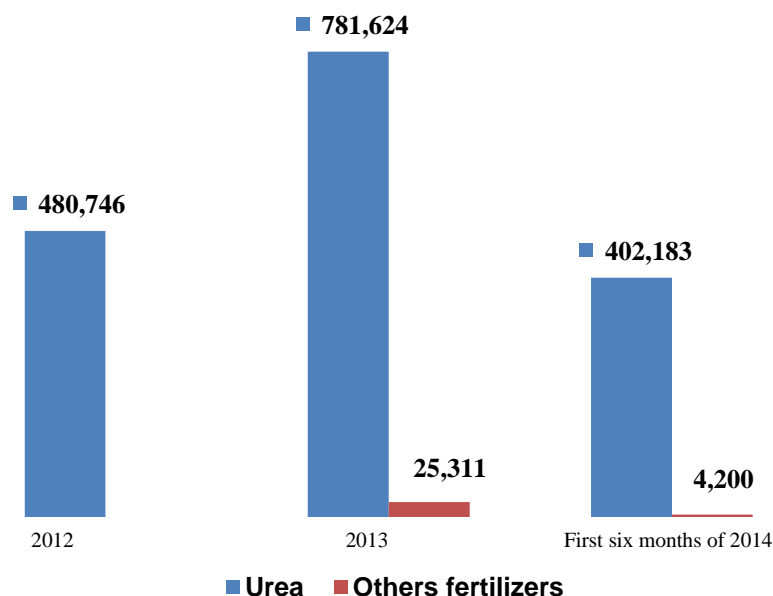
Summary on the production results (output by product) of PVCFC during 2012-2013 period and the first 6 months of 2014 is shown in the table as below:

No	Items	Unit	2012	2013	First half of 2014
1	Ca Mau Fertilizer	Ton	480,746	781,624	402,183

Source: PVCFC

Production output of 2012 and 2013 met annual targets. This business result has been achieved because the Company has completely controlled the manufacturing operations, maintained stable and safe operation at over 98-100% of design capacity. By the first 6 months of 2014, production output reached more than 55% of the 2014 plan.

PVCFC output chart for the period of 2012 - 2013 and the first 6 months of 2014



10.3.2. Input material resources

a. Input materials and stability of the input material resources:

a.1. Input gas

At present, gas material of PVCFC comes from PM3 field through PM3 – Ca Mau gas pipeline, sold by PVN through its representative PetroVietnam Gas Corporation.

Gas price for PVCFC is determined by the Government.

Gas through PM3-Ca Mau is from 2 Block which are PME-CAA and 46-Cai Nuoc

- PM3-Ca Mau gas pipeline project is part of the group projects of Ca Mau Gas – Power – Fertilizer Complex Project which supplies natural gas as input fuels for Ca Mau power plant and fertilizer plant. Gas pipeline originates from Bunga Raya rig (BR-B) at Block PM3 in the commercial agreement region between Vietnam and Malaysia (CAA), under the overlapping sea area between Vietnam and Malaysia in the Gulf of Thailand with the reserves that can be commercially exploited and the right to buy gas is distributed at the ratio of 50:50 for the host country Vietnam and Malaysia. The amount of gas consumption per one year of contract is 1.29 billion Sm³ until 2023 and may be extended for subsequent periods as agreed by the two countries Vietnam and Malaysia
- Block 46 - Cai Nuoc Project is an offshore part of Vietnam but it is geologically proven as a part of the East Bunga Kekwa field (accounting for about 25% of gas reserves of the field) and PVN / PV Gas is entitled to purchase 100% of the gas output of this field. The amount of gas consumption per one year of contract is 206 million Sm³ until 2023 and may be extended for subsequent periods as agreed by the two countries Vietnam and Malaysia

PICTURE OF CURRENT GAS PIPELINE OF VIETNAM



In addition, it is expected that gas is collected from others fields of Vietnam and gas pipeline project for Block B-O Mon will supplement input gas of Ca Mau Fertilizer Plant once it is deployed in the near future.

a.2. Power, water and other catalytic materials resources

Power resources for Ca Mau fertilizer plants: AC (alternating current) source power supply with 20 KV voltages is from two generators terminals of two gas turbines GT21 and GT22 of the Ca Mau 2 power plant.

Catalytic materials resources: existing required catalytic materials are mainly imported as it has not been domestically produced. The catalytic materials are copyrights of Haldor Topsoe A/S; MDEA, Amerel of BASF South East Asia Pte Ltd and Nalco special chemicals, which are imported and supplied by a local company.

Water cooling system includes two systems: cooling system by circulation river water (Cai Tau River) and cooling system by circulation clean water.

With massive experience and reputation in the field of urea production and being a member of the Vietnam Oil and Gas Group, the company always self-controls its appropriate input materials in accordance with the business purposes from its stable suppliers and reliable partners.

b. The impacts of input materials' prices on the company's revenue and profit

The high proportion of input gas cost in the unit price will be the key factor that affects the product price of Ca Mau fertilizer. Therefore, the adjustment in gas policy will directly affect the business results of PVCFC.

The applied input gas price of PVCFC in 2014 shall be in accordance with the Official Letter No. 2175/VPCP-KTKH dated 02/04/2014 of the Government Office for PVCFC.

PVN will guarantee the input gas price for PVCFC for the period of 2015 - 2018 for the Company to have the average Profit on Equity ratio of 12%/year from fertilizer production and business activities (through Gas Purchase and Sale Contract).

10.3.3. Business operation

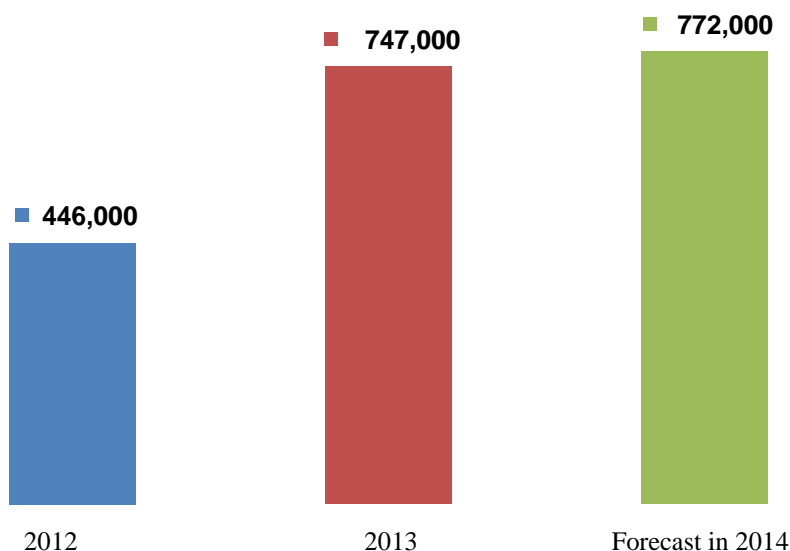
Ca Mau fertilizer products was officially launched and available in the market from January 2012 and PVCFC has become the sole manufacturer and supplier of granular urea in Vietnam. Inheriting PVN's trademark, Ca Mau fertilizer products have advantages for its outstanding features and high quality, as produced by natural input gas with high technological and modern facilities. Only after 2 years of operation, by focusing on promoting and developing its brand and products to consumers, Ca Mau fertilizers products have been highly recognized and purchased in the market.



At present, Ca Mau fertilizer products has established a firm position in the fertilizer industry and has outstanding achievements, thanks to the following fundamental factors:

- Ca Mau fertilizer plant with an annual production capacity of 800,000 tons / year is one of the largest urea-manufacturing units in Vietnam which meets 40% of market demand for urea fertilizer in the country.
- Ca Mau fertilizer product is the only granular fertilizer product manufactured in Vietnam. It is a high quality product produced under the most modern and advanced technology in the world. It has contributed to diversify fertilizer products lists and provide farmers with more choices in using fertilizers suitable for each cultivation routine and natural regions to increase plant output.
- The Tier 1 agents of the distribution system of the company have strong financial resources, prestige, and experience in fertilizer industry with extensive distribution network through Southwest, Southeast, Central, Central Highlands and North regions. From 02 main markets including South West and South East region, at present, Ca Mau Fertilizers has been distributed nationwide and is expanding to other markets in Asia. PVCFC has well organized logistics, transportation and product consuming activities in a timely manner through distribution system to consumers to contribute to effectively serve domestic agricultural production.
- The establishment and development of Ca Mau Fertilizers has contributed to the restructuring of fertilizer industry of the country from mainly importing to gradually reducing imports and becoming a fertilizer exporter. This is an important contribution to successfully implement the food security policy of the Party and the State.

