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# PROSPECTUS

INITIAL PUBLIC OFFERING OF SHARES  
ON HO CHI MINH STOCK EXCHANGE

VIETNAM VEGETABLE OILS INDUSTRY  
CORPORATION



**VOCARIMEX**



# PROSPECTUS

**INITIAL PUBLIC OFFERING OF SHARES  
ON HO CHI MINH STOCK EXCHANGE**

## **VIETNAM VEGETABLE OILS INDUSTRY CORPORATION**

### **AUCTION ORGANIZATION**



#### **HO CHI MINH STOCK EXCHANGE**

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

Tel: (84-8) 3821 7713 Fax: (84-8) 3821 7452

### **ISSUER**



#### **VIET NAM VEGETABLE OILS INDUSTRY CORPORATION**

Address: 58 Nguyen Binh Khiem, Da Kao Ward, District 1, Ho Chi Minh City

Tel: (84-8) 3829 4513 Fax: (84-8) 3829 0586

### **ADVISORY ORGANIZATION**



#### **VIETCOMBANK SECURITIES LIMITED COMPANY (VCBS)**

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

Tel: (84-4) 3936 0261 Fax: (84-4) 3936 0262

*Ho Chi Minh, June 2014*

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**INFORMATION DISCLOSURE ABOUT THE INITIAL PUBLIC OFFERING  
OF SHARES**

**VIET NAM VEGETABLE OILS INDUSTRY CORPORATION**

Offer volume:	<b>37,901,500</b> shares, occupying 31,12% of charter capital
Type of stock:	Common stock
Par value:	VND 10,000 /share
Starting price:	VND 11,300 /share
Cash Deposit:	10% cash deposit of total registered value at starting price.
Investor:	Organizations and individuals that meet the conditions specified in the Auction Regulation of initial public offering shares of Viet Nam Vegetable Oils Industry Corporation.
Auction organization:	Ho Chi Minh City Stock Exchange.
Auction implementation:	Under the provisions of Auction Regulation of initial public offering shares of Viet Nam Vegetable Oils Industry Corporation.
Auction place:	Ho Chi Minh Stock Exchange.
Address:	16 Vo Van Kiet, District 1, Ho Chi Minh City.

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**PART I – INFORMATION OF THE AUCTION****I RELATED LEGAL**

- Enterprise Law No. 60/2005/QH11 dated Nov 29, 2005 by the National Assembly of the Socialist Republic of Vietnam;
- Decree No. 91/2010/ND-CP dated Aug 20, 2010 by the Government for employees redundant when re-organizing State-owned company;
- Decree No. 59/2011/ND-CP dated Jul 18, 2011 by the Government on transformation of 100% State-owned enterprise into joint stock company;
- Circular No. 196/2011/TT-BTC dated Dec 26, 2011 by the Ministry of Finance guiding on the initial sale of shares and the management and use of proceeds from the equitization of 100% State-owned enterprise into joint-stock-company;
- Circular No. 202/2011/TT-BTC dated Dec 30, 2011 by the Ministry of Finance guiding on the handling of finance and determination of enterprise value when transforming 100% State-owned enterprise into joint-stock-company;
- Circular No. 38/2010/TT-BLDTBXH dated Dec 24, 2010 of the Ministry of Labor - Invalids and Social Affairs guiding the implementation of some articles of Decree No. 91/2010/ND-CP dated 20/08/2010 which is the Government's policy for employees redundant when rearranging the State-owned company;
- Decision No. 2239/QD-BCT dated May 09, 2011 of the Ministry of Industry and Trade on the equitization of Parent Company – Viet Nam Vegetable Oils Industry Corporation.
- Dispatch No. 8404/BCT-TCCB date Sep 09, 2011 of the Ministry of Industry and Trade on the implementation of Decree No. 59/2011/ND-CP on the transformation of State owned enterprises with 100% holding into joint stock companies;
- Decision No. 2712/QD-BCT dated June 02, 2011 of the Ministry of Industry and Trade on establishing the Equitization Board of Viet Nam Vegetable Oils Industry Corporation;
- Decision No. 2775/QD-BCT dated June 07, 2011 of the Ministry of Industry and Trade on establishing the Supporting team in the Equitization Board of Viet Nam Vegetable Oils Industry Corporation;
- Decision No. 3415/QD-BCT dated June 19, 2012 of the Ministry of Industry and Trade on valuating the enterprise value of the Parent Company for equitization;
- Decision No. 1305/QD/BCT dated June 03, 2013 of Ministry of Industry and Trade on changing the head of equitization board;
- Dispatch No. 7280/BTC-TCCB dated August 15, 2013 of Ministry of Industry and Trade on adjusting the enterprise value and equitization plan for Viet Nam Vegetable Oils Industry Corporation;
- Dispatch No. 11696/BTC-TCDN dated March 09, 2013 of the Ministry of Finance on adjusting the enterprise value and equitization plan for Viet Nam Vegetable Oils Industry

Corporation;

- Dispatch No. 8423/VPCP – ĐMDN dated Oct 08, 2013 of the Ministry of Industry and Trade on valuating the enterprise value of the Parent company for equitization;
- Decision No. 9822/QD-BCT dated Dec 23, 2013 of the Ministry of Industry and Trade on adjusting the value of Parent company - Viet Nam Vegetable Oils Industry Corporation for equitization;
- Decision No. 446/QD-TTg dated March 31, 2014 of the Prime Minister on approving the equitization plan of Viet Nam Vegetable Oils Industry Corporation;
- Dispatch No. 4100/BCT-TCCB dated May 15, 2014 of the Ministry of Industry and Trade on implementing the IPO shares of Viet Nam Vegetable Oils Industry Corporation;
- Decision No. 4350/QD-BCT dated May 16, 2014 of the Ministry of Industry and Trade on approving the strategic investors of Viet Nam Vegetable Oils Industry Corporation;
- Decision No. 5318/QD-BCT dated Jun 12, 2014 of the Ministry of Industry and Trade on approving the result of negotiation for selling shares to strategic investors of Viet Nam Vegetable Oils Industry Corporation.

**II. DEFINITIONS AND ABBREVIATIONS**

- FAO Food and Agriculture Organization
- HACCP Hazard Analysis and Critical Control Point System
- ISO International Organization for Standardization
- IPOs Initial Public Offering of share
- JSC Joint stock company
- MTV A Member
- TMCP Joint Stock
- TNHH Private Limited
- TSCĐ Fixed assets
- UBND People Committees
- VOCARIMEX Viet Nam Vegetable Oils Industry Corporation
- VCBS Vietcombank Securities Limited Company
- VVFC Viet Nam Valuation and Financial Services Company
- WHO World Health Organization
- WTO World Trade Organization
- YoY Year over year
- MoM Month over month

**III. LIST OF PERSONNEL RESPONSIBLE FOR THE CONTENT OF THE INFORMATION DISCLOSURE**

**1. Equitization Board**

<b>Mrs Ho Thi Kim Thoa</b>	Deputy Minister of Industry and Trade Head of Equitization Board of VOCARIMEX
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**2. Viet Nam Vegetable Oils Industry Corporation**

<b>Mr Do Ngoc Khai</b>	Chairman, General Director
<b>Mr Ho Minh Son</b>	Head of Finance and Accounting

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

**3. Advisory Organization**

**Vietcombank Securities Limited Company**

<b>Mr Tran Quoc Viet</b>	Deputy Director of Vietcombank Securities Limited Company (VCBS) – Ho Chi Minh Branch
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The evaluation and selection of words in this information disclosure are carried out prudently, based on the information and data provided by the Corporation. We ensure that the steps taken and the content of the information disclosure were in compliance with the mandatory order, but do not imply a guarantee of stock value.

**IV. INFORMATION ON THE IPO OF SHARES**
**1. Information of Issuer**

- Name: **VIET NAM VEGETABLE OILS INDUSTRY CORPORATION – LTD COMPANY**
- Abbreviation: **VOCARIMEX**
- Address: 58 Nguyen Binh Khiem, DaKao Ward, District 1, HCM City
- Tel: (84-8) 38294513
- Fax: (84-8) 38290586
- Website: www.vocarimex.com.vn

**2. Capital structure after IPOs**
*Table 1: Capital structure after IPOs*

No	Investors	Number of stock (shares)	Total value (VND)	Proportion (%)
1	State owner	43.848.000	438.480.000.000	36,00
2	Employees	1.074.500	10.745.000.000	0,88
3	Strategic Investors	38.976.000	389.760.000.000	32,00
4	IPOs	37.901.500	379.015.000.000	31,12
	<b>Total</b>	<b>121.800.000</b>	<b>1.218.000.000.000</b>	<b>100,00</b>

Source: *Equitization plan of VOCARIMEX*

*Notice: Pursuant to Item 1, Article 2 of the Decision No. 446/QĐ-TTg dated March 31, 2014 of the Prime Minister regarding approval of the equitization plan of VOCARIMEX, the enterprise value is added VND 8,460,900,000 from the goodwill items. Accordingly, the shareholder structure will be adjusted when transforming to joint stock form.*

**3. Auction of IPOs**

- Offer volume: 37,901,500 shares
- Type of stock: Common stock
- Par value: VND 10,000/share

- Starting price: VND 11,300/share
- Auction implementation: Under the provisions of the Auction Regulation of initial public offering of shares of Viet Nam Vegetable Oils Industry Corporation.

#### **4. Participants and the number of shares subscribed**

- Participants: The buyers including the institutions and individuals who meet the conditions specified in the Auction Regulation of initial public offering shares of Viet Nam Vegetable Oils Industry Corporation.
- The minimum subscribed number: Under the provisions of Auction Regulation of IPO shares of Viet Nam Vegetable Oils Industry Corporation.
- The maximum subscribed number: Under the provisions of Regulation auction of IPO shares of Viet Nam Vegetable Oils Industry Corporation.
- Step price: Under the provisions of Regulation auction of IPO shares of Viet Nam Vegetable Oils Industry Corporation.
- Deposit: 10% cash deposit of total registered value at starting price.

#### **5. Auction time and place**

- Time and place of receiving the disclosure of information, registering for the auction, paying deposits, distributing tickets to attend the auction: following the provisions of the Regulation auction of IPO shares of Viet Nam Vegetable Oils Industry Corporation.
- Time of registration at the Agents: As defined in the Regulation auction of IPO shares of Viet Nam Vegetable Oils Industry Corporation.
- Auction time: Under the Regulation auction of IPO shares of Viet Nam Vegetable Oils Industry Corporation.
- Auction place: Ho Chi Minh Stock Exchange – 16 Vo Van Kiet, District 1, Ho Chi Minh City.
- The time limit for payment of the share purchase and receipt of the refunded deposit due to the failure of share purchase based on auction results: Under the Regulation auction of IPO shares of Viet Nam Vegetable Oils Industry Corporation.

**6. Parties related to the auction**

- **Auction organisation:**

**HO CHI MINH STOCK EXCHANGE (HOSE)**

- Address: 16 Vo Van Kiet, District 1, Ho Chi Minh City.
- Tel: (84-8) 38217713 Fax: (84-8) 38217452
- Website: www.hsx.vn

- **Advisory Organization**

**VIETCOMBANK SECURITIES LIMITED COMPANY (VCBS)**

- Address: 17th Floor, Vietcombank Tower, 198 Tran Quang Khai, Hoan Kiem, Ha Noi.
- Tel: (84-4) 39366426 Fax: (84-4) 39360262
- Website: www.vCBS.com.vn

- **Enterprised Valuation Advisory:**

**VIET NAM VALUATION AND FINANCIAL SERVICES COMPANY (VVFC)**

- Address: 03 Thuy Khe, Thuy Khe Ward, Tay Ho District, Ha Noi.
- Tel: (84-4) 08044186/08044139 Fax: (84-4) 37842271

- **Audit advisor:**

**SOUTHERN AUDITING AND ACCOUNTING FINANCIAL CONSULTANCY SERVICE., LTD (AASCs)**

- Address: 29 Vo Thi Sau, District 1, Ho Chi Minh City
- Tel: (84-8) 38205944/38205947 Fax: (84-8) 38205942

## **PART II - CORPORATION ACTIVITIES BEFORE EQUITIZATION**

### **I. CORPORATION INFORMATION**

#### **1. Corporation introduction**

- Vietnamese name: **TỔNG CÔNG TY CÔNG NGHIỆP DẦU THỰC VẬT VIỆT NAM – CÔNG TY TNHH MTV**
- English name: Viet Nam Vegetable Oils Industry Corporation
- Abbreviation: **VOCARIMEX**
- Address: 58 Nguyen Binh Khiem, DaKao Ward, District 1, HCM City
- Tel: (84-8) 38294513
- Fax: (84-8) 38290586
- Website: [www.vocarimex.com.vn](http://www.vocarimex.com.vn)
- Email: vocar@hcm.vnn.vn

#### **2. Legal for the establishment**

- Decision No.538/CNN-TCLD dated May 27, 1995 on the establishment of state-owned enterprises named Viet Nam Vegetable Oil Aromas and Cosmetics Company.
- Business license No. 102258 by HCMC Authority for Planning and Investment issued, the first registration by 07/06/1995, the fifth registration by 06/07/2001;
- Decision No.175/2004/QĐ-BCN dated Dec 23, 2004 of the Minister of Industry and Trade about operating the Viet Nam Vegetable Oil Aromas and Cosmetics Company on Vegetable Oil Company under the model of the parent - subsidiary company.
- Decision No. 4799/QĐ-BCT dated Sep 28, 2009 of the Ministry of Industry and Trade about transforming the Viet Nam Vegetable Oil Aromas and Cosmetics Company into Viet Nam Vegetable Oils Industry Corporation.
- Decision No.3006/QĐ-BCT dated June 08, 2010 of the Ministry of Industry and Trade about operating the Viet Nam Vegetable Oils Industry Corporation – the Parent company under a limited company;
- Business license of the limited company No 0300585984 by HCMC Authority for Planning and Investment issued, the first registered by 30/07/2010;
- Decision No.3569/QĐ-BCT dated July 05, 2010 of the Ministry of Trade and Industry about issuing the Regulatory of operation of Viet Nam Vegetable Oils Industry Corporation – the Parent company.

