

# MINUTES

## 2014 Annual General Meeting of Shareholders of Petrovietnam Fertilizer and Chemicals Corporation

### I. Time, venue.

- Time: From 13h30 to 17h00, on 15<sup>th</sup> April 2014.
- Venue: Grand ballroom, InterContinental Hotel, 39 Le Duan, District 1, Ho Chi Minh City.

### II. Legitimacy of the Meeting.

- Total voting shares of PVFCCo: 379,934,260 shares.
- Total shareholders receiving Invitation letters: All shareholders named in the Shareholder List prepared by Vietnam Securities Depository as at the final registration date 6<sup>th</sup> March 2014.
- Total shareholders and proxies attending the meeting: **768** shareholders and authorized proxies, owning and representing **306,575,505** shares, accounting for **80.69%** of PVFCCo's total voting shares.
- All shareholders and proxies were qualified to attend the meeting.

### III. Contents of the meeting:

#### 1. Answers to shareholders' questions:

- **Shareholders' opinions on 2013 business results reported in the financial statements:**
  - Could you please tell us the reason why production and trading output decreased in 2013 as compared to 2012? Has PVFCCo conceded market share to Ca Mau Fertilizer plant?
  - Why was 2013 profit strongly reduced as compared to 2012?
  - Please explain about the subsequent adjustment to financial statements regarding to provisions for investment loss in associated companies after the date of financial statements?
- **Answers:**
  - In 2013, Phu My Fertilizer production output decreased by 4% and Phu My Fertilizer sale output by 8% as compared to 2012. These outputs were reduced because Phu My Fertilizer plant was out of operation for 25 days to carry out overall maintenance. PVFCCo absolutely did not reduce output to concede market share to Ca Mau Fertilizer Plant. In fact, PVFCCo has maintained good sale of production output, kept inventories lean and reasonable. Phu My Fertilizer and Ca Mau Fertilizer are two units operating independently, equally and transparently. In the coming time, Ca Mau Fertilizer will be equitized and business activities between the two plants will ensure independence and transparency even more.
  - 2013 profit sharply dropped as compared to 2012 mainly due to following reasons: Production cost increased as raw material gas price rising by 2% and

production output decrease (maintenance down time), resulting in the increase of production cost, transportation and circulation expenses; Fertilizer prices declined as compared to 2013 because of domestic oversupply; Profit from financial activities decreased due to decrease of interest rates.

- PVFCCo's 2013 Financial statements, which the auditor audited and issued the audit report on March 3<sup>rd</sup>, 2014, was disclosed on March 21<sup>st</sup>, 2014. After that, associated companies invested by PVFCCo including Petrovietnam Petrochemical and Textile Fiber Joint Stock Company and Petrovietnam Urban Development Joint Stock Company, disclosed their financial statements with losses arising in business activities in 2013. According to regulations, PVFCCo has appropriated provisions for risks.

- **Shareholders' opinions on cash management and dividend policy:**

- Please tell us about the plan of cash capital use of nearly 5,800 billion VND? Does the dividend policy from 2014 onward ensure to be at least 25% of par value? Do you have any plan for bonus shares to increase the charter capital?

- **Answer:**

- We can affirm with the Valued shareholders that it's good to maintain a lot of cash at the moment. Corporate liquidity is always guaranteed. For PVFCCo, in short-term, the 2<sup>nd</sup> dividend of 2013 will be paid to shareholders with nearly 900 billion dongs in 2014 (if the profit distribution method just presented is adopted via voting by the General Meeting). For long-term investments, in 2014, PVFCCo uses capital resources for big investment projects such as NH3-NPK, UFC85, asset improvement and procurement...with expected disbursement of 454 billion dongs. Remaining idle cash is managed and deposited at top prestigious banks and will be disbursed for big investment projects during the implementation stage of construction contracts.
- Regarding to dividend policy, specific pay-out ratio will be proposed and subjected to annual approval by the General Meeting. PVFCCo's leaders always wish and try to achieve annual profit results at high levels as the basis for proposing attractive dividend payment plan for shareholders. BOD commits that 2014 pay-out ratio will be at least 25% according to the plan. At present and in short-term, PVFCCo has no bonus share plan.

- **Shareholders' opinion: how does Vietnam's upcoming participation in TPP agreement impact on DPM?**

- **Answer:**

Vietnam's access to TPP, like WTO previously, offers both opportunities and challenges. For DPM, TPP brings opportunities for export to other countries without tax. At the same time, TPP also creates challenges when fertilizers competing with DPM are imported in Vietnam without tax. Regarding to indirect advantages, Vietnam has benefits to export agricultural products, the agricultural growth will lead to increase of fertilizer demand.