Ca Mau Fertilizer consumption volume during 2012-2013 period and forecasted volume in 2014



Source: PVCFC

10.3.4. PVCFC product consumption market:

Based on the actual production capacity of Ca Mau Fertilizer Plant and actual demand in each region in association with the market context including supply and demand, season, domestic and foreign prices, PVCFC has implemented and deployed appropriate business strategies during each period for both domestic and international region.

According to the business development strategy, PVCFC's main target market consists of Southwest, Southeast and Cambodia. These are highly potential markets because area of planting and cultivation is large, main terrain area are plain, weather is favorable for the agricultural cultivation and development to serve domestic demand and particularly to export agricultural products with high values; geographical distance from Ca Mau fertilizer plant to such consumption areas is not too far in comparison to other markets. Highlights that should be considered is that urea demand of such 3 markets are on a large scale with sustainable consumption. These help PVCFC to maximize its strengths against its rivals, especially its strength related to geographical conditions, reduce its logistics costs, and maintain reasonable prices in order to compete with outperformed rivals in the market.

Southwest market with 4.1 million hectares of rice is considered as the largest fertilizer consumption market over the country with the annual demand of 700,000 tons of urea accounting for one third of domestic demand. The market share of Ca Mau Fertilizers in this market is continuously improved, which was 30%, 45% and 55% in 2012, 2013 and 2014 respectively.

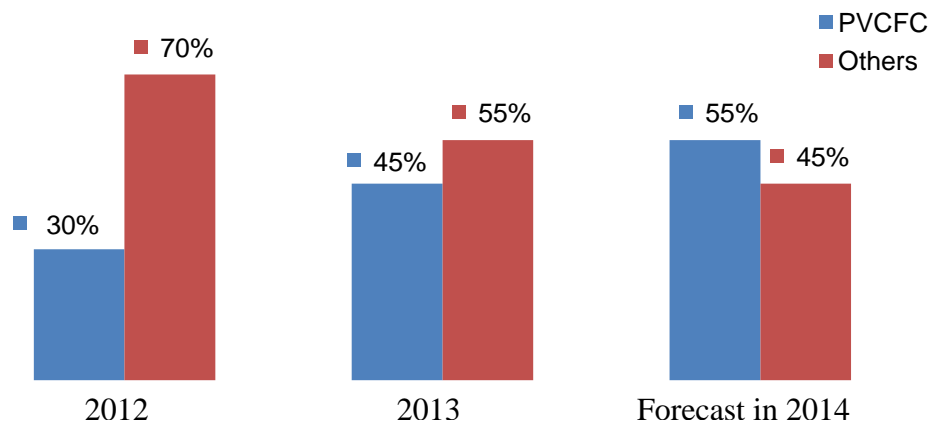
Southeast market mainly focuses on production and cultivation of industrial crops such as coffee, rubber, pepper and cashew nuts which are all key export items with high demand for urea, with annual consumption at around 400,000-420,000 tons, accounting for 25% of the country demand. In this market, despite difficulties in competing with other products but Ca Mau

Fertilizers' market share has been improved annually to 10%, 19% and 25% for 2012, 2013 and forecasted 2014 respectively.

Cambodia is located adjacent to the Mekong Delta region and has cultivation tradition requiring high amount of granular urea (95% rate). This is a important market of PVCFC with urea demand of about 250,000-280,000 tons/year. Ca Mau Fertilizer' consumption is performed by direct export to Agents. Accordingly, Ca Mau Fertilizers' market share reached 10%, 30% and 35% for 2012, 2013 and forecasted 2014 respectively. With the policies of priorities for agricultural development, especially for the target of exporting 1 million tons of rice in 2015 by the Cambodian government, it is forecasted that the urea demand of Cambodia in the next 5 years will increase to about 400,000- 450,000 tons/year because of the larger cultivation area; increasing number of crops and fertilization techniques increasing fertilizer use demand compared to previous periods.

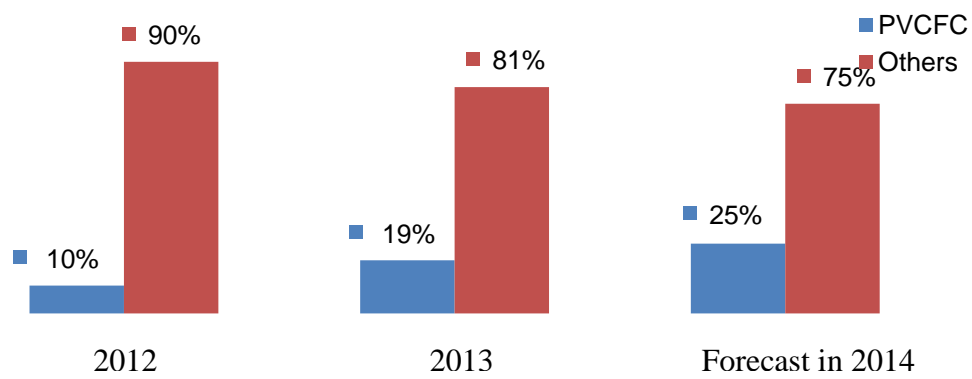
During 2012-2013 period and 2014 (forecasted), Ca Mau fertilizer production output will increase continuously and it proves the great progress in the improvement of PVCFC's position in the industry, in which, in 2012, the total volume of consumption reached 444,000 tons; 747,000 tons in 2013 and 390,000 tons for the first half of 2014 and is expected to reach 772,000 tons for the second half of 2014.

PVCFC’s market share in the Southwest region during 2012-2013 period and in 2014 (forecasted)



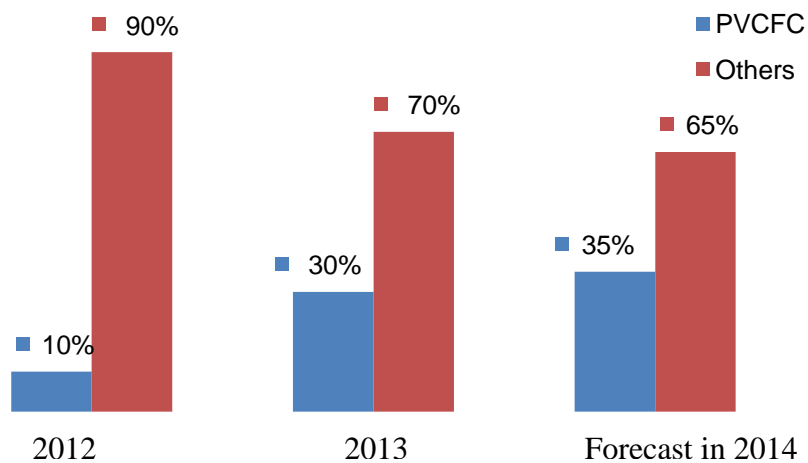
(Source: PVCFC)

PVCFC’s market share in the Southeast region during 2012-2013 period and in 2014 (forecasted)



(Source: PVCFC)

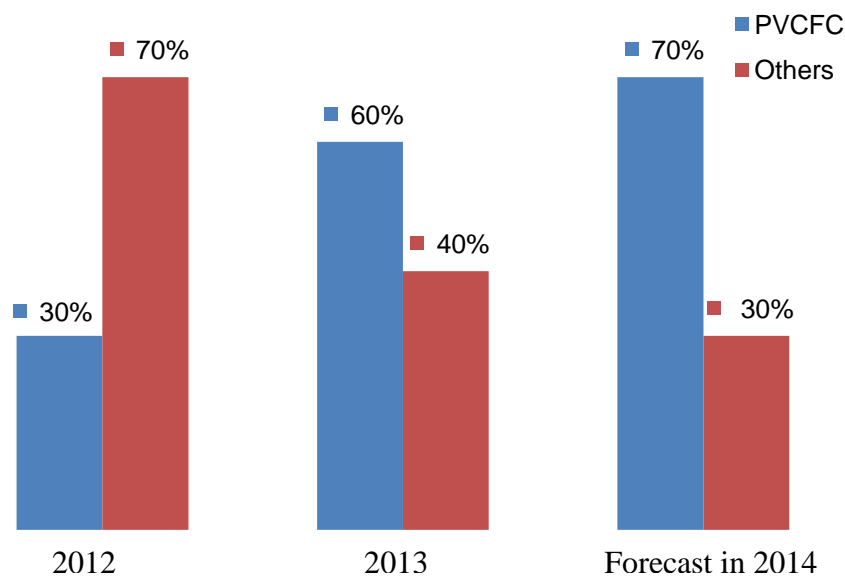
PVCFC’s market share in the Cambodia market during 2012-2013 period and in 2014 (forecasted)