### 3. Business Segments

#### The core businesses:

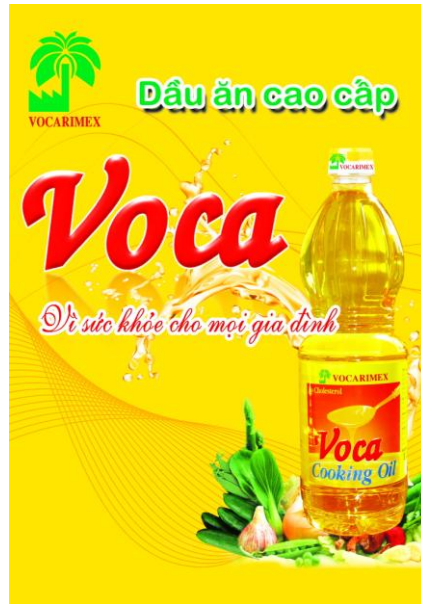
- Produce and trade oil and fats, refine vegetable oil, cosmetics, detergents, and oil seed plant;
- Process the food and foodstuff (milled rice, instant noodles, confectionary and milk);
- Export/Import the vegetable oil-produced raw materials and specialized equipments for production;
- Port services for export/import of vegetable oil and other commodities
- Produce the biodiesel and beverage.
- Process the feed (cattle, poultry, seafood).
- Warehousing services used for special project;
- Invest and develop the oil seeds plantation
- Local transportation services through road and inland water
- Others business regulated by Vietnam laws

#### The main products:

- VOCARIMEX's vegetable oils are produced from natural oil crops like sesame seed, peanut, soybean, rapeseed, sunflower seed, coconut, palm nut ect.
- Vegetable oil semi-finished products, semi-refined types.
- Vegetable oil finished products, refined types.

VOCARIMEX has been providing the high grade oils to satisfy the higher and higher demand of customer and diversify the products:

- Cooking oils such as Cooking oil Voca, Refined Olein oil. These is the most commonly used oils on the market today, specialized baking, frying ...or in processing foods.
- Salad oils such as Soybean Oil Soby, Sesame Oil Voca..These oils are rich in unsaturated fats and vitamins A, D & E, easily absorbed, cholesterol free, they are good in cooking, baking, vegetarian and salad.
- Liquid vegetable oils which are packed in PET bottles of various sizes (0.25 litre, 0.4 litre, 1 litre, 2 litres, 5 litres, 20 – 25 litres/can, 200 litres/drum.. or delivered by flexi tanks.
- Shortening, Palm Stear...are highly condensed oils which mainly used in the food processing such as production of instant noodles, candy, coffee... These products are packed in carton or deliver by flexi tanks.



#### **4. Established and developed history**

Viet Nam Vegetable Oils Industry Corporation (VOCARIMEX) was officially established on August 12, 1976 under the initial name “South Vegetable Oil Company”. It was operating under the State management mechanism with five state-owned factories: Nakydaco Oil Mill (renamed Tan Binh Oil Factory, now is Tan Binh Vegetable Oil Joint Stock Company), Tuanco Oil Mill (renamed Tuong An Oil Factory, now is Tuong An Vegetable Oil Joint Stock Company), Standard Tin Mill (renamed Cau Tre Packaging Tin Factory, Cau Tre Packaging Engineering Enterprise, Cau Tre Tin Packaging Joint Stock Company), Navioil Oil Mill (renamed Nha Be Oil Mill, now is Golden Hope Nha Be Edible Oil Company), Vinadaco Oil Mill (renamed Thu Duc Oil Mill, now is Thu Duc Vegetable Oil Joint Stock Company).

On June 18, 1981 the Ministry of Food Industry issued Decision No. 642/CNTP-TCQL with regard to organizing the vegetable oil business to Southern Vegetable Oil Associated Enterprise. Besides 5 state-owned factories, the Enterprise took over Oil crops and Oil Research Centre. On Sep 02, 1983 the Raw Materials Enterprise and Oil Crops and Oil Research Institution was established.

On March 23, 1986 The Southern Vegetable Oil Associated Enterprise was renamed to the United Enterprises of Vietnam Vegetable Oil (according to Decree No. 28/HĐBT). Besides five state-owned factories and Raw materials Enterprise, the United Enterprises of Vietnam Vegetable Oil took over an additional mill and established three more subsidiaries, namely Ha Bac Vegetable Oil Mill (Ha Bac Province), Vegetable Oil Export and Import Joint Stock Company (Vegoilimex) and Aromas & Cosmetics Enterprise.

In 1989, Oil Crops and Oil Research Institution was splitted out of Union and became Science Union of Aromas essential oils and Cosmetics (LIPACO).

On June 06, 1992 VOCARIMEX was established by merging Science Union of Aromas essential oils and Cosmetics and United Enterprises of Vietnam Vegetable Oil (Decision No. 452/CNN – TCLD). It was operating with 4 subsidiaries: Tuong An Vegetable Oil Mill, Tan Binh Vegetable Oil Mill (Nakydaco), Thu Duc Vegetable Oil Mill (Vinadaco) and Ha Noi Branch. Simultaneously, VOCARIMEX liquidated the following units: Dong Nai Vegetable Oil Union Company and Aromas & Cosmetics Enterprise.

On May 27, 1995 Ministry of Light Industry issued the Decision No. 538/CNN-TCLD to establish Viet Nam Vegetable Oils Aromas and Cosmetics Company.

From 1992 to 1997, VOCARIMEX invested in three joint ventures with foreign partners: Golden Hope – Nha Be Vegetable Oil Company (with partner The Golden Hope Overseas Sendirian Berhad – Malaysia), Cai Lan Vegetable Oil Company (Siteki Investments Pte Ltd belonged to Kuok – Singapore), LG-Vina Cosmetics Limited Company ((LG Household & Health Care Ltd).

In Sept 2002, VOCARIMEX formed the Vegetable Oil Packing JSC. Company in Tan Thoi Hiep Industrial Zone.

On Jan 01, 2004 VOCARIMEX has transformed the Thu Duc Vegetable Oil Mill into Thu Duc Vegetable Oil JSC. Company. From 01/10/2004 to 01/01/2005 the Tuong An Vegetable Oil Mill and the Tan Binh Vegetable Oil Mill were also transformed and operating under the model of joint stock company. As a result, VOCARIMEX has been officially running under the Parent – Subsidiaries company model.

In July 2007, VOCARIMEX completed the construction and started operating the Vocar Vegetable Oil Factory.

In November 2007, VOCARIMEX contributed capital to establish the Vegetable Oil Extraction Joint Stock Company (VOE JSC) which is specializing in manufacturing and trading vegetable oil, dry oil, glycerin, animal feed processing, poultry, seafood, noodles, candies...

In March 2008, VOCARIMEX contributed capital to establish the Vegetable Oil Trading Joint Stock Company (VOT JSC) which is specializing in manufacturing and trading vegetable oil, oilseeds and oily fruits, products from oilseeds and oily fruits, trading paper and plastic packing...

On Sept 28, 2009 Ministry of Industry and Trade issued the Decision No. 4799/QĐ-BCT in which Viet Nam Vegetable Oils Aromas and Cosmetics Company has been transformed into Viet Nam Vegetable Oils Industry Corporation.

On June 08, 2010 Ministry of Industry and Trade issued the Decision No. 3006/QĐ-BCT in which Viet Nam Vegetable Oils Industry Corporation has been operating under limited company.

Having experienced over 30 years of operation and growth, up till now, VOCARIMEX ever-affirms its key role in the vegetable oil industry of Viet Nam. Belonging to Ministry of Industry and Trade, as the parent company in the organization, VOCARIMEX is responsible for investing; managing the capital contributed in its subsidiaries and associated companies.

VOCARIMEX has been received many awards and noble emulation titles from President, the Government and the Ministry of Trade and Industry.

- Labor Medal - Third Class in 1997.
- Labor Medal - Second Class in 2002.
- Labor Medal – First Class in 2008.
- The Emulation Flag from the Government in 1999, 2000, 2003, 2006, 2007, 2008, 2009, 2010, 2011 and 2012.



Labor Medal – First Class  
in 2008



Labor Medal - Second Class  
in 2002

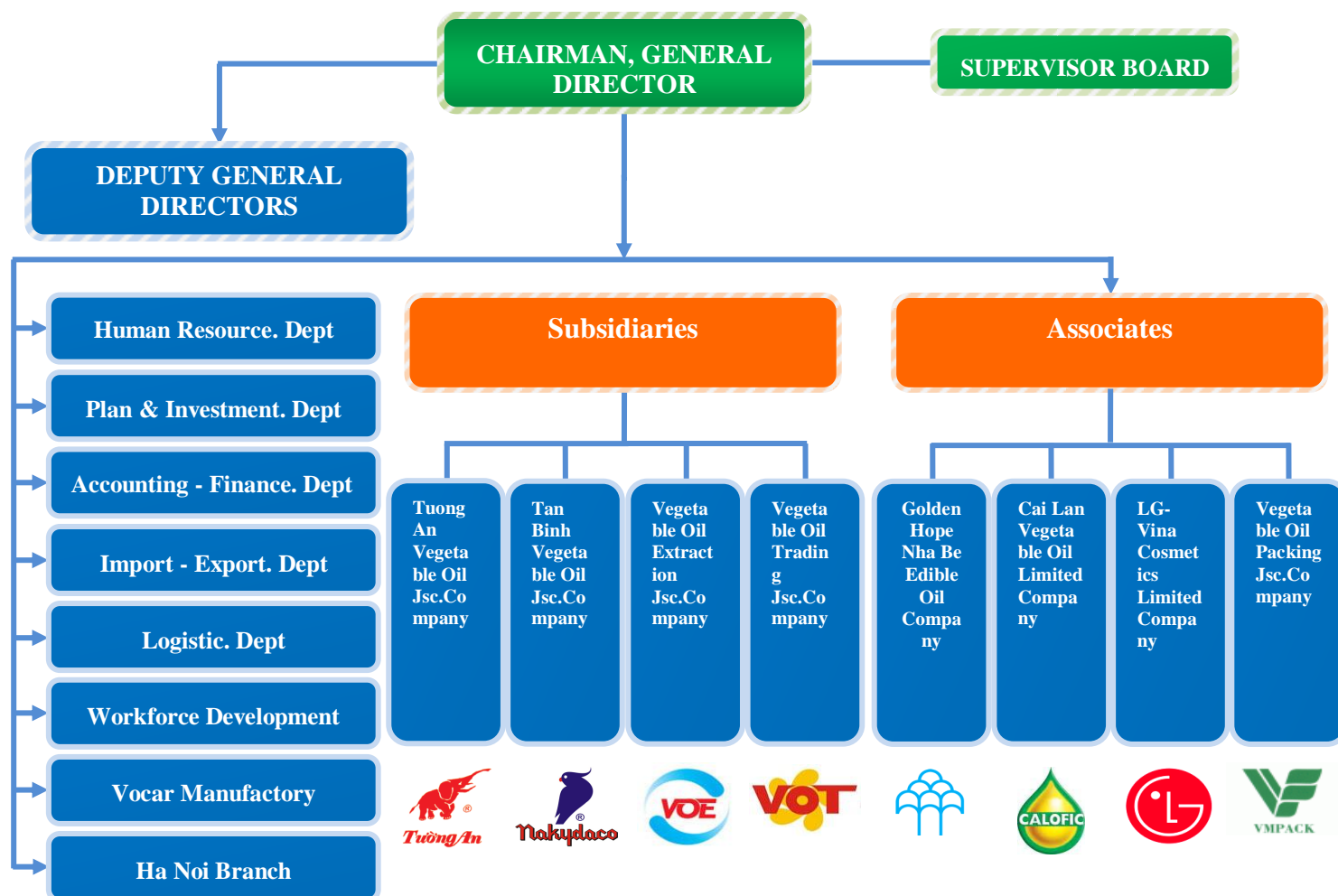


Labor Medal - Third Class  
in 1997



5. Organization structure of the Corporation

Chart 1: Organization chart



6. Associated companies and subsidiaries

List of subsidiaries:

Table 2: List of Subsidiaries by 01/01/2013

No	Name	Chartered Capital (VND)	Stake and Voting right (%)	Number of shares owned (shares)
1	Tuong An Vegetable Oil JSC.Company	189,802,000,000	51,00	9,679,900
2	Tan Binh Vegetable Oil JSC.Company	43,100,000,000	51,00	2,198,000
3	Vegetable Oil Extraction JSC.Company	71,600,000,000	99,72	7,139,952
4	Vegetable Oil Trading JSC.Company	15,500,000,000	98,71	1,530,005

Source: VOCARIMEX

**List of Associated companies:**

**Table 3: List of Associated companies by 01/01/2013**

No	Name	Chartered Capital (VND)	Stake and Voting right (%)	Value of capital contribution (VND)
1	Cai Lan Vegetable Oil Limited Company	694,975,702,903	32.00	351,522,050,220
2	Golden Hope Nha Be Edible Oil Company	69,267,776,198	49.00	47,192,438,524
3	LG-Vina Cosmetics Limited Company	131,250,000,000	40.00	50,515,108,000
4	Vegetable Oil Packing JSC.Company	80,000,000,000	44.16	24,724,000,000

Source: VOCARIMEX

**7. Employee breakdown as at 01/01/2013**

As at 01/01/2013, VOCARIMEX’s employee breakdown is as follow:

**Table 4: Employee breakdown as at 01/01/2013**

No	Items	Employee (person)	Percentage (%)
<b>I</b>	<b>Gender</b>	<b>255</b>	<b>100</b>
1	Male	182	71.4
2	Female	73	28.6
<b>II</b>	<b>Labor contract</b>	<b>255</b>	<b>100</b>
1	Management position appointed by the State	5	1.96
2	Signing contract	250	98.04
2.1	<i>Indefinite term contracts</i>	214	85.6
2.2	<i>Definite term contracts</i>	34	13.6
2.3	<i>Short-term labor agreement</i>	2	0.8
<b>III</b>	<b>Education level</b>	<b>255</b>	<b>100</b>
1	Bachelor and Post-graduate	101	39.6

No	Items	Employee (person)	Percentage (%)
2	College graduate	9	3.5
3	Intermediation level	23	9.1
4	Others	122	47.8

Source: VOCARIMEX

The employee data showed that the human resource of VOCARIMEX is relatively high quality. The management team and employees with Bachelor and Post-graduate are accounted for 39.6%. The advantages of VOCARIMEX’S human resource are:

- Employees are well-trained, experienced and have good knowledge and skills in producing vegetable oils.
- The current workforce level is relatively consistent.
- Most employees are engaged, enthusiastic and have a good sense of discipline.