(Source: PVCFC)

In addition to those 03 target markets, Ca Mau fertilizer products are also used as input materials for NPK plants which are mainly located in the south as granular fertilizer products are suitable for the mix production of NPK. Demand for granular urea of such NPK plants reaches 250,000-280,000 tons/year, in which consumption rate of Ca Mau fertilizer accounts for 70-75%. Among the typical NPK plants, plants using the Ca Mau fertilizer are with Binh Dien Fertilizer Company; Southern Fertilizer Company; Japan Vietnam Fertilizer Company; Baconco fertilizer companies

PVCFC’s market share in NPK plants during 2012-2013 period and in 2014 (forecasted)



(Source: PVCFC)

In order to actively balance in business activities, PVCFC is expanding and developing other domestic markets such as the North, Central Area and Central Highlands and exporting to international market. For export market, the consumption volume in 2013 reached 74,000 tons, accounting for 10% of annual consumption. According to the plan for 2014, PVCFC will export 100,000 tons, accounting for 13% of annual consumption. At present, Ca Mau fertilizer products have been sold in many countries in the region such as Cambodia, Thailand, Bangladesh, South Korea and the Philippines



In order to further enhance its competitiveness in the market and constantly improve its position in the fertilizer business, PVCFC orientates to continue developing more new product lines based on advanced and modern technology of Ca Mau fertilizer plant, using Ca Mau fertilizer as input material in the manufacture of new products with more added value, providing nutrients for crops such as urea + TE, microbial organic fertilizer, fertilizer pellets, compound fertilizer, etc.

Since the renovation, farmers already have abused chemical fertilizers to increase crop yields, however, to develop crop cultivation, the soil needs more organic and micro components. New products of PVCFC will supplement these components to help to reimburse the lost trace elements in arable land and bring growth for crops and sustainable agriculture development. Thus, it also helps farmers increase profits, confidently invest in agricultural production and implement “four parties” policy including “the State, the farmers, the scientists and the businessmen; and “Tam Nong” policy including “agriculture, farmers and rural areas ” in new rural area construction of the Party and Government.

10.3.5. Revenue criteria

Total accumulated revenue for 2012-2013 was VND 10,333 billion as below:

Unit: VND million

No	Items	2012	%Net revenue	2013	%Net revenue	First six months of 2014
1	Net revenue from sale	4,076,182	100.00%	6,257,132	99.96%	3,027,265
	<i>Cà Mau Urea</i>	<i>3,949,139</i>	<i>65.09%</i>	<i>5,943,202</i>	<i>94.98%</i>	<i>2,943,261</i>
	<i>Ammonia</i>	<i>57,285</i>	<i>0.91%</i>	<i>118,614</i>	<i>1.90%</i>	<i>37,975</i>
	<i>Others fertilizer products</i>	<i>69,758</i>	<i>1.11%</i>	<i>195,316</i>	<i>3.12%</i>	<i>46,029</i>
2	Revenue from services supply	-	-	2,503	0.04%	0
3	Total	4,076,182	100.00%	6,259,634	100%	3,027,265

Source: PVCFC

10.3.6. Expenses criteria

Consolidated costs for business activities for the period from 2012-2013 and first six months of 2014 is shown as below:

Unit: VND million

No	Items	2012	% Revenue	2013	% Revenue	First six months of 2014
1	Cost of goods sold (COGS)	2,967,940	72.81%	5,082,871	80.50%	2,315,364

No	Items	2012	% Revenue	2013	% Revenue	First six months of 2014
	<i>Input gas</i>	1,591,638	39.05%	2,539,450	40.57%	818,062
	<i>Production depreciation</i>	895,135	21.08%	1,319,306	21.08%	717,686
	<i>Others expenses (*)</i>	517,167	12.69%	1,224,115	19.56%	787,816
2	Selling expense	42,651	1.05%	136,892	2.17%	86,481
3	Administration expense	75,677	1.86%	99,694	1.58%	44,377
4	Financial expense	291,723	7.16%	579,407	9.26%	288,817

Source: PVCFC

(*) Others expenses comprise of power, water and catalysts expenses.

Cost of goods sold of products and services

Cost of goods sold increased from 72.8% in 2012 to 80.5% in 2013 because of some reasons such as decrease in urea selling price from VND 8,500/kg in 2012 to VND 8,000/kg in 2013, sharp increase of chemical input costs (the cost in 2013 is 93 billion VND higher than that in 2012), accounting of provisional material allocation expenses for two years of operation and other expenses such as welfare insurance and labor safety bonus.

Selling expense and administration expense

Portion of selling expense over revenue increased from 1.05% in 2012 to 2.17% in 2013 due to the following reasons: in 2012, PVCFC focused on stabilizing production and operation of Ca Mau Fertilizer Plant safely and effectively and in 2013, PVCFC boosted development of distribution system and strengthened investment in brand development and formulation to promote the product on the market to customers nationwide.

Portion of PVCFC's administration expense over net revenue decreased from 1.86% in 2012 to 1.58% in 2013.

Financial expense

Details of items of financial expense during 2012-2013 period and first six months of 2014 is shown in the following table:

Unit: VND million

No	Items	2012	2013	First six months of 2014
1	Interest expense	282,744	432,256	183,236
2	Loss from realized foreign exchange	-	124,974	6,903
3	Loss from realized foreign exchange	-	5,488	89,295

No	Items	2012	2013	First six months of 2014
4	Loan guarantee expenses	5,599	19,924	9,383
5	Loss from investment in subsidiaries	3,335	(3,335)	-
6	Others financial expense	45	100	-

Source: PVCFC

PVN has signed the loan contract and authorized full implementation of the rights and obligations of the loan contract to PVCFC:

- PVN authorized PVCFC to perform the use right of capital and assets which have been formed from the loan contract.

- PVN authorized PVCFC to perform all the obligations of PVN in the loan contracts and other obligations including financial obligations incurred related to the loan agreement (if any such as tax, fee, etc.) as prescribed by Vietnamese law.

The implementation of the loans:

- **The loan under the ECA Credit Agreement between BNP Parisbas Bank, Chinese Bank of Import-Export and Credit Agricole Bank dated 05/09/2011** has the principal of USD 220 million. Loan term is 120 months from the date of first disbursement. Interest expense is sum of the 6-month LIBOR plus 2.6%/year. Interest rates will be adjusted every 6 months from the date of receiving the first loan. Interest is paid monthly based on outstanding debt of the loan which begins from the first arising of debt. Interest shall be paid every 6 months.
- **The loan under the Credit Agreement dated 25/09/2009 from Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank)** has the principal of USD 153,762,442. Loan term is 120 months from the first disbursement, including a grace period of 30 months from the first disbursement, the principal repayment period is 90 months from the end of the grace period. Interest rate (calculated on the outstanding balance of the term) is equivalent to interest rate of mobilization of USD 3-month period post-paid plus 2.5%/year. The interest rate is adjusted for every 3 months from the first loan. Interest rate for overdue loan will be plus 1%/year. Interest expense is paid monthly based on outstanding debt of the loan which begins from the first arising of debt. Interest shall be paid every 3 months.
- **The loan under the Credit Agreement dated 17/06/2010 from Vietnam Development Bank (VDB)** has the principal of VND 130,661,898. Loan term is 84 months from the first disbursement, of which the maximum grace term is 24 months from the first disbursement, time for principal repayment is 60 months from the end of the grace period. Interest rate is 6%/year. Interest rate will be paid monthly based on the outstanding debt of the loan, beginning from the first arising debt. Interest rate for

overdue debt (based on principal and deferred interest rate) is 150%/year of normal interest rate. From January, 2013 to May, 2014, the Company has paid USD 1,875,000 as principal monthly. In May 2014, PVCFC negotiated and prepaid the loan of USD 45,000,000 and since May, 2014 to December, 2017, PVCFC has paid VND 1,265,043.13 monthly as principal. At present, all the required procedures of this loan has been completed to transfer from VDB to Vietnam Public Bank (PVcom Bank) with the interest rate of 4.5%.

Fee for loan guarantee is 0.25% of total outstanding debt per year during the term of the loan of BNP Parisbas and Vietinbank

10.3.7. Profit and financial items

Income statement for the period 2012-2013 and first 6 months 2014 is presented as below:

Unit: VND million

No	Items	2012	% Net revenue	2013	% Net revenue	First six months of 2014
1	Net revenue	4,076,182	100%	6,259,634	100%	3,027,265
2	Gross profit	1,108,242	27.19%	1,176,763	18.80%	711,901
3	Financial expense	291,723	7.16%	579,407	9.26%	288,817
4	Selling expenses	42,651	1.05%	136,892	2.17%	86,481
5	Administration expenses	75,677	1.86%	99,694	1.58%	44,377
6	Net profit	730,296	17.92%	488,744	7.81%	365,601
7	Others profit	6,375	0.16%	36,828	0.59%	37,981
8	Profit before tax	736,671	18.70%	525,572	8.40%	403,581
9	Corporate income tax	-	-	350	0%	110
10	Profit after tax	736,671	18.70%	525,222	8.40%	403,471

Source: PVCFC's audited financial statement

Net profit in 2013 decreased compared to 2012 due to several reasons:

- Global urea prices fell sharply in 2013 which directly affected selling price of local fertilizer manufacturers as well as Ca Mau Fertilizers.
- The Company started to pay interest expense of long-term loans from the VDB and Vietinbank

- Loss from exchange rate difference arising in long-term loans in foreign currency from VDB, Vietinbank and the Bank of China

However, in the context of new establishment and operation; achievement of the above results is extremely encouraging because of the following reasons:

- Stable and efficient operation of Ca Mau fertilizer plant: The plant has always been managed and operated safely and stably at over 98% of design capacity with average output of 2,342 tons of urea / day, of which 98% of products meets commercial quality.
- The system of economic and technical, organization, management, administration and operation of the fertilizer plant are economical and efficient.
- Development strategy of PVCFC is in harmony with the development orientation and restructuring plan of PVN for the period 2011-2015 period.
- Market expansion and distribution network development in diversified regions and tight connection with agent system to effectively consume its products
- Maximal utilization of the storage infrastructure, logistic service, distribution network of other units in petroleum sector.
- “Ca Mau Fertilizer- Jade Seeds for Golden Crops” brand is becoming more prestigious in the market.

No	Items	2012	2013
1	Revenue growth rate	-	53.6%
2	Profit after tax growth rate	-	-37.8%
3	ROA	5.0 %	3.7%
4	ROE	22.5%	15.3%
5	Liabilities/Owners' equity	353.4%	314.0%

Source: PVCFC

10.3.8. Product Quality Management

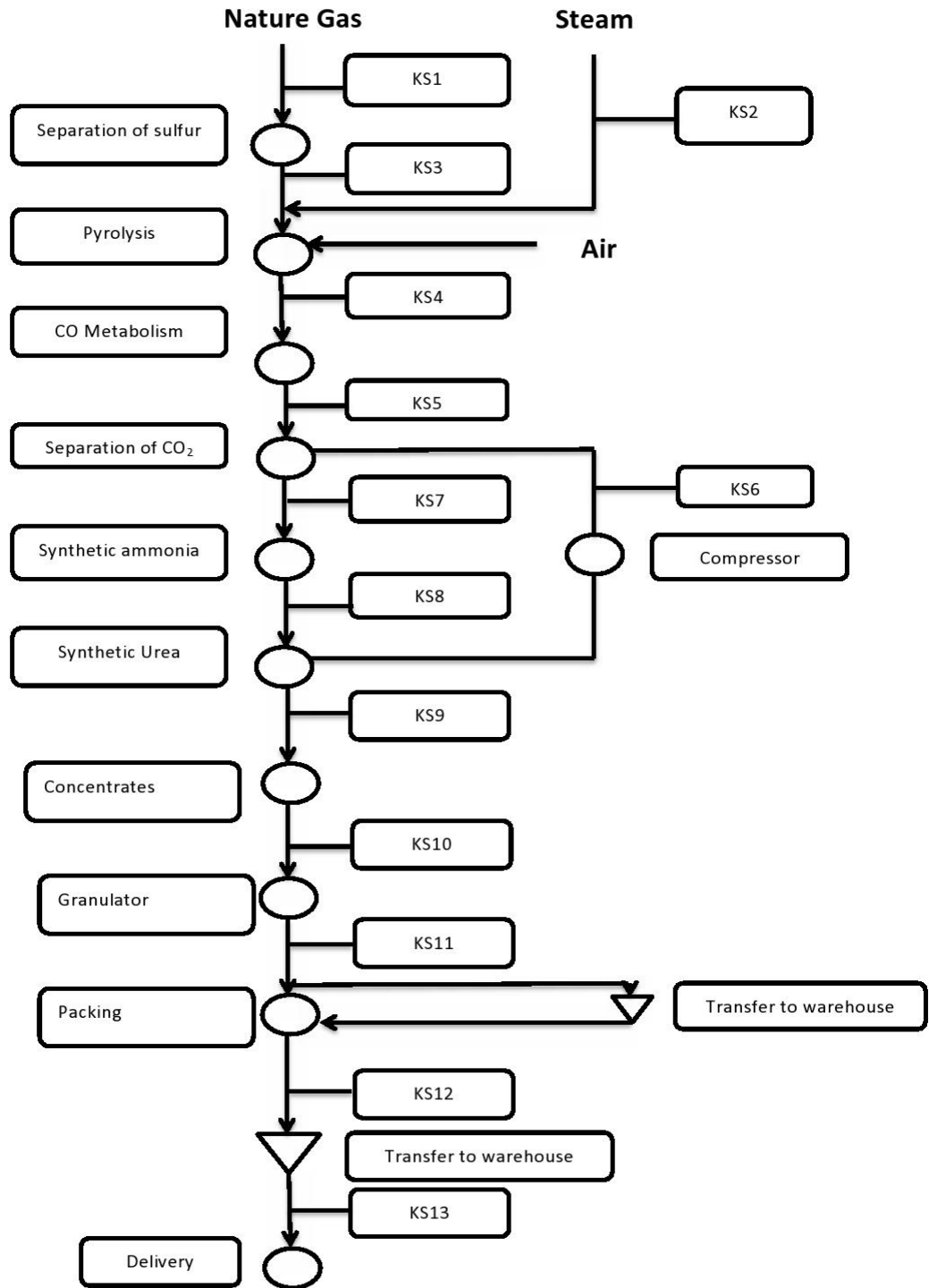
a. The current product quality management system :

The Company has been applying the ISO 9001:2008 product quality management since 2013. Besides, Test department of the plant has been certified by The Bureau of Accreditation (BoA) of Vietnam for its testing capabilities, which complies with ISO/IEC 17025:2005 standards.

Moreover, Ca Mau Fertilizer product of the Company was recognized as a quality product in 2013 by Vietnam Enterprises Institute – Trade Union Council.

b. Product Quality Testing Process

Product quality testing on production stages is implemented as the following chart:



c. Production Quality Management Department

Product quality is an important factor deciding the competitiveness, reinforcing the prestige and brand name of the Company in the market. Since the commercial operation commencement date, PVCFC has established the product quality management department under the Engineering and Technology Board with the task of testing the entire manufacturing process from raw materials to semi-finished goods and finished products in manufacturing workshops and warehouses based on production standards which were issued and applied in accordance with the announced basic standards.

Product quality management department of the company is also responsible for controlling the quality assurance process of the whole process from production to storage and consumption and ensuring that all products produced at the company appearing in the market meet quality requirements. Besides, the department is responsible for coordinating with the relevant departments to handle and decide relevant issues such as testing equipment; production and testing tools; evaluate suppliers; investigate and handle issues related to product quality and consider customer complaints.