**8. Enterprise value at date of equitization**

According to:

- VOCARIMEX’s Valuation Document on Jan 01, 2013 which was done by VVFC
- Decision No. 9822/QD-BCT dated Dec 23, 2013 of the Ministry of Industry and Trade on adjusting the value of Parent company - Viet Nam Vegetable Oils Industry Corporation for equitization;

On 01/01/2013, the market value of Viet Nam Vegetable Oils Industry Corporation and the market value of State-owned capital are as follow:

- **The market value of VOCARIMEX : 2,410,844,259,645 VND.**
- **The market value of State-owned capital : 1,218,064,570,853 VND.**

**Table 5: VOCARIMEX’s Valuation result:**

Items	Book value (VND)	Fair value (VND)	Changes (VND)
<b>A. Asset (I+II+III+IV)</b>	<b>2,185,291,879,335</b>	<b>2,410,844,259,645</b>	<b>225,552,380,310</b>
<b>I. Long-term assets</b>	<b>1,123,366,263,479</b>	<b>1,348,910,134,864</b>	<b>225,543,871,385</b>
1. Fixed assets	284,326,191,507	284,326,191,507	0

## PROSPECTUS ON AUCTION OF IPO SHARES

a. Tangible assets	283,293,717,507	283,293,717,507	0
b. Leasing assets	0	0	0
c. Intangible asset (exclude the land using right value)	1,032,474,000	1,032,474,000	0
2. Investment properties	0	0	0
3. Long-term investment	835,004,105,744	1,060,547,977,129	225,543,871,385
4. Construction in progress	303,586,551	303,586,551	0
5. Escrow accounts and long term deposit	0	0	0
6. Long-term prepaid expenses (exclude the goodwill)	3,597,379,677	3,597,379,677	0
7. Long-term receivables	135,000,000	135,000,000	0
8. Other long-term assets	0	0	0
<b>II. Current assets</b>	<b>1,042,967,895,339</b>	<b>1,042,976,404,265</b>	<b>8,508,926</b>
1. Cash	103,297,990,745	103,306,499,671	8,508,926
a. Cash on hand	486,529,140	486,529,140	0
b. Cash in banks	102,811,461,605	102,819,970,531	8,508,926
c. Cash on delivery	0	0	0
2. Short-term investment	0	0	0
3. Account receivables	596,790,098,651	596,790,098,651	0
4. Inventories	268,379,544,891	268,379,544,891	0
5. Other current assets	74,500,261,052	74,500,261,052	0
6. Professional expense	0	0	0
<b>III. Goodwill</b>	<b>17,118,584,425</b>	<b>17,118,584,425</b>	<b>0</b>
<b>IV. The value of land use rights</b>	<b>1,839,136,092</b>	<b>1,839,136,092</b>	<b>0</b>
<b>B. Unused assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>I. Long-term asset</b>	<b>0</b>	<b>0</b>	<b>0</b>

## PROSPECTUS ON AUCTION OF IPO SHARES

1. Long-term asset	0	0	0
2. Long-term investment	0	0	0
3. Construction in progress	0	0	0
4. Escrow accounts and long term deposit	0	0	0
<b>II. Current asset</b>	<b>0</b>	<b>0</b>	<b>0</b>
1. Bad debt	0	0	0
2. Obsolete and damage goods	0	0	0
<b>C. Asset need to be liquidated</b>	<b>0</b>	<b>0</b>	<b>0</b>
1. Long-term asset and long-term investment	0	0	0
2. Current asset and short-term investment	0	0	0
<b>D. Asset from welfare and reward fund</b>	<b>699,994</b>	<b>699,994</b>	
<b>TOTAL (A+B+C+D)</b>	<b>2,185,292,579,329</b>	<b>2,410,844,959,639</b>	<b>225,552,380,310</b>
<b>In which:</b>			
<b>Total market value (A)</b>	<b>2,185,291,879,335</b>	<b>2,410,844,259,645</b>	<b>225,552,380,310</b>
<b>E1. Liabilities</b>	<b>1,192,779,688,792</b>	<b>1,192,779,688,792</b>	<b>0</b>
<i>In which: Land using right value received need to pay back the State budget</i>	0	0	0
<b>E2. Professional fund</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL VALUE OF STATE-OWNED CAPITAL {A-(E1+E2)}</b>	<b>992,512,190,543</b>	<b>1,218,064,570,853</b>	<b>225,552,380,310</b>

Source: VOCARIMEX's Valuation Document on Jan 01, 2013

Notice: Pursuant to Item 1, Article 2 of the Decision No. 446/QĐ-TTg dated March 31, 2014 of the Prime Minister regarding approval of the equitization plan of VOCARIMEX, the enterprise value is

*added VND 8,460,900,000 from the goodwill items. Accordingly, the shareholder structure will be adjusted when transforming to joint stock form.*

**9. The Corporation Assets**

**9.1. Tangible assets by 01/01/2013**

Table 6: The tangible assets of VOCARIMEX by 01/01/2013

Unit: VND

No	Assets	Book value		Fair value		Change	
		Original value	Net book value	Original value	Net book value	Original value	Net book value
<b>A</b>	<b>Used tangible assets</b>	<b>400,664,240,438</b>	<b>283,293,717,507</b>	<b>400,664,240,438</b>	<b>283,293,717,507</b>	<b>0</b>	<b>0</b>
1	Buildings and architecture	186,528,180,575	135,601,635,124	186,528,180,575	135,601,635,124	0	0
2	Equipments	205,949,325,165	144,744,722,642	205,949,325,165	144,744,722,642	0	0
3	Transportation vehicles	4,402,652,248	1,693,137,020	4,402,652,248	1,693,137,020	0	0
4	Stationeries	3,784,082,450	1,254,222,721	3,784,082,450	1,254,222,721	0	0
5	Other tangible assets	-	-	-	-	-	-
<b>B</b>	<b>Unused assets</b>	-	-	-	-	-	-
<b>C</b>	<b>Tangible assets need to be liquidated</b>	-	-	-	-	-	-
<b>D</b>	<b>Tangible assets formed by bonus and benefit reserves</b>	5,000,000	699,994	5,000,000	699,994	-	-
	<b>Total</b>	<b>400,669,240,438</b>	<b>117,374,822,937</b>	<b>400,669,240,438</b>	<b>117,374,822,937</b>	<b>0</b>	<b>0</b>

Source: VOCARIMEX's Valuation Document on Jan 01, 2013

**9.2. Current lands in used**

- Total current lands in used of VOCARIMEX is 123,876.48 m<sup>2</sup>:

**Table 7: Lands in used of VOCARIMEX**

No	Contract No./Certification No.	Address	Land areas (m <sup>2</sup> )	Land – used areas (m <sup>2</sup> )	Rent/ own	Current status
1	AB 082823	08 Cat Linh, Distr. Dong Da, Ha Noi	334.90	1,540.77	Indefinite term renting contract	Branch office in Ha Noi and leasing
2	248/HĐTN-KD	58 Nguyen Binh Khiem, W.DaKao, Distr.1, HCMC	1,268.88	2,450	Indefinite term renting contract	Head office and subsidiaries office
3	5924/HĐ-TNMT-QLSDĐ and BK 688696	21-23 Nguyen Van Cua, W.13, Distr.8, HCMC	519.6	628	50 years contract (start at 04/07/2012)	Representative store
4	00397/QSDĐ/3644/UB	368 Go O Moi, W. Phu Thuan, Distr.7, HCMC	121,757.7	36,727	50 years contract (until 01/01/2046)	Office, warehouses, factories and plants, oil tanks and port
<b>Total</b>			<b>123,876.48</b>	<b>41,345.77</b>		

Source: VOCARIMEX

- Land using plan after equitization:
  - Using purpose: remaining as at present.
  - Type of use: remaining as at present.

- Evaluating the current land using
  - Over the past years, VOCARIMEX has been using the above lands with the right purpose and well-exploited. The Corporation has been well-implemented the financial obligations to the State, the land used management has been well-applied the Land Law 2003 and Government Regulation.
  - The land used policy of VOCARIMEX in the coming years are using at the right purposes, exploiting and promoting the advantages of the plot in order to maximize the Corporation's profit. The management of land will be made in accordance with Government Regulation.

## II. BUSINESS PERFORMANCE AND BUSINESS RESULTS DURING THREE-YEAR PRIOR TO EQUITIZATION

### 1. Business Performance during three year prior to equitization

#### 1.1. Production and Consumption Volume in 2011 – 2013 period

VOCARIMEX owned the production facilities and lines with following capacity:

**Table 8: Capacity by Production Line**

No	Production Line	Capacity
1	Filtering Facility	30 tons per day
2	Chemical - Refining Facility	100 tons per day
3	Physical - Refining Facility	100 tons per day
4	Extraction Facility	300 tons per day
5	Processing and Packaging Facility	03 tons per hour
6	Filling Facility	Manual Filling: 1.750 01 litre-bottles / hours Systematic Filling: 3.000 01 litre-bottle / hours

Source: VOCARIMEX

The volume produced and consumed in 2011 – 2013 period:

**Table 9: Volume production and consumption**

Unit: Ton

No	Production Category	2011	2012	2013
I	Production Volume	80,344	87,000	90,600

No	Production Category	2011	2012	2013
<b>II</b>	<b>Consumption Volume</b>	<b>155,364</b>	<b>180,000</b>	<b>181,000</b>
1	Export	5,239	7,000	9,000
2	Local	150,125	173,000	172,000

Source: VOCARIMEX

In term of consumption volume, the main market of VOCARIMEX is local while the export only takes small share. The foreign market includes Japan, Australia, Africa, and ASEAN region...

## 1.2. Revenue and Profit breakdown in 2011 – 2013 period

### a. Revenue and gross profit breakdown by product category

Almost revenue (around 94%) came from the non-refined cooking oil in 2011 – 2013 periods. The revenue and the weight breakdown by product category is as follow:

**Table 10: Value breakdown in 2011 – 2013 period**

Unit: VND Million

No	Product Category	Year 2011		Year 2012		Year 2013	
		Value	%	Value	%	Value	%
1	Non-refined cooking oil	4,290,460	97.1	3,491,946	94.6	3,951,069	94.2
2	Bottled cooking oil	102,288	2.3	155,250	4.2	125,383	3.0
3	Services	9,151	0.2	11,447	0.3	8,854	0.2
4	Others	17,462	0.4	33,551	0.9	107,355	2.6
	<b>Total</b>	<b>4,419,361</b>	<b>100</b>	<b>3,692,194</b>	<b>100</b>	<b>4,192,661</b>	<b>100</b>

Source: VOCARIMEX

**Table 11: Gross profit in 2011 – 2013 period**

Unit : VND Million

No	Product Category	Year 2011		Year 2012		Year 2013	
		Value	%	Value	%	Value	%
1	Non-refined cooking oil	140,966	89.0%	49,640	72.5%	147,339	91.2%
2	Bottled cooking oil	3,564	2.3%	5,335	7.9%	2,324	1.4%

## PROSPECTUS ON AUCTION OF IPO SHARES

3	Services	9,151	5.8%	11,446	16.7%	11,101	6.9%
4	Others	4,607	2.9%	1,971	29%	834	0.5%
	<b>Total</b>	<b>158,288</b>	<b>100%</b>	<b>68,392</b>	<b>100%</b>	<b>161,598</b>	<b>100%</b>

Source: VOCARIMEX

In term of revenue, as shown in above Table 10, the non-refined cooking oil take lion's share of revenue with average 95% per year in 2011 – 2013 period, approximately around VND 4.000 billion per year. It is the key product of VOCARIMEX.

Additional, the non-refined cooking oils account for large of gross profit relative to other product and service. The gross profit margin, however, is low at 3.2% - 3.5% due to higher cost of goods sold (COGS) resulting from the imported raw material.

In 2013, the total revenue growth was achieved at around 14% compared to year 2012. It is expected to grow at 7-8% per year after equitization.

### b. Profit in 2011 – 2013 period

Table 12: Business Result

Unit: VND Million

No	Key Indicators	Year 2011	Year 2012	Year 2013
1	Net Revenue	4,419,361	3,692,195	4,192,661
2	Operating Income	19,663	5,982	46,140
3	After-tax profit	26,702	18,323	48,469
4	Operating profit margin	0.44%	0.16%	1.10%
5	After-tax profit margin	0.60%	0.50%	1.16%

Source: VOCARIMEX's the Audited Financial Statement in 2011, 2012, and 2013

### 1.3. Raw Material

#### a. The stable supply of material

Currently, almost raw material is imported when the local production is still infant that it cannot meet the VOCARIMEX production capacity.

The below table shows the traditional and long-term relationship supply partners of VOCARIMEX:

**Table 13: Raw Material and Supplier**

Raw material	Supplier
Vegetable Oil	Bunge/Denali/Willmar and local
Oil seeds	Baid Agro/K.E.E and local

Source: VOCARIMEX

With more than 35-years experience in vegetable and cooking oil, VOCARIMEX built a good relationship with trusted suppliers in order to provide the stable raw material with high consistency in quality and delivery.

**b. Developing Oil Plant Areas**

VOCARIMEX has focused the resource on developing the oil plant areas in recent years. The local oil plants include coconut, peanut, soybean and sesame of which, coconut, peanut and soybean plants are served to end-consumer segment. Currently, VOCARIMEX only focused on the development of sesame plant area.

In 2006, VOCARIMEX established the Raw Material Development Department

In recent years, VOCARIMEX has been co-operating with the Oil and Oil Plants Research Institute and provincial Agricultural and Rural Development Department to carry out plantation of high yield V6 sesame. In particular:

- Carrying out the trial plantation of V6 sesame in Dong Thap 10 area
- Coordinating with Duc Hue district (Long An province) to build the V6 sesame plantation model to guide the farmer regarding high-yield plants.
- Coordinating with Ha Tay and Bac Ninh province for training and trial plantation of V6 sesame.

In addition, VOCARIMEX organized a lot of V6 plantation technical training at Moc Hoa, Vinh Hung, Tan Hung and Tan Hong areas, organized field seminar and contracted guarantee consumption with farmer to encourage them participating in V6 sesame plant development.

As the results, some achievements listed below:

- In 2008, Moc Hoa district had 29ha of V6 sesame
- In 2009: Moc Hoa district increased the plantation to 50ha (+72.4% year-on-year)
- In 2010: 04 areas, including Moc Hoa, Vinh Hung, Tan Hung and Tan Hong in Long An province, participated in development of V6 sesame plantation with total area of 501 ha, increased by ten time year-on-year.