10.3.9. Marketing activities

a. Branding:

After more than two years of operation, PVCFC has developed “Ca Mau Fertilizer - Jade Seeds for Golden Crops” into one of the best reputed brands in the market which becomes more popular and closer to the farmers. Some of the typical examples of PVCFC’s branding activities are as follows:

- Accompanying with the farmers, PVCFC has been working with a team of scientists to organize many workshops, seminars to provide transfer cultivation techniques, train knowledge of plant care to help farmers improve the efficiency of fertilizer use in farming.
- Funding and participating in series of activities on the occasion of Mekong Delta Economic Cooperation Forum (MDEC), the 10th international oil and gas exhibition of the Asean Council on Petroleum (ASCOPE); national target program on new rural areas development, projects towards the national islands...
- Coordinating with Vietnam Television Centre in Can Tho to organize the contest searching for talented potential stars in “cai luong” art for 13 provinces in the Mekong Delta region. Thereby, Ca Mau Fertilizer has truly become a companion not only in production but also in the lives of the people of the Southwest regions of Vietnam.
- Signing the strategic cooperation agreement for the development of sustainable agriculture with An Giang Plant Protection Company (AGPPS). Accordingly to the agreement, AGPPS and PVCFC cooperate to promote research and development activities for fertilizers products, nutrient solutions for plants and soil in different regions. For farmers, both parties will jointly promote technical transfer in any form, focus on the provision of advanced, effective and comprehensive technical solutions; build value chain of rice production in Vietnam through the deployment of large field programs in the provinces. This cooperation agreement will contribute

to boost the cooperation and connection among Vietnamese enterprises in the value chain of agricultural products with the goal of increasing the farmers' value.

- Social security work is highly valued and regarded as targets attached to business purposes by the Company. The company has been implementing various social security programs such as building more schools to develop education; support for poor families and families under preferential treatment policies; constructing health care centers; funding for poor students to study; actively contributing to the hunger eradication and poverty reduction and improving people's intellectual.
- For two consecutive years 2013 - 2014, PVCFC was honored as "enterprise with good social security responsibility and community development"

b. Distribution system:

The distribution system of the company is developed with networks across markets in the Southwest, Southeast, Central, Central Highland and North regions, through 1st level agents with three primary distribution channels including agents networks, manufacturers and exporters who have available infrastructure (warehousing systems, easily facilitated reception areas for convenient transportation) as well as strong financial potential, good reputation and experiences in the fertilizers market..

From 02 main markets which were the South West and South East regions, up to now, Ca Mau Fertilizer has presented across the country and is expanding to other markets in Asia. PVCFC has well performed delivery-reception, transportation and consumption to customers through its distribution networks, which contributes effectively to the national agricultural production.

c. Product price policies:

The Company are applying price policies which are appropriate, flexible and sticking to the market price to satisfy customers and accompany with farmers for both benefit and difficulty sides.

Particularly, PVCFC applies trade discounts for agents/stores and NPK manufacturers which have signed long term sale – purchase contract on Ca Mau fertilizer and comply with the sale policy of the company.

10.3.10. Trademarks, patent and copyright registration

The Company's logo:



Trademarks, brand identity of PVCFC are being registered in the national trademark registration book and after being approved, the registered logo will take effect and will be protected comprehensively throughout the territory of Vietnam. The symbol of yellow rice growing on green ground, which is identical with the text color of Ca Mau Fertilizer represents for metaphor meaning that Ca Mau Fertilizer – high quality urea fertilizer will bring bloomy crops to the farmers.



The company has submitted Trademark and logo protection registration dossier of “DAM CA MAU – HAT NGOC MUA VANG” since December, 2013 and is waiting for approval from the National Office of Intellectual Property of Vietnam.

The brand's registration has been also completed in Cambodia, Thailand in 2013 and early 2014.

10.3.11. Major contracts that are in progress or signed

No	Partners	Product/Service	Value	Expiry date
1	VIETNAM OIL AND GAS GROUP (owner of PVCFC)	Gas supply	Variable on consumption capacity	May, 2012
2	PetroVietnam CaMau Power Company	Power supply	Variable on consumption capacity	March, 2011
3	An Khanh Environment and Water Supply JSC	Water supply	Variable on consumption capacity	September, 2012
4	Ca Mau Water Supply - Sewerage and Municipal Company	Water supply	Variable on consumption capacity	April, 2012
5	PetroVietnam Insurance Corporation	Factory operation insurance services		February, 2012

No	Partners	Product/Service	Value	Expiry date
6	Toyo Corporation	Human resource supporting factory operation		February, 2012

Source: PVCFC

10.3.12. Taxes and payment to the State Budget

During 2012-2013 period, PVCFC strictly observed the provisions of the tax law of the State. Total tax paid by PVCFC in 2013 was VND 1,764,508,857, increasing by 17% in comparison with the tax paid amount in 2012, which was VND 1,504,171,354

According to the investment certificate number 61101000153 dated 12/04/2012 of People's Committee of Ca Mau Province, the Company is entitled to enjoy preferences for Ca Mau Fertilizer Plant project as follows:

- Corporate Income Tax (CIT): Corporate income tax exemption until the end of 2015, then applicable to CIT rate of 5% from 2016 to 2024.
- Import tax: import tax exemption for machinery, equipment, supplies and means of transportation, and other goods for performance of investment projects under Legal provisions on import and export taxes.

Unit: VND million

No	Item	2012	2013
1	Output VAT	13,996	-
2	Personal Income Tax	12,508	727
3	Corporate Income Tax	297	53
4	Natural Resource Tax	346	31
5	Import Tax	2,932	954
6	Other taxes	127	-

Source: PVCFC

10.3.13. Summary of other criteria

Some criteria presenting business operation of PVCFC before equitization are shown in the table below:

Unit: VND million

No	Item	2012	2013	First half of 2014
1	Total asset	14,832,892	14,215,010	13,927,040
2	The State's equity	3,198,074	3,198,074	4,120,034 (*)
3	Business capital	14,832,892	14,215,010	13,927,040
4	Net revenue	4,076,182	6,259,634	3,027,265
5	Profit before tax	736,671	525,572	403,581
6	Payment to the State budget	34,619	30,205	8,614
7	Account payable	11,561,355	10,781,208	9,581,004
8	Account receivable	11,771	43,166	111,647
9	Number of labors	724	784	806
10	Income (VND 1,000 per person per month)	19,740	19,970	19,250

Source: PVCFC equitization plan

(*) Owners' equity was adjusted under Decision No. 643/QĐ-DKVN dated 25/1/2014 of PVN's Members Board on approval of supply of supplemental investment capital for the Ca Mau fertilizer plant investment project of the Project Management Unit of Ca Mau Gas - Power – Fertilizer complex and increase of charter capital of PVCFC

10.4. Factors affecting business operations of the company in the reporting year

10.4.1. Advantages:

PVCFC has always received great support from PVN, its member companies and central and local authorities.

Ca Mau Fertilizer Plant has the advantage of strategic location in the Southwest region of Vietnam, which facilitates product distribution in the Mekong Delta Region. The plant has production capacity of 800 thousand tons of urea per year, which meets 40% of Urea demand in the country.

Ca Mau Fertilizer is the only granular urea to be produced in Vietnam, with many advantages such as: easy to mix with other fertilizers, easy to store, less dust, which make the product trusted by users, thus contributing to promote the Company's image.

Gas and power supply are stable from PM3 gas pipeline from Ca Mau Power Plant - PV Power CM.

PVCFC can be proactive in package supply as package is manufactured by PetroVietnam Packaging JSC which is a subsidiary of PVCFC.

Moreover, the company has young qualified workforce with professional training from other similar companies. The Company's management also focuses on human resource training and development.

Being established after other companies in the market, PVCFC can learn from the market experiences to develop its brand name, distribution systems and corporate governance. As a newly established company, it is easier for PVCFC to perform changes in the organizational structure or applications of modern management methods.

The determination of the Board of Management and the unity of all staff, employees in the company.

10.4.2. Disadvantages:

Business environment is complicated and unpredictable.

The presence of fake fertilizers with poor quality and cheap price still exist while the punishment regimes are not strong enough and this affects the competitiveness of good fertilizer producers in general and PVCFC in particular.

The company has issued a number of solutions to overcome this difficulty: cooperate with other companies to form the product value chain, help farmers reduce difficulties and increase profitability so they can confidently expand agricultural production. The company also regularly organizes training sessions for farmers about product introduction and usage instruction to help them avoid purchasing counterfeit, fake and poor quality products. Besides, the Company cooperate with police units, the Department of Agriculture and Rural Development, other competent authorities and associations of consumer protection to regularly check fertilizer dealers and manufacturers to avoid fake and poor quality products.

11. The Company's position compared to other competitors in the industry

11.1. PVCFC's position in the industry

Annual fertilizer demand in Vietnam is estimated at about 2 million tons. In the past, all fertilizers had to be imported for local consumption. Up to present, there are four fertilizers manufacturing plants with a total capacity of 2.6 million tons per year, including: Ha Bac Fertilizer Plant in Bac Giang province with capacity of 500,000 tons per year; Phu My fertilizer plant in Phu My Industrial Zone in Ba Ria - Vung Tau with capacity of 800,000 tons per year; Ninh Binh Fertilizer Plant with capacity of 550,000 tons per year.

Ca Mau Fertilizer – Jade Seeds for Golden Crops is the **only** granular fertilizer product with high quality in Vietnam and one of the highlights of the oil and gas industry in particular and the national economy in general. In just over one year since product launching, PVCFC has covered across the Mekong Delta Region.

11.2. Development outlook of the industry

Supply: Asia is the area with the highest production capacity, followed by the Middle East and the former Soviet Union. However, the production efficiency of Asian countries is low at 70% at average, while this rate was 95% in the Middle East, and 79% in the former Soviet Association. Actual production capacity in Asia peaked at 105 million tons per year at average during 2013-2015 period and is estimated to reach 108 million tons in 2020. Middle East is the 2nd biggest production area in the world in 2013-2015 with the average output of 21 million tons per year and is forecasted to reach 22.4 million tons per year in 2020. Former Soviet Association region maintain the 3rd position with average production capacity of 12 million tons per year during 2013-2015 period and is expected to increase slightly in 2020 to 13.3 million tons per year. In Asia, China is the leading producer with an output of 60 million tons per year but is showing signs of diminishing. In 2013, China produced 63.3 million tons, and is expected to produce 62 million tons in 2015, with production forecasted to decrease to 60 million tons in 2020. The 2nd ranker in Asia is India with stable output at 24 million tons per year during 2013-2020 period. Besides, Indonesia is the 3rd largest producer with capacity of 7-7.5 million tons per year during 2013-2015 period, and is expected to reach about 9 million tons in 2020.

On demand: Demand for urea mainly belongs to the areas which have agricultural crops production in the world such as North America, Latin America, Europe, especially in Asia. Asia consumes nearly 116 million tons of urea per year during 2013-2015 period, which accounts for 67% of the world demand. The 2nd ranker is North America with 10% of world demand with 16-17 million tons per year. Latin America is at the 3rd place accounting for 7% of the world demand. In Asia, China is still the leading consuming country with 58.2 million tons in 2013, and is expected to reach approximately 60 million tons in 2015, then goes up to 63.7 million tons in 2020. China is followed by India, who has the stable consumption level during 2013-2015 period at 32-33 million tons per year but is expected increase to about 35.4 million tons in 2020. Other countries such as Indonesia, Pakistan have stable consumption of about 6-6, 5 million tons per year during 2013-2015 period, but are expected to rise slightly to 7 million tons in 2020. Thailand's consumption is steady at the level of 2.5 million tons per year.

Imports: Asia is the largest import market with the import quantity of 17 million tons annually during 2013-2015 period and is forecasted reach 24 million tons in 2020 (growing 36% against 2013). The 2nd ranker is North America with import quantity of 7.5 million tons during 2013-2015 period and is forecasted to fell to 4 million tons per year thanks to additional new investment in US factories. Latin American region has stable consumption with an average import of 7.6 million tons per year over 2013-2020 period. In Asia, India is the largest importer with an

average of 8 to 8.5 million tons during 2013-2015 period, but is expected to increase to 11 million tons per year in 2020. China with decrease in domestic production is still able to balance domestic demand to 2015. However, by 2020, China is forecasted to import 3.5 million tons per year. Thailand has to import 100% of fertilizer to meet domestic demand whereas Pakistan maintains to import about 1.5 million tons per year. In addition, the Philippines also frequently imports around 600,000-700,000 tons per year, Malaysia imports 275,000 ton per year, Sri Lanka imports 345-350,000 tons per year, South Korea imports 800,000 tons per year.

Exports: Countries in the Middle East rank as the world's top exporters with stable annual export quantity at approximately 18 million tons for the whole period from 2013 to 2020. The former Soviet Union countries tend to reduce export quantity from 9 million tons in 2013 to 7.2 million tons in 2015 and remain stable at 8 million tons in 2020. Africa area is emerging compared with the other areas with exports quantity rising from 3.9 million tons in 2013 to 8 million tons in 2014; expected to reach 8.5 million tons in 2015 and a maximum of 11 million tons in 2020. Asian countries is at the 4th place with decreasing export quantity from 7.5 million tons in 2013 to 5.9 million tons in 2015 and is forecasted to be only 5.5 million tons in 2020. In Asia, China is still temporary strongest exporter from this year to 2015, but the speed will drop sharply: in 2013 export quantity was 5.2 million tons; in 2014: 3.2 million tons, in 2015: 2.5 million tons, and in 2020 China is expected to no longer export. 3 countries in Southeast Asia: Indonesia, Malaysia, Vietnam will compete each other in fertilizers export, each country's average export is 650-800 tons per year from 2013 to 2014. However, Malaysia's exports will increase to 1.4 million in 2015 and 1.7 million tons in 2020, while Indonesian export is expected to reach nearly 2 million tons in 2020.

12. Investment plans and enterprise development strategies after equitization

12.1. Vision, mission and strategic goals

12.1.1. Vision

To become the leading enterprise in Vietnam and the region in the field of manufacturing and trading of fertilizers and chemicals for agriculture and oil and gas industry.

12.1.2. Mission

PVCFC is a manufacturer and trader of fertilizer based on the petrochemical industry for agricultural production which provides solutions for plant nutrition and contributes to changes in agriculture towards sustainable development, friendly-environment and ensuring harmonization of benefits for owners, customers, employees and enterprises.

12.1.3. Core values

"Caring - Friendly, Professional - Creative- Responsibility - Harmony"

- Meeting the goal of sustainable development and harmony of is the guiding factor and the standard for all operations of the Company.

- Maintaining and developing sustainable business operation, selecting investments effectively and carefully.
- Ensuring a professional and creative working environment; ensuring the standards of the employees' lives
- Ensuring credibility with customers, becoming a reliable partner of the farmer.
- Actively participating in social security work, establishing a closed connection to farmers.

12.1.4. Strategic goals

Constructing the Company with advanced management system; strictly cooperating with domestic and foreign partners to increase the value chain.

Ensuring safe, stable and efficient operation of Ca Mau Fertilizer Plant, gradually improving product quality, improving and optimizing production.

Constructing and completing the sustainable distribution system to efficiently distribute all products of Ca Mau Fertilizer plant; developing the brand of "Ca Mau Fertilizer - Jade Seeds for Golden Crops" " to become a leading brand in the country and the region.

Effectively investing for product diversification; establishing Center for research, development and application of fertilizer products for agricultural production and customer service.

➤ **Organization and Management:**

Developing of high quality human resources for production and business to have leading experts in the industry and even transferring human resource services to foreign countries.

Building corporate culture: "Caring - Friendly, Professional - Creative, Responsible - Harmony".

Completing and promoting use effectiveness of advanced management systems on the basis of improving information technology applications (ERP, RBI, CMMS, KPI ...) into business processes.

➤ **Operational goals:**

Operating Ca Mau Fertilizer plant efficiently, safely, stably (105% of design capacity).

Increasing capacity of Ca Mau Fertilizer plant, promoting production optimization to improve efficiency and maintain the life of the equipment in each stage.