VOCARIMEX, however, faced some challenges in V6 sesame plantation development when the lower-yield plantation is not attractive to the farmer and the higher purchasing prices make it less competitive to the purchaser.

**c. Packaging**

In Vietnam, there is a pool of packaging suppliers having competitive price. Currently, VOCARIMEX has built long-term relationship with below packaging suppliers:

**Table 14: Packaging**

No	Packaging material	Suppliers
1	PET bottles	Ngoc Nghia Industry – Service – Trade JSC
		Vietnam PET JSC
		Vegetable Oil Packing JSC
		Tan Doanh Phat Co., Ltd
		Thanh Danh Plastics Co.,Ltd
		Minh Hung Industry – Trade Co.,Ltd
2	Carton	Vegetable Oil Packing JSC
		Yuen Foong Yu Paper Co.,Ltd
3	Bale	Huong Phat Plastics Can Manufacturing Pte
		AK Vina Co.,Ltd
		Greif Vietnam Co.,Ltd
		Petrol Mechanics JSC
		Quang Huy Packing Trading Co.,Ltd

Source: VOCARIMEX

**1.4. Operating Cost**

**Table 15: Operating Cost in 2011 – 2013 period**

Unit: VND Million

No	Indicators	Year 2011		Year 2012		Year 2013	
		% net revenue	Value	% net revenue	% net revenue	Value	% net revenue
1	Cost of Goods Sold	4,275,752	96.8	3,636,397	98.5	4,050,662	96.6

2	Financial expense	141,451	3.2	48,757	1.3	62,347	1.5
	<i>Of which – interest expense</i>	<i>58,466</i>	<i>1.3</i>	<i>46,558</i>	<i>1.3</i>	<i>53,675</i>	<i>1.3</i>
3	Selling expenses	55,574	1.3	65,893	1.8	68,862	1.6
4	Administrative expenses	65,242	1.5	60,369	1.6	66,912	1.6
5	Others	837	0.02	1,002	0.03	3,281	0.1
	<b>Total</b>	<b>4,593,322</b>	<b>104</b>	<b>3,812,418</b>	<b>103</b>	<b>4,252,064</b>	<b>101</b>

Source: VOCARIMEX's the Audited Financial Statement in 2011, 2012, and 2013

The Cost of Goods Sold (COGS) covers the largest proportion of total operating cost due to the nature in business. It implies that the business performance is heavily dependent on the material raw price fluctuation and foreign exchange.

The total cost/net revenue ratio is 104%, 103% and 101% respectively in 2011 – 2013 period. Of which, the COGS/net revenue ratio is the largest part with average of 97,3% total operating cost. It implies that the raw material secure is the top priority in post-equization period. In addition, the interest cost averaged 1.3% total revenue when interest-bearing debt maintained high in the period. The selling and admin expenses ranged from 1,3 – 1,8 % of net revenue.

### 1.5. Technology Capabilities

- Key production processes include refining facility, extraction facility, auto-filling line and oil vegetable packing line. It is 100% newly invested equipments originating from European Union, such as Belgium, Germany and Netherlands. It is closed-loop operating and PLC-controlled system with high-tech technology
- Supporting process machine and equipment includes boiler and air compressor with stringent requirements for safe and environment. It is 100% newly-invested equipments originating from European Union, such as Belgium, Germany and Netherlands and closed-loop operating with advanced technology to ensure the consistence, safety and reduction in polluted environment.
- HSE (Health, Safe and Environment) Equipments:
  - Air Waste Treatment System is application of advanced technology to process the air waste through combining physical and chemical method. After treating the air waste, it complies with 5939:2005 Vietnam Standards (Level B). The system is provided by Ministry of Industry and Trade-controlled SITES II
  - Water Waste Treatment System uses the biochemical method with treatment capacity of 350 m<sup>3</sup> per day. After treating the water waste, it complies with 24:2009/BTNMT

QCVN (Column B, Kq=1,1; Kf=1,1) prior to throwing into Nha Be river. The system is designed and provided by local supplier.

- Fire/Explosion Extinguish System: the system is designed and installed to comply with Vietnam regulation:
  - ✓ The internal facilities are designed to allow the fire fighting team access to any workshop place.
  - ✓ The fire extinguish equipments, including CO2 fire extinguisher (5kg, 30kg) and MF8 fire extinguisher (8kg, 30kg) are located in proper way
  - ✓ Water tank with 100 m3 is always in full status and ready for fire fighting.
  - ✓ Other equipments are put in place to allow the internal workers taking quick action. The electrical wire is arranged in safety fashion.
  - ✓ The fire drill is often tested and gains the certificate issued by Ho Chi Minh Fire Extinguish Department.
- Field Equipment: All the offices and work floor is designed in proper and ventilation. It is equipped with ventilation and air-conditions system. The work floor is always kept clean and cemented.

## **1.6. Research and Development**

VOCARIMEX often conducts the research and application to explore new way and new methods to diversify the product line and improve the product quality through investing the advanced lab and market research.

## **1.7. Quality Control**

To ensure the quality of product, VOCARIMEX always put “*product quality and food safety*” issues in top working agenda. VOCARIMEX issues the production process as quality control process requiring critical checks from raw material to customer delivery. All the processes are complied strictly at corporation level

On the way to world integration, VOCARIMEX is active to apply new and advanced technology in production process to improve quality and food safety. Currently, these products are well-accepted by world markets, such as Japan and Europe. It is attributed to high quality.

### **Quality Control Process:**

Diagram 2: Quality Control Process of Pre-Processing Plant

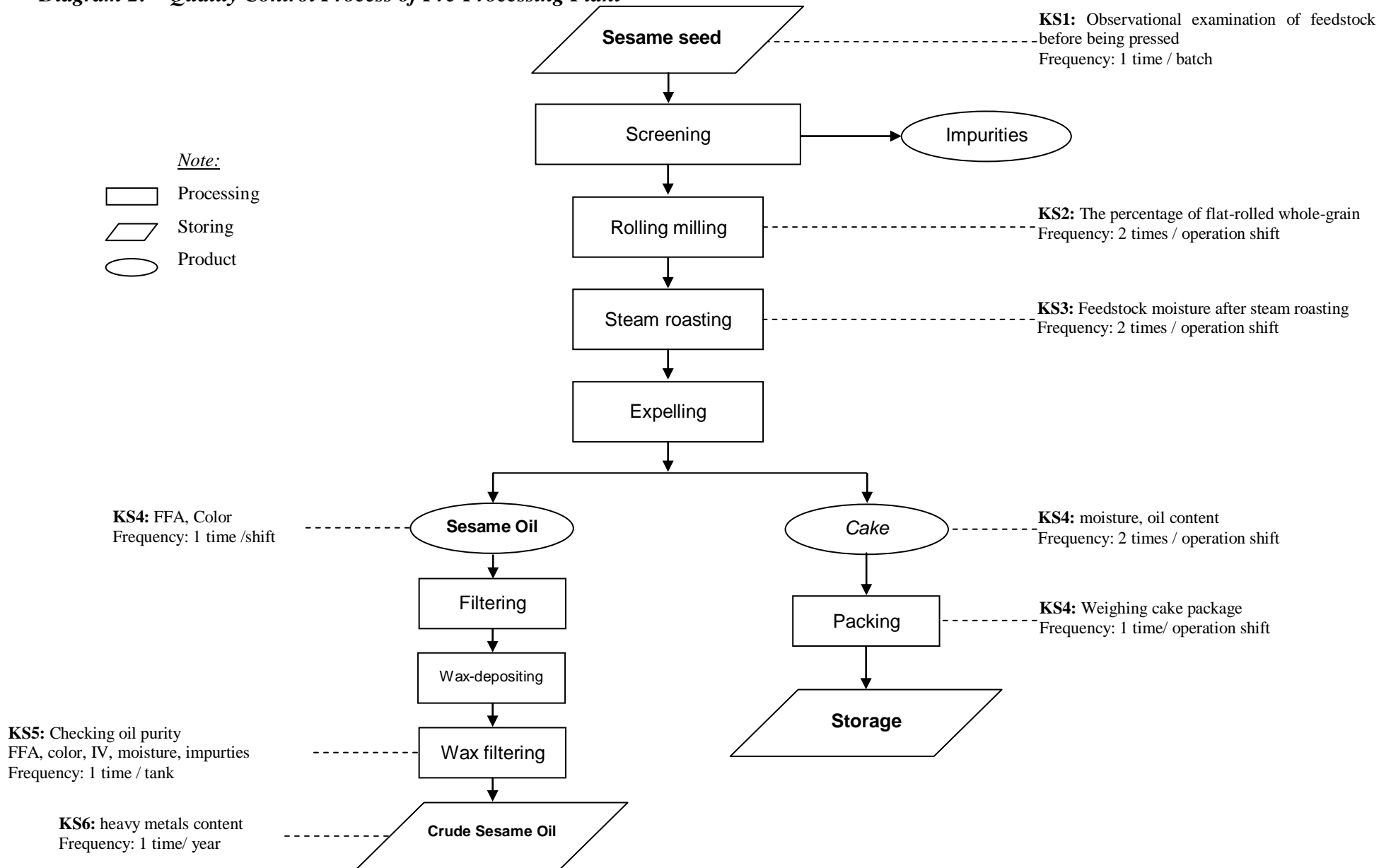
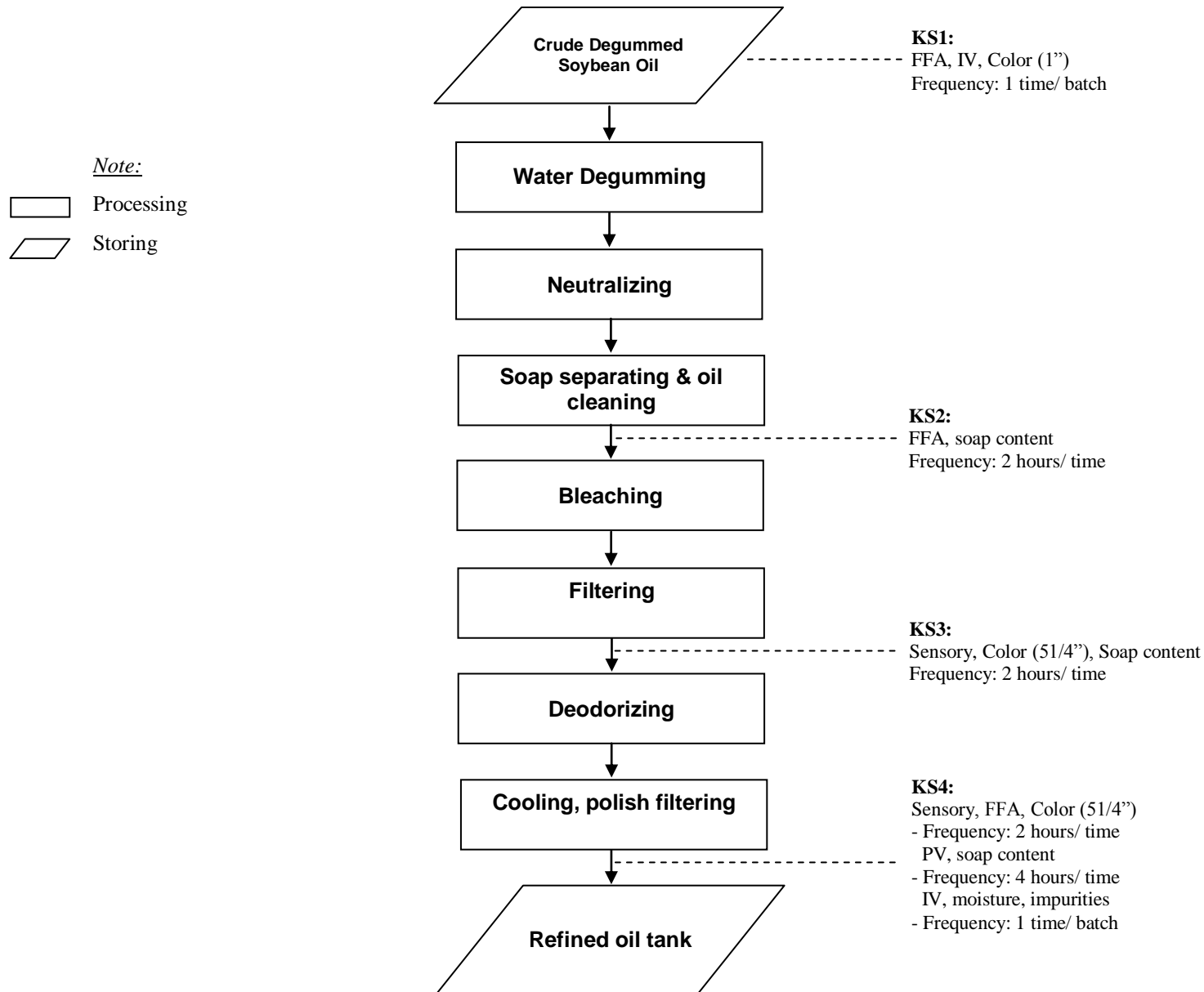
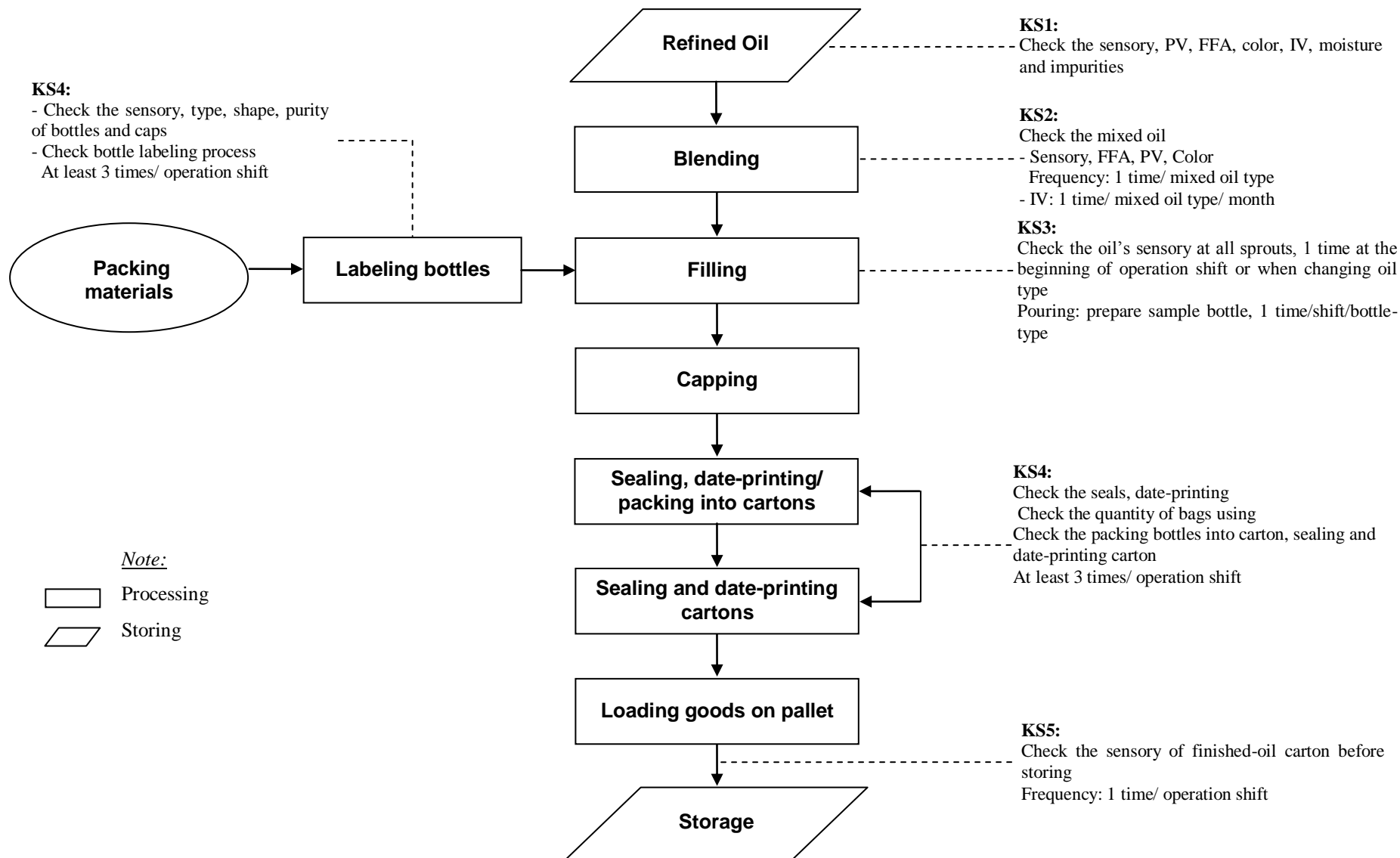