Diversifying urea product, synthetic fertilizers, and microbial fertilizers for soil improvement and environmental pollution reduction.

Developing training services on operation, maintenance, trial operation and quality management for similar plants.

➤ **Business goals:**

Maintaining to dominate at least in the Southwest with 65% of market share, South East with 30% market share and Cambodia with 50% market share during 2015 - 2020 period. Expanding fertilizer export markets in Thailand and other Asian countries, which are near to Vietnam.

Organizing business operations and developing “Ca Mau fertilizer” brand name to be a reputed brand in the domestic market and Southeast Asia from 2015.

Building effective distribution channels to almost all provinces across the country for Ca Mau Fertilizer (including new products). Applying information technology in management to strictly control the distribution system.

Actively participating in the business chain, creating a closed circle of Seed - Fertilizers - Processing - Service for agricultural products in order to increase the value of service and position of the Company.

➤ **Investment and development goals**

Carrying out investment to expand production of new products to increase fertilizer productivity from materials which are available locally.

Continuing research and intensive investments into fertilizers for soil improvement projects as well as improving the efficiency of agricultural production.

Researching and considering investment into new product projects based on materials from petrochemical refinery companies.

Exploiting and investing to expand the warehouse system, logistics and technological equipment of the plant in order to improve the efficiency of production and business.

Purchasing or investing in other enterprises in the same industry with the mutual and appropriate development goals as the Company upon favorable opportunities.

Searching for investment opportunities and projects in fertilizers and chemicals industry domestically and internationally

➤ **Financial goals:**

Developing advanced financial management systems.

Maximally promoting the ERP system to serve management reports and financial advisory business administration.

Ensuring that the financial indicators are safe and financial risks are tightly controlled.

Ensuring that capital is used effectively, preserved and developed.

➤ **Community relation goals**

Building friendly image of the company to the community, especially farmers, performing well the task of social security, associating the interests of the people with the Company’s business.

Continuing to perform well the social security activities according to the guidelines of PVN and of the Company towards becoming one of the leading companies in social welfare works and environmental protection.

12.1.5. Investment plan and development strategy of the company

No	Project	Project scale
I	Transferred projects	
1	Urea packaging warehouse construction	10,000 tons
2	Research and development center construction	-
3	ERP project	The basic module
4	Compounded pelletized fertilizers production line construction	40,000 tons/year
II	Projects in consideration for investment	
1	NH3 workshop expansion and upgrading	90,000 tons/year
2	MA and derivative production plan	97,000 tons/year
3	Compounded fertilizers production plant from melting Urea	300,000 tons/year
4	Organic compound fertilizer and microbial fertilizers production plant	100,000 tons/year
5	Goods import and export port expansion and upgrading	2 million tons/year

12.1.6. Production plans

a. Output and consumption target for 2015 – 2018 period

Unit: Ton

No	Content	2015	2016	2017	2018
I	Production				
1	Fertilizer (Urea, Urea+TE, microbioccal organic fertilizer, compound fertilizer)	782,000	816,360	819,560	934,610
II	Consumption				
1	Fertilizer (Urea, Urea+TE, microbioccal organic fertilizer, compound fertilizer)	782,000	816,360	819,560	934,610
2	Trading fertilizer	15,000	40,000	40,000	40,000

Source: PVCFC equitization plan

b. Input gas price target for 2015 - 2018 period

PVN guarantees input gas price for PVCFC during 2015 – 2018 period to ensure that the Company would have the average return on equity at the average rate of 12% per year from fertilizer production and business activities (through gas sale contracts).

c. Revenue and profit targets during 2015 – 2018 target

No	Item (VND billion)	2015	2016	2017	2018
1	Revenue	5,582	6,250	6,433	7,442
2	Cost of goods sold	4,084	4,720	4,945	5,909
3	Gross profit	1,498	1,530	1,488	1,533
4	Selling expense	298	374	398	495
5	General and administration expense	120	121	123	125
6	Financial expense	444	359	282	220
7	Net operating profit	636	677	685	693
8	Corporate income tax	-	34	34	35
9	Profit after tax	636	643	651	658

Source: PVCFC equitization plan

13. Charter capital and charter capital structure

PVCFC's charter capital structure table at the moment of establishment: VND 5,294 billion (equivalent to 529,400,000 shares)

No	Shareholder	Value (VND million)	Number of shares	Percentage / Charter capital
1	State	2,699,940	269,994,000	51.00%
2	Selling to Outside shareholders	2,594,060	259,406,000	49.00%
A	Preferential selling to employees	15,034	1,503,400	0.28%
B	Preferential selling to Trade Union	0	0	0%
C	Selling to the public	1,289,513	128,951,300	24.36%
D	Selling to strategic investors:	1,289,513	128,951,300	24.36%
	Total	5,294,000	529,400,000	100.00%

Source: PVCFC equitization plan

14. Risk factors

14.1. Economic risks

The growth of the economy is often measured by GDP growth rate, inflation fluctuation, interest rates or exchange rates which have systematic impacts on the economy. The abnormal fluctuation of these factors may cause risks to the subjects involved in the economy.

The world's economic crisis directly affects the production and business situation of Vietnamese enterprises in general and PVCFC in particular. A strong economy with stable growth will lead to rapid increase in demand for goods production and consumption. On the contrary, while the economy faces negative fluctuations, high inflation and inflation restraint and credit crunch methods make goods production and consumption becomes more difficult and the quantity of imported and exported goods is decreased, all of those factors will cause certain difficulties in production and business activities of the Company

At present, Vietnam's economy passed the impact of the global financial crisis in 2009 and is recovering strongly. Therefore, it can be estimated that economic risk is not a major risk for the company's operations in the current period.

14.2. Legal risk

As an enterprise operating in Vietnam, the Company's operations are governed primarily by the Enterprise Law and related legal documents. Besides, as having other activities in the field of packaging manufacturing and printing; fertilizer, primary plastic purchase, sale and trading, the Company is also regulated by other laws, such as commercial law, environmental protection laws. While conducting the auction of shares on the securities market, the Company has to comply with securities law, the legal documents on securities and securities markets.

At present, the legal system of Vietnam is in development and construction process, so many legal documents are being amended to be suitable for the development of the country in each phase. These changes will affect certain manufacturing activities and business development of the Company.

Decree No. 202/2013 / ND-CP of the Government dated 27/11/2013 taking effect from 02/01/2014 has set the legal framework up to a higher level to mitigate the situation of fake, poor quality, environmental unfriendly fertilizers, to build a healthy domestic fertilizer market and ensure to supply fertilizers with high quality at reasonable price to farmers, all of which will have positive impacts on PVCFC's business activities.

14.3. Exchange rate risk

Exchange rate risk is also a significant factor affecting the business performance of companies. The Company is having foreign currency loans to fund for Ca Mau Fertilizer plant. At due date, exchange rate may change and the risk occurs when the Company now has to buy foreign currency at a higher price than the original rate at borrowing date to repay the loan. Especially

during economic crisis period of the world, the level of exchange rate fluctuations is more unpredictable. Similarly, in the field of exports, when performing contract settlement and collect foreign currency, the Company may be exposed to exchange rate risks of declining VND/foreign currency rate compared to rate specified in contract.

14.4. Risks of the share offering

The economic situation in the country has not really overcome difficulties, but has become more stable, inflation is under control and the level of interest rate is adjusted in a downward trend. Those factors have increased investors' confidence when they come back to the securities market.

Vietnam securities market in the first 3 months of 2014 recorded a relatively strong growth. VNIndex increased from 504.5 points to 607.6 points and was adjusted to around 575 points from April to June, 2014 under profit-taking pressure and political events in East Sea. It slightly increased in July to the end of September to reach 600 points. These signals demonstrated that the growth trend of the economy is not stable yet.

Besides, economic and political events also significantly contributed to the sharp decline within a short period of the securities market, affected investors' behavior and made them become more cautious in making investment decisions.

IPO of PVCFC will depend on changes in securities market conditions at the time of the auction, behavior of investors as well as the attractiveness of the Company's shares. Thus, the Company may face the risk of not being able to sell all shares of the intended offering.

In the case of not being able to sell all shares, the Company will have to resolve in accordance with Decree 59/2007 / ND-CP dated 18/07/2011 of the Government on the transformation of 100% state owned companies into joint-stock companies and Circular 196 / 2011 / BTC dated 26/12/2011 of the Ministry of Finance guiding implementation of financial problems when transforming a 100% state owned companies into a joint-stock companies.

14.5. Other risks

Besides, there are other risks related to force majeure events that the Company itself cannot take control. Those risks are less likely to occur, but in the case of occurrence, the Company will be affected significantly such as: wars, terrorisms, natural disasters (droughts, storms, floods) and epidemics.

15. The methods of share selling and payment

15.1. Share selling methods

PVCFC will perform auction of shares to the public through the intermediary financial institution which is PetroVietnam Securities Incorporated – (PSI) through the HCMC Stock Exchange under the provisions of Decree No. 59/2011 / ND-CP dated 18/07/2011, the amended Decree 189/2013 / ND-CP, Decree 59/2011 / ND-CP on transformation of 100% state owned companies into joint-stock companies and Circular No. 196/2011 / TT-BTC dated 26/12 / 2011 of

the Ministry of Finance guiding the initial public offering, management and use of proceeds from equitization of 100% state owned companies transformed into joint stock companies.

According to equitization plan, the Company will equitize by “Selling a part of State owned capital of PVN in PVCFC and listing on HCMC Stock Exchange”.

PVN will continue to hold controlling shares in PVCFC with rate of more than 51%. Shares are offered to the outside investors through IPO auction to all investors who registered to participate in auctions, strategic investors and employees of the Company.

IPO for all investors who register to participate in the auction will be implemented in advance. Results from this initial offering will be the basis of preference share offering to employees of the Company under equitization provisions; the offering for strategic investors will be implemented after share auction or after PVCFC completes its equitization.

15.1.1. To the Company’s employees:

Pursuant to Section 1 and Section 2 of Article 48 of Decree 59/2011 / ND-CP, the objects that can buy PVCFC’s shares at favorable price are the Company’s employees, who are included in the list of PVCFC regular employees at the time of publishing the Company’ enterprise value for equitization. The number of shares and offered price are shown as follows:

No	Categories of employees	Number of employees enjoying favorable price	Number of preference shares	Favorable price
1	Employees buying shares with favorable price based on actual number of working years in state sectors.	770	323,500	60% of the lowest successful auction price
2	Employees having long term working commitment for the Company, for at least 3 years after equitization (*)	515	875,400	Equal to the lowest successful auction price
3	Employees who are outstanding workers, experts, having good expertise and have long term working commitment after equitization(**)	72	304,500	Equal to the lowest successful auction price
Total			1,503,400	

(*) Maximum 2,000 shares per person.

(**) Maximum 5,000 shares per person.

15.1.2. To the Trade Unions

The trade unions of PVCFC does not purchase shares of the Company

15.1.3. To strategic investors

Total number of shares expected to sell to strategic investors is 128,951,300 shares, equivalent to VND 1,289,513,000,000 which accounts for 24.36% of the charter capital of the Company.

Share offering to strategic investor is implemented after public auction or upon the completion of equitization. The share offering to strategic investors is governed and approved by PVN and relevant authorities

Shares offering to strategic investors will be decided by equitization regulating agencies and competent authorities based on selection of offering methods, the number and time of offering shares.

Selection criteria for strategic investors

Apart from having long-term cooperation commitment and support for PVCFC after equitization, strategic investors have to guarantee one of these following criteria:

- Supply input gas: being able to supply or search long term input gas sources with competitive price, assisting PVCFC in input gas cost and long-term gas supply;
- Provide support for management, technology; cooperate to conduct research and development activities: having advisory capabilities, providing support of modern technical solutions to improve productivity and product quality. Support PVCFC in research and development to create more new products and high quality services to the market. Support PVCFC to improve management efficiency and corporate governance to reinforce competitiveness towards international integration;
- Support product consumption: being able to assist PVCFC in product consumption to the domestic and international markets, helping PVCFC create intimate relationships with customers and search for new customers, expanding the distribution system in Vietnam and foreign countries
- Financial capacity: having strong financial position, being capable of contributing capital to support PVCFC in the strategic development plan if necessary or supporting PVCFC to access loans or contributing additional capital for PVCFC

15.1.4. To investors that register for share auctions

The total number of shares sold to investors who registered to participate in the auction is 128,951,300 shares, equivalent to VND 1,289,513,000,000 which account for 24.36% of the charter capital of the Company.

Minimum registered purchase quantity is 100 shares, equivalent to VND 1,000,000 par value.

The offer of shares to the public will be conducted in the form of a public auction through the HCMC Stock exchange. The process of share auction must strictly observe regulations and requirements issued by the organization that carries out the auction.

Subjects participating in the auction: individual investors, local and international institutional investor under the provisions of Article 6 of Decree No. 59 / 2011 / ND-CP dated 18/07/2011 of the Government on the transformation of 100% state owned companies into joint-stock companies.

15.2. Share buying payment methods and payment due date

According to regulation on share auction of PVCFC issued by HCMC Stock Exchanges

16. Listing plan

The company will register to have the Company's share listed immediately after the completion of equitization as stipulated in Decree 59/2011 / ND-CP on equitization and listing on the stock exchanges.

PVCFC plans to work and submit the registration for share listing at Ho Chi Minh City Stock Exchange (HSX), and to have official share trading within 90 days from the date of being granted the certificate of business registration.

17. Plan of using proceeds from share offering

According to article 42 of Decree 59/2011 / ND-CP on selling a part of state owned capital, the proceeds from equitization will be used as follows:

- Proceeds from equitization will be used to pay for equitization cost and policy resolution cost for residual employees (PVCFC has no redundant employees) when the Company implements equitization under the state regulations and decisions of the competent authorities.
- The remaining proceeds from selling state owned capital (including share price difference) after deducting the expenses as prescribed, will be contributed to the business arrangement support funds at PVN
- To serve as a basis to calculate and make the usage plan of proceeds from selling shares of state owned capital, PVCFC expects the average successful bid price to be equal to the starting price of VND 12,000 per share.

- Usage plans of proceeds from selling shares

No	Payback plan	Description	Amount (VND)
1	Actual value of state owned capital in the Company after re-evaluation	(a)	5,294,604,806,897
2	Joint stock company charter capital	(b)	5,294,000,000,000
3	Difference of (1) and (2)	(c) = (a) – (b)	604,806,897
4	State owned capital remained in the Company	(d)	2,699,940,000,000
5	State owned capital sold to outside parties	(e) = (b) - (d)	2,594,060,000,000
6	Proceeds from share offering	(f)	3,111,319,200,000
6.1	Proceeds from share offering to employees	(f.1)	16,488,000,000
6.2	Proceeds from share auction to outside investors	(f.2)	1,547,415,600,000
6.3	Proceeds from share offering to strategic investors	(f.3)	1,547,415,600,000
7	Equitization expenses of unit	(g)	2,777,500,000
8	Share offering expenses to strategic investors (expected)	(h)	30,948,312,000
9	Total amount paid to PVN	(i) = (c) + (f) – (g) – (h)	3,078,198,194,897

ENDING WORDS

This Prospectus is provided to investors to help them evaluate the assets, financial situation, business results and prospects of PVCFC prior to subscription to the share auction.

This Prospectus is made on the basis of the information and data provided by PVCFC under regulations to ensure transparency, publicity and protect the legitimate rights and interests of investors.

We respectfully recommend that investors should study this Prospectus carefully before deciding to participate in auction of share issued by PVCFC

Thanks and Regards!

Ca Mau. Date 27 Month 10 Year 2014

**FOR AND ON BEHALF OF THE
VIETNAM NATIONAL OIL & GAS GROUP
EQUITIZATION STEERING COMMITTEE
CHAIRMAN**

(Signed and Sealed)

PHAN DINH DUC

**FOR AND ON BEHALF OF THE ISSUER
PETROVIETNAM CA MAU FERTILIZER
COMPANY LIMITED
GENERAL DIRECTOR**

(Signed and Sealed)

BUI MINH TIEN

**FOR AND ON BEHALF OF THE ADVISOR
PETROVIETNAM SECURITIES INCORPORATED
DIRECTOR**

(Signed and Sealed)

PHAM QUANG HUY