Diagram 3: Quality Control Process of Refinery Plant



**Diagram 4: Quality Control Process of Finished-goods Plant**



## **1.8. Marketing**

Marketing activity has achieved significant events. In particular,

- When first launching the oil vegetable product in March 2006, VOCARIMEX faced some challenges in sales activities due to lack of market share, a few of distributors and retailers and brand news. VOCARIMEX, however, reaffirms the brand name touching on the end-user when the Company has sustainable product development strategy;
- Together with the efficient marketing activities and new product launch, the selected sales activities have delivered some achievements, particularly:

The marketing activities only focus on some key sales regions, such as wet market, and shop. It reduces a lot of selling expenses. The Southern region (Ho Chi Minh City), Central region (Da Nang, Binh Dinh), Mekong River Delta (Can Tho, Tien Giang, Kien Giang), and Northern region (Ha Noi, Hung Yen) are key focused markets. The marketing activities include:

- Making the small-size pano at key wet market of above regions with lower cost and higher efficiency.
- Launching the 3D commercial television advertising (TVC) according to administrative boundaries and economic boundaries
- Launching the newspaper advertising at right time
- Making the sales promotion to reaffirm the awareness and familiarity of customer's mind
- Making showroom activities, market promotion and supermarket promotion to support the sales agent
- Making the pano, advertising on the agent's bus
- Organizing the charitable events, such as Wounded Soldier Day (27/7), International Women Day (8/3), and International Children Day (1/6). Through the charitable events together with the public relations activities, the VOCARIMEX images become more popular and familiar with the end-users.

Through the marketing activities and appropriate sale promotion, VOCARIMEX has achieved the target as follows:

- Maintaining and growing the market share at key regions, such as Central, North, Central Highland, Mekong Delta River and Ho Chi Minh areas.
- Gaining the high-reputation awards from the consumers and institutions, particularly:

- Vietnam High-Quality Product Award in 2009, 2010 and 2011;
- Top 100 Gold Star Award in 2009, 2010 and 2011;
- Ranking 39 of 500 largest Vietnam Corporation in 2011;
- Top 10 Vietnam Sectors in WTO integration period.

**1.9. Significant contracts**

**Table 16: The significant contracts**

Contract Number	Date	Value	Period	Product	Partner
<b>Export</b>					
BAJI-13-5006-0977	30/06/2013	(USD) 1,318,176	06/2013 - 12/2013	RBD Sesame Oil	Mitsui & Co., Ltd
0313SUMI	26/08/2013	1,907,328	04/2013 - 09/2014	Crude Sesame Oil	Sumitomo Corporation
<b>Import</b>					
DSS0113-09	27/12/2012	(USD) 2,448,000	01/2013	RBD Palm Olein	Denali Trading Pte Ltd
40143604	29/11/2012	2,092,000	01/2013	RBD Palm Olein	Denali Trading Pte Ltd
<b>Local Purchase</b>					
BVL.SC.2012.0566	20/12/2012	(VND) 24,686,000,000	01/2012	Crude Degummed Soya bean Oil	Vietnam Bunge
BVL.SC.2012.0566	27/12/2012	24,934,000,000			
<b>Insurance Services</b>					
HCM/D09.NT.13.HD2	12/04/2013	(USD) 12,000,000	2013	Vegetable Oil	Petrolimex Insurance Company
AD0006/13PA08000	01/04/2013	280,000,000			BaoMinh Insurance JSC
08/BHHH/2013					Bao Viet Insurance Corporation

Source: VOCARIMEX

2. Financial overview and business performance in three-year prior to equitization

Table 17: Key Indicators during 2011 – 2013 period

No	Indicators	2011	2012	2013
1	Total Asset (VND million)	2,106,176	2,410,845	2,631,387
2	State-owned capital (VND million)	654,293	961,602	1,218,000
3	Short-term liabilities (VND million)	907.134	979.330	1.145.022
	<i>Of which: overdue debts</i>	-	-	-
4	Long-term liabilities (VND million)	61.825	32.597	20.330
	<i>Of which : overdue debts</i>	-	-	-
5	Account Receivables (VND million)	577.863	596.925	690.154
	<i>Of which : uncollectible item</i>	-	-	-
6	Total debt (VND million)	1,126,259	1,192,780	1,364,853
	<i>Of which : uncollectible item</i>	-	-	-
7	Tax attributed to state budget (VND million)	464,567	374,386	425,000
8	Total employees	271	253	268
9	Total payroll fund	27,533	32,447	33,100
10	Average monthly income (VND/employee/month)	8,473,000	10,688,000	10,691,000
11	Net revenue (VND million)	4,419,361	3,692,195	4,192,661
12	Operating income (VND million)	19,662	5,982	46,140
13	After-tax profit (VND million)	26,702	18,323	48,469
14	Return on stated-owned capital (%)	4.08	1.91	3.98

Source: VOCARIMEX's Equitization Plan, the Audited Financial Statements in 2013 of VOCARIMEX.

The 2011 and 2012 figures extracted from Vocarimex Equitization Plan. The 2013 figures extracted from Audited Financial Statement

Notice: Subject to the 2013 Audited Financial Statement, the beginning figures of 2013 is slightly different to the ending figures of 2012. The investors should exam the financial statement prior to making investment decision.

**3. The factors affect the business operations of The Corporation in the reporting year**

Since establishment, VOCARIMEX maintains the leader position in vegetable oil sectors although he experiences through business cycle. In integration into the world, there are a lot of factors having impact on business performance. VOCARIMEX views these factors as motivation for developments.

**3.1 Advantages**

- The 2012 – 2013 economy recovery is key driver of the vegetable oil consumption that is positive to VOCARIMEX.
- The 2013 foreign exchange of USD/VND is stable that reduces the foreign exchange exposure to the corporation
- The lower interest rate environment in 2013 favors the working capital borrowed from the commercial bank
- The extraction and refining line with capacity of 300 ton per day is put in operation that increases the total refining capacity to 120.000 ton per year.
- Almost the Vietnam vegetable oil players, such as Tuong An Vegetable Oil JSC, Cai Lan Vegetable Oil Limited Company, Golden Hope Nha Be Cooking Oil Company, and Tan Binh Vegetable Oil JSC, are member and associate of VOCARIMEX. It reduces competition pressure significantly.
- VOCARIMEX has built good relationship with international corporations that facilitate export business.
- VOCARIMEX owns port that allows importing raw material actively as well as reduces the transportation costs.
- VOCARIMEX has experienced management team and high-skilled workforce in vegetable oil sector.
- VOCARIMEX received the support from the Ministry of Industry and Trade in business and investment area. In addition, VOCARIMEX has built “one-team” culture that allows the corporate overcome any challenges.

**3.2 Disadvantages**

- In 2012 – 2013 period, although the inflation is under-control, the consumer spending is weaker due to low credit growth
- The raw material has high volatility and increasing trends leading to the higher production costs.
- The competition is more fierce when more players aggressively launched new product and

brand

- In industry cooking oil, some customers in food processing, milk and instant noodle segments imported the refined oil that reduce the market shares.
- Act of Gods, like natural disaster, storm, etc, decreased the vegetable oil consumption
- Almost working capital is originated from the commercial bank.
- The low-yield in oil seed plantation is not attractive to the farmer. In addition, low volume and higher purchase price make difficulty in plantation expansion area.

#### **4. The Corporation's Position**

##### **4.1. Market Position**

VOCARIMEX is operating under company – subsidiary model that creates the strength through horizontal integration. It is modern business model in competitive environment.

Since 1988, VOCARIMEX became the member of Asia-Pacific Coconut Association (APCC) when Vietnam government nominated. VOCARIMEX is an active representative of coconut-processing company communities at Ben Tre and Tien Giang province, participating in APCC.

In the recent years, VOCARIMEX group, including associates, has developed and maintained leading position in the industry ;became the main manufacturer of vegetable oil providing for the domestic and export market. Currently, VOCARIMEX, subsidiaries and associated companies are large-scale enterprises in terms of labor, asset, equipment and modern technology.

The production capacity accounted for over 81 % of industry refining oil. The majority of the products are famous brand, such as Neptune Cooking Oil, Simply Cooking Oil, Cai Lan Oil ( products Cai Lan Vegetable Oil Ltd); Marvela Cooking Oil, Ong Tao Cooking Oil ( the product of Golden Hope - Nha Be Edible Oil Co.); Van Tho Cooking Oil , Tuong An Cooking Oil, Soybean Oil, Sesame Oil, VIO Oil (products of Tuong An Vegetable Oil JSC); Nakydaco refined soybean Oil , Flavored Sesame Oil, Sesa Refined Sesame Oil, Lac Vi Fragrant Sesame Oil ( products JSC Tan Binh Vegetable Oil JSC); Voca Cooking Oil, Voca Sesame Oil, Soby cooking Oil , and Bens3 Oil ( the product of parent company).

In recent years, the refined cooking oil has confirmed its position in the domestic and export markets. The group focused on intensive investment, innovative equipment and technology, increasing capacity at existing plants and the construction of new factories with modern equipment line in sync fashion. The products have a wide variety of category and designs, are in good quality and become familiar with the consumers. It meets over 85 % market share in domestic vegetable oil and also establishes credit quality in the export market.

**4.2. Industry Outlook**

There are currently around 35 players in providing the vegetable oil to the market. According to the 2020 Master Plan of Vegetable Oil Industry with 2015 vision, the expected refined and non-refined cooking oil volume are 1.578 thousand tons and 370.000 tons respectively. Vietnam has a plan of new seed plantation to meet the vegetable oil demand. As per the plan, the oil seeds plantation area will be expanded.

The Ministry of Industry and Trade and Ministry of Agriculture and Rural Development jointly develop the master plan and policy regarding oil seeds plantation. As per the plan, the farmers are encouraged to use high-yield seeds, particularly biotechnology seeds.

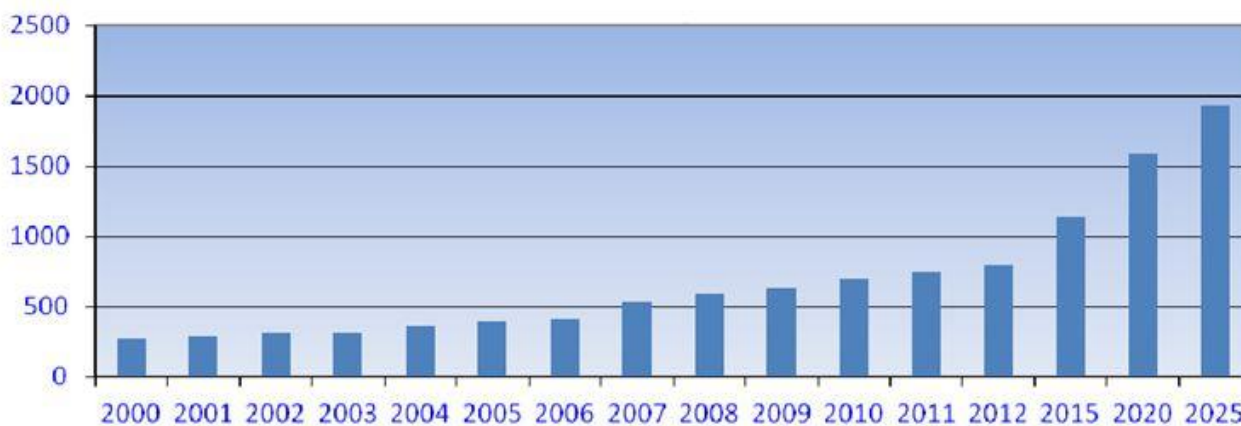
**Table 18: Vietnam Refined Oil Volume Forecast**

*Unit: Thousand tons*

Item	2007-2009	2010-2012*	2015**	2020**	2025**
Refined Vegetable Oil Volume	572	750	1.138	1.587	1.929

*Source: \* Local Producer Forecast; \*\*Ministry Of Industry and Trade*

**Chart 1: Refined Oil Vegetable in Viet Nam from year 2005 - 2025**



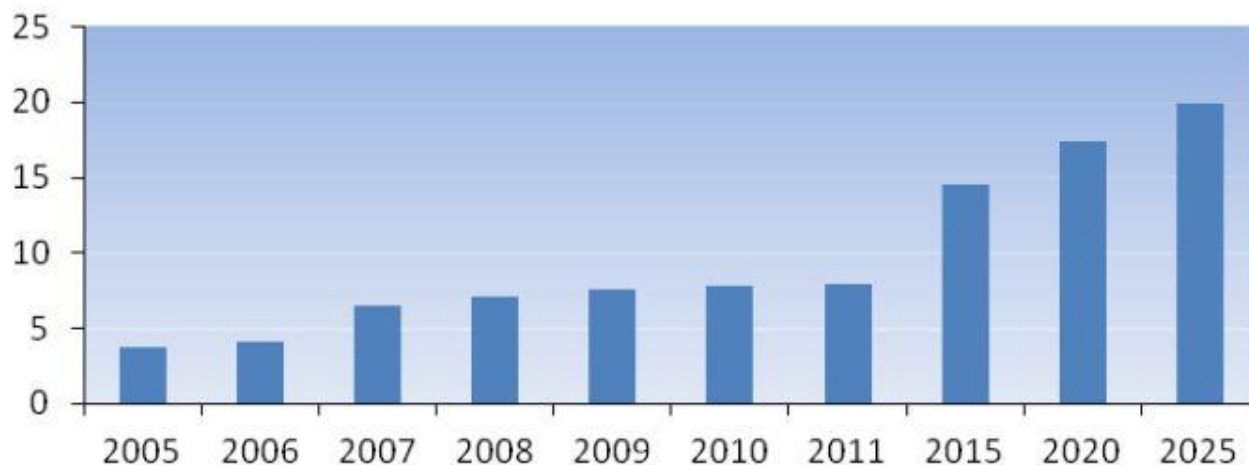
In 2010, the vegetable oil average consumption per capita was 7,3 – 8,3 kg, far below the WHO recommended level of 13,5 kg per capita. According to IPIS forecast, the level will reach 16,2 – 17,4 kg per capita and 18,6 – 19,9 kg per capita in 2015 and 2020 respectively. In addition, the USDA expects the strong demand in vegetable oil in next 15 years due to economic growth and large budget in marketing activities. In sum, the potential growth in the sector is huge in coming years.

**Table 19: Viet Nam Refined Cooking Oil Volume Forecast**

Items	2005	2006	2007	2008	2009	2010*	2011*	2015*
Consumption Volume (thousand tons)	312	346	557	607	660	690	725	1200
Consumption per capita (Kg/person/year)	3.75	4.12	6.54	7.04	7.60	7.80	7.90	14.50

(Source: GSO; Ministry of Industry and Trade; IPSI; \*Local Manufacturer Forecast)

**Chart 2: Vietnam Refined Vegetable Oil from year 2005 - 2025**



**4.3. The appropriateness of Corporation’s development strategy**

Subject to “Vietnam Vegetable Oil Sector Development to 2010” master plan and the Decision No.17/2004/QĐ-BCN dated 08/03/2004 of Ministry of Industry (now renamed to Ministry of Industry and Trade), Vocarimex group implemented and achieved followings:

- The 2010 production value growth was about 1.8 – 10.3% higher than the average of the industry;
- The 2010 production and consumption of refined vegetable oil achieved 95,6% budget;
- The facilities were invested at large-scale with advanced technology that improve the production capabilities and competitive advantage;
- It attracted a huge of economic resource for investment and development
- Vocarimex built the high-yield V6 plantation area

In 28/06/2010, the Ministry of Industry and Trade issued the “Vietnam Vegetable Oil Development to 2020 and 2015 vision” master plan, and Decision No.3464/QĐ-BCT dated

20/06/2012 regarding 05-years Corporation Development with:

❖ Development Orientation:

- Development of vegetable oil industry is subject to comparative advantages of each region, taking use of the existing processing capabilities, effectively using local and imported raw materials; focusing on ensuring food safety and protecting the ecological environment.
- Sector development bases on application of technology, advanced equipment, innovation and technological improvements to enhance product quality, research and development of new products with high quality and variety of product to meet the local and export demand, ensuring hygiene, food safety and protection of the ecological environment; focusing on building strong brand to compete effectively during international economic integration .
- Promoting the local raw material plantation area to substitute the import that leads to reduce trade deficit, achieve toward industrialization of agriculture and rural, alleviate poverty.

❖ Strategic Goals:

Step by step construction and development of industry with closed-loop chain from raw materials to the final product; increase in the proportion of domestic raw materials for the production of cooking oil (refined and non-refined oil) and providing products for other sectors.

❖ Specific Goals:

- The 2011-2016 production value growth is 17,37% per year. In 2016, the production volume reaches 1,138 million tons of refined cooking oil and 268,000 of non-refined cooking oil
- The 2017-2020 production value growth is average 7,11%/per year. In 2020, the production volume reaches 1,587 million tons of refined cooking oil, 370,000 of non-refined cooking oil and 80.000 tons export
- The 2021-2025 production value growth is average 3,69%/per year. In 2020, the production volume reaches 1,929 million tons of refined cooking oil, 439,000 of non-refined cooking oil and 100.000 tons export.

In order to secure the position in integration world, VOCARIMEX takes some measures to implement “Vietnam Vegetable Oil Development to 2020 and 2015 vision” master plan from raw material (plantation of oil seeds) to finished goods. With the past performance, VOCARIMEX gradually secure the position of biggest player in vegetable cooking oil to meet the various demand of local and export. It implies that development direction is appropriate.

## **PART III - THE CORPORATION ORIENTATION AFTER EQUITIZATION**

### **I. INTRODUCTION OF THE CORPORATION AFTER EQUITIZATION**

#### **1. General Information**

- Viet Nam Trading Name: **TỔNG CÔNG TY CÔNG NGHIỆP DẦU THỰC VẬT VIỆT NAM - CTCP**
- English Trading Name: Vietnam Vegetable Oils Industry Corporation
- Abbreviation: **VOCARIMEX**
- Address: 58 Nguyen Binh Khiem, DaKao Ward, District 1, HCM City
- Tel: (84-8) 38294513
- Fax: (84-8) 38290586
- Website: [www.vocarimex.com.vn](http://www.vocarimex.com.vn)
- Logo:



#### **2. Legal basis**

After equitization, VOCARIMEX will operate as a joint-stock company, according to the Enterprise Law No.60/2005/QH11 dated Nov 29, 2005 by the National Assembly of the Socialist Republic of Vietnam.

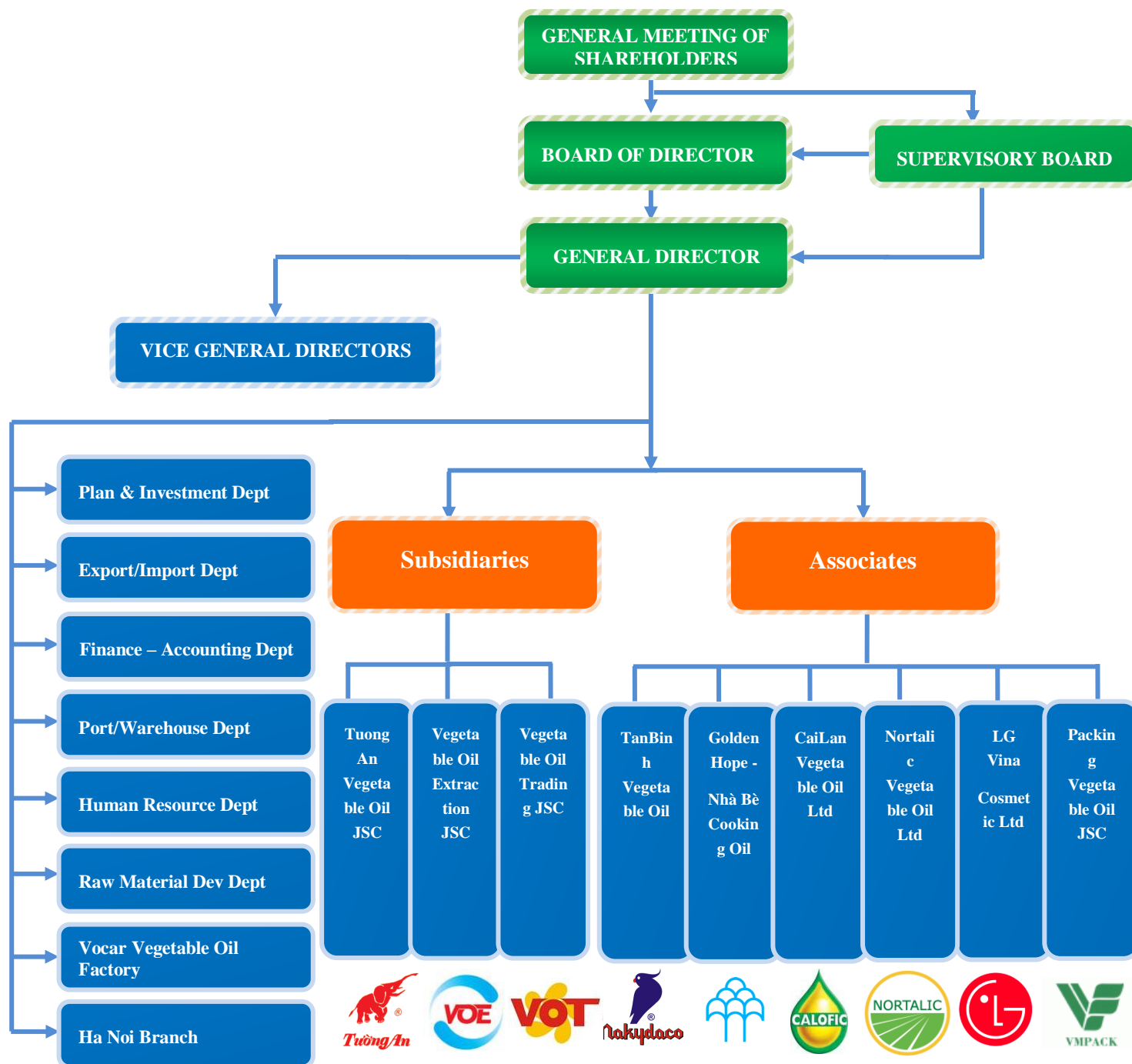
#### **3. Registered Business Sectors**

- Produce and trade oil and fats, refined vegetable oil, cosmetics, detergents, and oil seed plant;
- Process the food and foodstuff (milled rice, instant noodles, confectionary and milk);
- Export/Import, the vegetable oil-produced raw materials and specialized equipments for production;
- Port services for export/import of vegetable oil and other commodities
- Produce the biodiesel and beverage.
- Process the feed (cattle, poultry, seafood).

- Warehousing services used for special project;
- Invest and develop the oil seeds plantation
- Local transportation services through road and inland water
- Others business regulated by Vietnam laws

**4. Organization structure**

Chart 5: Organization structure of Viet Nam Vegetable Oils Industry Corporation – Joint Stock Company



### + Annual General Meeting

Annual General Meeting (AGM) includes all shareholders with voting rights. AGM has the highest decisions in the Corporation.

### + Board of Directors

Board of Directors is the governing body of the Corporation and has full authority on behalf of the Corporation to decide and implement the rights and obligations of the Corporation, which is not within AGM competence.

### + Supervisory Board

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

### + Board of Managers (General Director and Deputy General Directors)

- General Director executes daily business of the Corporation, is subject to the supervision of Board of Directors and is responsible to Board of Directors and the law on the rights and duties assigned.
- The Deputy General Directors assist the General Director to execute the Corporation.

### + Chief Accountant

- Chief Accountant is proposed by the General Director and approved by The Board of Managers.
- Chief Accountant assists the General Director to carry out the financial and accounting activities of the Corporation in accordance with the law on finance and accounting.

### + Other Departments

- Investment and Plan Department
- Export/Import Department
- Finance and Accounting Department
- Warehouse/Port Department
- Human Resource Department
- Raw Material Development Department
- VOCARIMEX Vegetable Oil Manufactory

### + The branches

Ha Noi Branch

**5. Subsidiaries and Associates**

**Table 20:** *List of subsidiaries after equitization as of 31/12/2013*

No	Name	Chartered Capital (VND)	Stake and Voting right (%)	The number of share (shares)
1	Tuong An Vegetable Oil JSC	189,802,000,000	51.00	9,679,900
2	Vegetable Oil Extraction JSC	71,600,000,000	99.72	7,139,952
3	Vegetable Oil Trading JSC	15,500,000,000	98.71	1,530,005

Source: VOCARIMEX

**Table 21:** *List of associates after equitization as of 31/12/2013*

No	Name	Chartered Capital (VND)	Stake and Voting right (%)	Value of capital contribution (VND)
1	Cai Lan Vegetable Oil Co., Ltd (*)	694,975,702,903	32.00	351,522,050,220
2	Golden Hope-Nha Be Cooking Oil	69,267,776,198	49.00	47,192,438,524
3	LG Vina Cosmetics Co., Ltd	131,250,000,000	40.00	50,515,108,000
4	Vegetable Oil Packing JSC	80,000,000,000	44.16	24,724,000,000
5	Nortalic Co.,Ltd	504,000,000,000	30.00	151,200,000,000
6	Tan Binh Vegetable Oil JSC	43,100,000,000	27.13	29,960,255,000

Source: VOCARIMEX

According to Decision 9795/QĐ-BCT dated Dec 20, 2013 of Ministry of Industry and Trade on approving transfer the investment capital at Cai lan Vegetable Oil Limited Company in Quarter 1-2014: VOCARIMEX will transfer 8% of capital at Cai lan Vegetable Oil Limited Company. After transaction, the benefits and voting rights of VOCARIMEX will be 24%.

## **II. INVESTMENT AND DEVELOPMENT STRATEGY OF THE CORPORATION AFTER EQUITIZATION**

The corporation continues investing in vegetable oil industry that is suited to “Vietnam Vegetable Oil Development to 2020 and 2015 vision” master plan, and Decision No. 3388/QĐ-BCT dated June 20, 2010 and No.3464/QĐ-BCT dated June 20, 2012 regarding 05-years Corporation Development

### **1. Strategic Goal and Vision**

#### **❖ The Corporation:**

- The target revenue in 2016 is VND 5,625 billion
- The target vegetable oil consumption volume in 2016 is 140,000 tons.
- Becoming trusted supplier of material in vegetable oil at competitive price
- Equipping the Vocar Vegetable Oil Factory and Nha Be Port with advanced technology and state-of-art facilities to achieve economies of scale.
- Taking use of financial sources and improving capital efficiency, restructuring the assets, exploiting the land bank to create additional fund and strengthening the owner’s equity through annual good business performance.
- Re-allocating the capital at subsidiaries and associates.
- Cooperating with competent and strategic partner to build vegetable oil facilities at North and Central region
- Promoting the research and application of high-tech in management, production and trade.

#### **❖ The Group:**

The following strategic direction of subsidiaries and associates is listed below:

- The 2016 total revenue reaches VND 27,000 billion with 2012-2016 average growth of 3.4% per year;
- The 2016 vegetable oil consumption reaches 920,000 tons, with 2012-2016 average growth of 7.2% per year;
- The 2016 export value reaches USD 54 million with 2012-2016 average growth of 1.3% per year.

### **2. Post – Equitization Business Plan**

#### **2.1. Business Environment Analysis**

##### **❖ Business Environment:**

- The political situation is stable, that is key advantage to attract the foreign capital and technology;
- The law and regulation system are gradually being completed and consistent with the trend of country development and world integration. The changes in system, however, do not cover the business issues that create difficulties in business operations;
- In the long term, Vietnam is on development way, but the impact of the financial crisis and global economic recession is not small, that slows down economic growth in the next few years;
- Vietnam is proactive in international economic integration, creating more favorable conditions for economic - social development at faster pace. WTO accession will bring both opportunities and challenges to vegetable oil sector.

❖ **Social Environment:**

- Economic development leads the increase in the personal income, whereby standard of living improved and aggregate consumer demand increased;
- The end-consumer requires higher quality in product and services;
- The culture and social environment is improved.

❖ **Technology Environment:**

- The degree of specialization is not high, and the ability to innovation or new product are limited;
- The production scale is moderate so that it cannot achieve the economy-of-scale.

**2.2. SWOT analysis**

❖ **Strengths:**

- Being the first mover in Vietnam vegetable oil with 35-years development, it is the foundation for future development
- The group production capacity accounts for 81% of refined vegetable oil and meet 85% of the market consumption.
- The subsidiaries and association has built reputation on Vietnam market
- It owns the port which allows flexibility in importing material and reducing transportation cost
- It owns advanced technology and closed-loop machinery and equipment
- It owns the national-wide distribution systems

- The management team had long experience and the labor forces had high skill.
- ❖ **Weakness:**
  - Almost the raw material (90%) is imported. It has large impact on business performance when the price is fluctuated highly. In addition, the local development of plantation area is still infant.
  - The foreign exchange forecast is limited that exposes to the business performance through international bill payment of raw material.
  - The raw material forecast and risk management mechanism is limited that exposes to the business performance.
- ❖ **Opportunities:**
  - The economy is recovered gradually, translating the opportunity for vegetable oil industry
  - The local demand growth room is large and the consumer pattern changes toward health product. It implies that the demand is expected to grow in the future.
  - Transforming into the joint-stock company allows the Corporation to capitalize the social capital through financial instrument issuance, such as equity and competitive-yield bond.
- ❖ **Challenges:**
  - The price of raw material is volatile, and the monetary policy and exchange rate cannot modeled or forecasted
  - After implementing “Vietnam Vegetable Oil to 2010” master plan, the vegetable oil industry cannot identify the key oil seeds plants to promote at large scale
  - The competitiveness is fiercer when the players with small scale are crowded. In addition, the import is one of competitive source.
  - Almost the players import the refined cooking oil instead of investing into the extraction technology when the tax difference in non-refined and refined vegetable oil is blur (according to AFTA)
  - The import tax is expected to decrease in future when Vietnam integrates into the world and implements the free-trade agreement.
  - .When transforming into the joint-stock form, the Corporation must comply with new corporate governance, including transparency, information disclosure, and investor relation. In addition, the Corporation has a clear development strategy to maximize the shareholder’s value.

### 2.3. Three-year business outlook in post-equitization

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Table 22: Business Outlook

Unit : VND Million

No	Indicators	Year 2014	Year 2015	Year 2016
1	Investment plan			
2	Chartered capital	1,218,000	1,218,000	1,218,000
3	Employee	311	314	314
4	Total payroll (billion)	41.8	45.5	45.5
5	Average monthly salary per head (million)	11.2	12.07	12.07
6	Total revenue	4,887,699	5,256,980	5,624,969
7	Total expenses	4,868,814	5,235,739	5,601,210
8	Before-tax profit	51,000	63,000	78,000
9	Corporate tax income	12,750	15,750	19,500
10	After-tax profit	38,250	47,250	58,500
11	Par-value dividend (%)	2.67	3.30	4.08

Source: VOCARIMEX's Equitization Plan

Pursuant to Decision No.5987/QĐ—BCT of Ministry of Trade, the import-export tariff of refined cooking oil are 5%; 4% 3% and 2% in 07/05/2013 – 06/05/2014, 07/05/2014 – 06/05/2015; 07/05/2015 -06/05/2016 07/05/2016 – 06/05/2017 respectively.

### 3. Chartered Capital and Structure

#### 3.1. Chartered Capital Basis

The chartered capital is based on the working capital and capital expenditure demand to meet the 2014 – 2016 business targets, as well as lay the sustainable development foundation.

#### 3.2. Chartered Capital

- Chartered Capital : **1,218,000,000,000 VND**
- Total shares : 121,800,000 shares
- Type of stock : preferred and common stock
- Par value : 10,000 VND

The chartered capital size is listed below in next 03 years:

**Table 23: Chartered Capital in 2014 – 2016 period**

Indicators	Năm 2014	Năm 2015	Năm 2016
Chartered Capital (VND Million)	1.218.000	1.218.000	1.218.000

Source: VOCARIMEX’s Equitization Plan

*Notice:* Pursuant to Item 1, Article 2 of the Decision No. 446/QĐ-TTg dated March 31, 2014 of the Prime Minister regarding approval of the equitization plan of VOCARIMEX, the enterprise value is added VND 8,460,900,000 from the goodwill items. Accordingly, the shareholder structure will be adjusted when transforming to joint stock form.

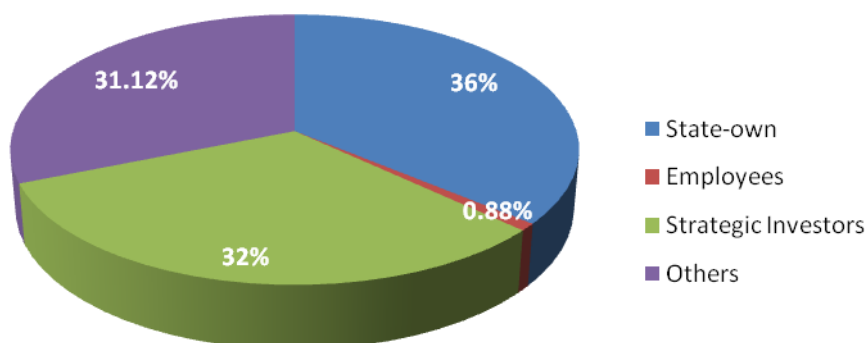
**3.3. Chartered Capital Structure**

Chartered Capital: 100%

In which:

- State-own : 36%
- Total shares offering to the employees : 0,88%
- Total shares offering to the Labor Union : 0%
- Total shares offering to the strategic investors: 32%, in which:
  - Kinh Do Corporation : 24%
  - VPBank Securities : 8%
- Initial public offering : 31,12%

**Chart 3: Chartered Capital Structure**



### **III. RISKS**

#### **1. Economic risks**

In the marketable economy, the Corporation business are affected by the risks that all businesses in the economy have to face with such as the volatility of the world economy, the fluctuation of the domestic economy. In the past, Viet Nam's economy has encountered many difficulties due to the impact of the global economic crisis, the business of the Corporation has been seriously influenced. Currently, although the world economy and the domestic economy have a positive sign, there still have many of difficulties which can affect The Corporation in the early stages of transformation to a joint-stock company.

##### **1.1. Economic growth rate**

The GDP growth of the year 2013 was 5.42%, almost reaching the target at 5.5% and higher than 5.25% of 2012. The PMI index continued to increase fifth month and achieved 33-month-high of 52.1 points in Q1.2014 with positive output growth, better employment rate and higher new orders (*Source: HSBC*). The inventory index in Dec 2013 increased 10.2% yoy, halved from 20.1% of 2012 while average inventory index in Nov 2013 continued to slide to 73.7%. The domestic economy showed clearer signs of improvement compared to the previous year although the recovery momentum was still sluggish. The GDP growth in year 2014 is expected with better growth about 5.6 – 7%, this is a challenging year for the government to stabilize macroeconomic, control inflation and achieve reasonable growth.

Besides, the world economy with efforts to overcome difficulties has been showing some signs of recovery, especially the flourishes of the leading economies such as the U.S., Japan and Europe. The world economy in 2014 is forecasted to grow by 3.5%, better than in 2013 (2.9%). However, the world economy is still facing challenges since the emerging and developing countries are still not out of the worst situation. China's economic growth is slowing, especially the Eurozone is facing stagnation similar to Japan in the years 1980-1998 with the slow growth and deflation.

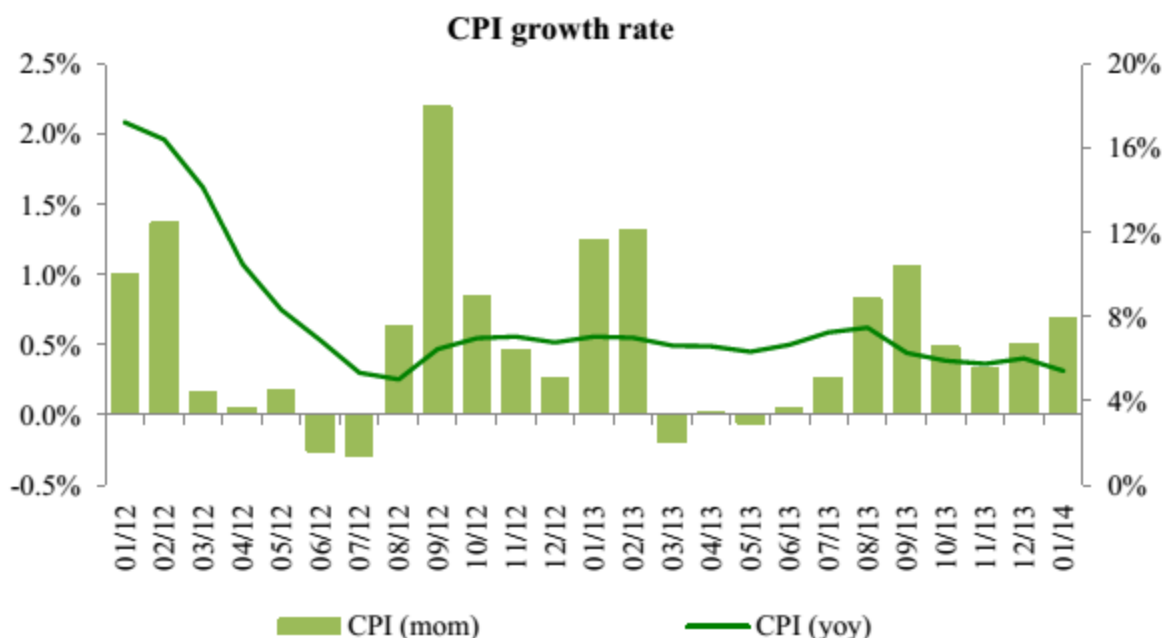
##### **1.2. Inflation**

In 2013, the top priorities of the government and the State Bank were to ensure economic stabilization, control inflation. These tasks were fulfilled with 6.04% inflation, well lower than 6.84% of 2012.

CPI index in Feb 2014 slightly grew by 0.55% mom and 4.65% yoy, this was the lowest rate over 10 years. The main contributors were Food and Catering service (+1.15%); Traffic fee (+0.66%); Culture, Leisure and Tourism (+0.61%); Beverage and Cigarette (+0.6%). At the time of the Lunar New Year in February which is usually recognized by higher price of goods, however the slow growth rate of CPI as mentioned above show that the recovery of demand capacity is relatively weak. Due to the development of inflation as well as the demand capacity which has been recovered with a below expectation rate, the downward trend of inflation is not supposed to

stop immediately. The CPI growth is expected at 5.5-6% in 2014 (*the target is mentioned in the Government meeting in Feb 2014*).

**Chart 4: CPI growth rate**



Source: CEIC, VCBS

Despite the growth rate of inflation is slightly down, the overall price of goods are still remaining high. This might directly impact to business and citizens' life. The increase of the price of essential commodities such as electricity, petroleum, materials...have directly affected to the operation of VOCARIMEX, cause the price of output to increase therefore the competitive power would be affected.

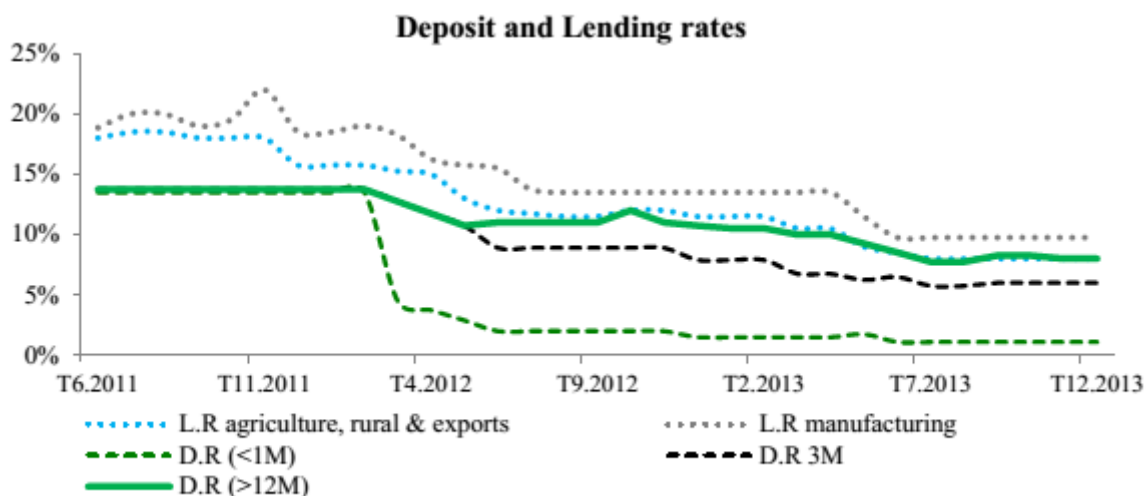
**1.3. Interest rate**

Currently the Corporation have used both short-term and long-term loan from banks. Therefore, any changes on monetary policy of State Bank would affect the interest rates, as a result will also affect the business of the Corporation.

In first few months of 2014, the deposit rate and the loan rate remain stable. The commercial banks' rate offered for under 6 months deposit term are usually at ceiling (7%), offer rates for over 6 months term ranged from 7.5% - 8.5%/year. Loan rates also decreased by 3% - 5%, the average lending rates are about 7 - 10.5%/year for short-term loan and 11 - 13%/year for middle and long-term loan. Eventhough, the inflation is on the downward trend, the liquidity of the banking system is good but banks could not boost up output in term of credit (credit growth by -1.66% at the end of

February), some banks have adjusted lending rate in some terms and only given prior to some customers with fine financial records and good prospects.

**Chart 5: Deposit and lending rate**



Source: CEIC, VCBS

**1.4. Exchange rate**

Besides the controlled inflation, exchange rate and foreign exchange market stabilization are also remarkable achievements. After holding exchange rate at 20,828 VND/USD for almost 2 years, State Bank decided to depreciate domestic currency 1% to VND 21,036 VND/USD in June 2013 and has kept the rate stable until now around 21,110-21,130 VND/USD.

Even though the current foreign exchange market is relatively stable, if there are any changes in the exchange rate policy of the State Bank of Vietnam, as well as any fluctuations on the market, it would affect the performance of VOCARIMEX’s business. Beside, the volatility of the world economy as the current, the exchange rate risk would be taken into account. Therefore, VOCARIMEX needs to have the preventive measures to limit the effects of fluctuations of the exchange rate in the packaging and raw material purchased plan.

**2. Legal risks**

The stability and uniformity of the legal system will impact business activities of the Corporation. This change could lead to favorable or unfavorable to the operations of the Corporation.

On the legal forms and business management and organization: The Corporation is a State-owned enterprise turning to joint stock company. Therefore, the Corporation will have some certain obstacles to this transformation. However, due to having a period of operating in the form of a member limited liability company under the provisions of the Enterprise Law 2005, The Corporation shall quickly adapt to this change. During operating process, The

Corporation will continue to update and adjust to have a best adaption to the changing of regulatory environment.

### **3. Competitive risks**

Competition in the market economy is a crucial principle since Viet Nam has become a member of WTO. The competition is fierce among domestic companies in the same industry and abroad about product quality, pricing, market share, technology...which would affect the business of VOCARIMEX. These factors require the Corporation to have to self-improve, especially focus on products quality, enhance marketing activities to stimulate demand, expand export markets... to improve the competitiveness of the Corporation's products in the market.

### **4. Specific risks**

The business development of VOCARIMEX in particular and the financial investment of the Corporation in the subsidiaries and associates in general may be influenced from the executive macroeconomic policies, for instant, the changes in tax policies of importing vegetable oils would result in shutting down in production, wasteful in equipment and production facilities investments.

In addition, Vietnam so far has no national technical standards for vegetable oil products, this might have a negative impact to the investment and development of the Corporation. Since there is no national technical regulations, many domestic and foreign companies have imported the vegetable oil products with poor quality, or produce inferior products with cheaper price. This might directly affect the consumers health as well as the business of many plant oils producers in Viet Nam.

### **5. Risks of the offering**

In the first three months of 2014, Vietnam stock market recorded a relatively strong rally, VNIndex rose from 504.5 points to 607.6 points, until April 2014 the adjustment appears. The main reasons stem from the recovery of macroeconomy, though not completely get really but has become more stable, the inflation is under control, the interest rate has had continuously downward trend... However, the steady growth of the market has not been definitely confirmed since the listed companies are still facing many difficulties and macroeconomic picture still need to improve more. Besides, the sharp decline in stock market in history makes investors become cautious in making their investment decision.

For the first time of auction shares to the public, VOCARIMEX will depend on the market situation changes listed securities at the time of the auction, the psychology of investors as well as the attractiveness of shares Corporation. So there may be some risks of unsold stock offering intended. This auction may not succeed as expected. That means the total volume of shares bought may be less than total volume of shares offered. In that case, the shares which are not sold will be handled according to Article 40 of Decree 59/2011/ND-CP dated 18/07/2011 on transformation of 100% state-owned enterprises into joint-stock companies, as follows:

"Equitisation Steering Committee can publicly offer the remaining shares to the investors who participated in the auction by the method of direct negotiation. Investors refusing to buy shares will not get back the deposit when attending auctions. If the remaining share cannot be sold in the public offering by the method of agreement, the Steering Committee reports to the authorized entity which approved the enterprise's equitisation implementation to adjust the structure of the charter capital to transform the 100% state-owned enterprise into a joint-stock company before holding the first general meeting. Equitisation Steering Committee and representatives of the State capital in equitised.

### **6. Other risks**

Besides the above risks, the operation of VOCARIMEX is also affected by other risks such as lightning strikes, fires, floods, storms, natural disasters, strikes, riots, disturbances, coup, strike, war, accidents, etc., which are the forces of nature beyond the control, prevention and expectation of VOCARIMEX. The risks, if happens, will inevitably cause damage to people and property affecting business activities of enterprises, including VOCARIMEX.

## **PART IV – INFORMATION ABOUT THE OFFERING**

### **I. OFFERING METHOD**

#### **1. Investors - Buyers**

- The buyers including: the strategic investors, the employees of the Corporation, domestic and foreign investors (Pursuant to Article 6 and 48, Degree 59/2011/NĐ-CP dated Jul 18, 2011 of the Government).
- Total shares issued to the strategic investors are distributed according to the approved list
- Total shares issued to employees are distributed according to the approved list
- Total shares issued to other investors are distributed through a public auction at the Ho Chi Minh City Stock Exchange.

#### **2. Offering method**

##### **2.1. Offering to the employees**

###### **a. Offering price**

Shares issued to employees with preferential price. The preferential share price will be declined by 60% of the lowest successful bid price (*Pursuant to Dispatch No. 4100/BTC-TC dated May 15, 2014 of the Ministry of Industry and Trade on implementing the IPOs*).

###### **b. Offering Volume**

Total shares offer to the employees: 1,074,500 shares (0,88% chartered capital).

In which:

- Total shares offer under the employee seniority policy: 268,900 share.
- Total additional shares offer to the employee (Pursuant to Degree 59/2011/NĐ-CP dated Jul 18, 2011 of the Government): 805,600 shares.

*Notice: Pursuant to Item 1, Article 2 of the Decision No. 446/QĐ-TTg dated March 31, 2014 of the Prime Minister regarding approval of the equitization plan of VOCARIMEX, the enterprise value is added VND 8,460,900,000 more from the goodwill items. Accordingly, the shareholder structure will be adjusted when transforming to joint stock form.*

###### **c. Offering method: direct to the employees**

###### **d. Payment method and time of payment**

- Payment method:

Employees would register at VOCARIMEX and transfer directly money to the escrow account of VOCARIMEX.

Date of register: June 2014

The information of escrow account:

**Name: TCTCN DAU THUC VAT VN-CTTNHHMTV**

**Number: 0071000883123**

**Vietcombank - HCMC branch**

- Time of payment: within 10 days after registering

## **2.2. Offering to the strategic investors**

### **a. The offering method and offering size**

- Method of offering:

The share offering to the strategic investors will be implemented prior to the IPO: the offering price will be directly negotiated with each investor and ensure the bid price is not less than the starting price.

- The size of offering:

- Total shares offer to the strategic investors: 38,976,000 shares (equivalent to 32% chartered capital of VOCARIMEX).
- Total strategic investors: 02 investors.

- ✚ Kinh Do Corporation (KDC): contributing 24% of chartered capital

- ✚ VPBank Securities (VPBS): joining 8% of chartered capital

*Notice: Pursuant to Item 1, Article 2 of the Decision No. 446/QĐ-TTg dated March 31, 2014 of the Prime Minister regarding approval of the equitization plan of VOCARIMEX, the enterprise value is added VND 8,460,900,000 more from the goodwill items. Accordingly, the shareholder structure will be adjusted when transforming to joint stock form.*

VOCARIMEX has already signed the offering contract with two strategic investors.

## **2.3. The initial public offering of shares (IPOs)**

### **a. Offering size**

The number of shares offered to the public through the auction are 37,901,500 shares, equivalent to 31.12% of the chartered capital of the Corporation after equitization.

### **b. Offering method**

The IPOs will be conducted in the form of a public auction through the Ho Chi Minh Stock Exchange (HOSE). The auction process must follow the auction regulations and requirements of the VOCARIMEX’s Auction Board.

**c. Offering price**

*(Pursuant to Dispatch No. 4100/BTC-TC dated May 15, 2014 of the Ministry of Industry and Trade on implementing the IPOs)*

The offering price is determined on the basis of:

- VOCARIMEX’s Valuation Document on Jan 01, 2013
- The Valuation Report which has been made by VCBS
- The current situation of Viet Nam stock market and the World market, the other factors which would be affected to the Corporation prior to the auction time.

The starting price: 10.100 VND/share.

**3. Payment method and time of payment**

Complying with the Regulation of the IPOs

*Notice: Pursuant to Item 1, Article 2 of the Decision No. 446/QĐ-TTg dated March 31, 2014 of the Prime Minister regarding approval of the equitization plan of VOCARIMEX, the enterprise value is added VND 8,460,900,000 more from the goodwill items. Accordingly, the shareholder structure will be adjusted when transforming to joint stock form.*

**II. PLAN OF USING FUNDS COLLECT FROM EQUITIZATION**

**1. The equitization expenses**

Pursuant to Decision No. 3965/QĐ-BCT date 08/08/2011 and 11/18/2013 Document No. 10518/BCT-TC days of the Ministry of Industry and Trade of the approved cost estimates for equitization Corporation vegetable Oil Industry of Vietnam, the total cost estimate for the equitization of the Corporation as follows:

**Table 24: The equitization expenses breakdown**

No	Content	Amount (VND)
<b>I</b>	<b>The direct expenses</b>	<b>1,132,000,000</b>
1	Equitization training	30,000,000
2	Assets valuation	74,800,000
3	Work trips	516,000,000
4	Employees meeting	58,000,000

No	Content	Amount (VND)
5	IPOs	200,000,000
6	The first shareholders meeting	130,000,000
7	Settlement of the equitization	123,200,000
<b>II</b>	<b>Consultant expenses</b>	<b>1,150,000,000</b>
1	Auditing expense	200,000,000
2	Enterprises valuation	600,000,000
3	Appraising the value of land use rights	50,000,000
4	Drafting the equitization plan, the Corporation charter and the strategic investors selected plan	300,000,000
<b>III</b>	<b>Allowances for Equitization Board and Supporting team</b>	<b>450,000,000</b>
1	Equitization Board	144,000,000
2	Supporting team	306,000,000
	<b>Total</b>	<b>2,732,000,000</b>

Source: VOCARIMEX's Equitization plan

## 2. The expected funds collect from the equitization

The equitization is typically to reduce the proportion of the capital contribution of the State in the Corporation. On the basis of the actual value of the State-owned capital in enterprise, the Corporation expects a payback plan to the Arrangements and Business Development Supporting Fund after equitization. The details show in the below table:

**Table 25: Plan of using funds collect from equitization**

No	Content	Amount (VND)
<b>1</b>	<b>Actual value of the State-owned capital at enterprise</b>	<b>1,218,064,570,853</b>
<b>2</b>	<b>Total shareholders capital under joint stock company form</b>	<b>1,218,000,000,000</b>
<b>3</b>	<b>State-owned capital participating under equitization plan (36%)</b>	<b>438,480,000,000</b>
<b>4</b>	<b>Total expected funds collect from equitization</b>	<b>787,315,200,000</b>
4.1	Collection from offering shares to employees (0.88%)	10,852,450,000
4.2	Collection from offering shares to the strategic investors (32%)	393,657,600,000

No	Content	Amount (VND)
4.3	Collection from IPOs (31.12%)	382,805,150,000
<b>5</b>	<b>Total expected cost of equitization</b>	<b>4,005,198,413</b>
5.1	Expected equitization costs	2,732,000,000
5.2	Compensation costs on the discount program for employees (268,900 shares)	1,086,356,000
5.3	Settlement costs for redundant workers ( <i>Pursuant to Degree No, 91/2010/NĐ-CP</i> )	186,842,413
<b>6</b>	<b>Total expected funds return to the Arrangements and Business Development Supporting Fund: (1) - (3) - (5)</b>	<b>775,579,372,440</b>

Notice:

- *The above calculations are based on assumptions: total offering shares are completely sold out; the lowest successful bid price is equal to the starting price; the offering price for the strategic investors is equal to the starting price.*
- *Notice: Pursuant to Item 1, Article 2 of the Decision No. 446/QĐ-TTg dated March 31, 2014 of the Prime Minister regarding approval of the equitization plan of VOCARIMEX, the enterprise value is added VND 8,460,900,000 more from the goodwill items. Accordingly, the shareholder structure will be adjusted when transforming to joint stock form.*

### III. NOTICE

Pursuant to Item 1, Article 2 of the Decision No. 446/QĐ-TTg dated March 31, 2014 of the Prime Minister regarding approval of the equitization plan of VOCARIMEX, the enterprise value is added VND 8,460,900,000 more from the goodwill items. Accordingly, the shareholder structure will be adjusted when transforming to joint stock form.

### IV. CONCLUSION

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

The disclosure was made on the basis of information, data provided by VOCARIMEX under provisions as regulated by the law to ensure publicity, transparency and protection of the legitimate interests of investors.

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

Sincerely thanks./.

*Ho Chi Minh City, June <sup>th</sup>, 2014*

**Representative of Equitization Board**

*(Power of Attorney)* **HEAD OF EQUITIZATION BOARD**

**VIET NAM VEGETABLE OILS INDUSTRY CORPORATION  
DEPUTY HEAD OF OFFICIAL ORGANIZATION DEPARTMENT –  
MINISTRY OF INDUSTRY AND TRADE**

*(Signed)*

**Khieu Huu Bo**

**Representative of Equitised Enterprise**

**VIET NAM VEGETABLE OILS INDUSTRY CORPORATION  
CHAIRMAN, GENERAL DIRECTOR**

*(Signed)*

**Do Ngoc Khai**