- **Shareholders' opinions on gas price:** According to the newsletter of Viet Capital Securities Joint Stock Company sent to investors in the market, from quarter 2/2014, DPM must buy gas at price increased by 19%, is this true?

- **Answer:**

Until now, PVFCCo knows that the Government has agreed in principle to adjust market gas price plan for enterprises, however, we have not yet received official information about how the increase/decrease of gas price will be adjusted by the plan. The increase of 19% as forecast by Viet Capital Securities is computed on the basis which we can not affirm. Gas price adjustment depends on the Government's decision and this issue is so important that PVFCCo will disclose sufficient information upon receiving any official conclusion of state agencies on specific price plan.

- **Other opinions of shareholders:** In 2013, did PVFCCo import urea and does it have any plan for importing fertilizers in 2014?

- **Answer:**

PVFCCo imported fertilizers in 2013 with the output specified in the report of President & CEO, including fertilizers such as NPK, Potassium,... For urea, the country has been in oversupply at present, PVFCCo did not import it.

## 2. Report on 2013 business results with main targets:

No.	Target	Unit	2013 plan	Performance in 2013	Completion rate (%)
A	B	C	1	2	3=2/1
<b>1</b>	<b>Production output</b>				
-	Phu My fertilizer	Thousand tons	770	822	107%
-	Packaging	Million packages	41	44	107%
<b>2</b>	<b>Imported fertilizer output</b>	Thousand tons	90	137	152%
<b>3</b>	<b>Trading output</b>				
-	Phu My fertilizer	Thousand tons	800	835	104%
-	Fertilizer proprietary trading	Thousand tons	315	362	115%
-	Chemicals	Thousand tons	4.2	5.3	127%
-	Packaging	Million packages	41	44	107%
<b>4</b>	<b>PVFCCo's financial targets (consolidated)</b>				
	Total revenues	Billion VND	10,100	10,807	107%
	Pre-tax profit	Billion VND	2,120	2,468	116%
	Net profit	Billion VND	1,915	2,142	112%

No.	Target	Unit	2013 plan	Performance in 2013	Completion rate (%)
	State budget contribution	Billion VND	330	602	182%
<b>5</b>	<b>Financial targets of Parent company</b>				
	Equity	Billion VND	7,103	9,265	130%
	Including: Charter capital	Billion VND	3,800	3,800	100%
	Total revenues	Billion VND	7,634	8,402	110%
	Pre-tax profit	Billion VND	2,077	2,352	113%
	Net profit	Billion VND	1,890	2,110	112%
	Net profit /charter capital ratio	%	49.7%	55.53%	112%
	State budget contribution	Billion VND	264	518	196%
<b>6</b>	<b>Investment</b>				
a.	Total investments	Billion VND	<b>396.7</b>	<b>178.38</b>	<b>45%</b>
	Basic construction investment	Billion VND	233	85	36%
	Equipment procurement	Billion VND	100	58.24	58%
	Capital contribution investment	Billion VND	63.7	35.14	55%
b.	Investment capital resources	Billion VND	<b>396.7</b>	<b>178.38</b>	<b>45%</b>
	Equity	Billion VND	396.7	178.38	45%
	Loans and others	Billion VND	-	-	-

### 3. Adopting main targets of 2014 business plan:

#### *a. Production plan*

- Phu My Urea : 800,000 tons
- Packaging : 46 million packages

#### *b. Trading plan*

- Phu My Urea : 800,000 tons
- Fertilizer proprietary trading : 330,000 tons

- Chemicals trading : 4,200 tons
- Packaging : 46 milion packages

**c. Financial plan**

- Charter capital : 3,800 billion VND
- Total revenues : 8,700 billion VND
- Pre-tax profit : 1,384 billion VND
- Net profit : 1,219 billion VND
- State budget contribution : 362 billion VND
- Total capital for construction investment and equipment procurement: 454 billion dongs.

\* Planned targets on basis of gas price at 6.69USD/million BTU.

**4. Adopting BOD's Report on 2013 activities and 2014 action plan.**

**5. Adopting 2013 Financial statements audited by Deloitte Vietnam Co., Ltd and adopting 2013 Profit distribution plan:**

No.	Target	Calculation Formula	Amount (VND)
1	Accumulated profit from 2012		940,897,662,842
2	Net profit in 2013 according to audited financial statements		2,109,970,750,077
3	Net profit in 2013 available for distribution		2,109,970,750,077
4	Deduction from Net profit in 2013 for fund establishment: - Rewarding-welfare fund	(4=3*8%)	168,797,660,006
5	Remaining profit of 2013 after fund appropriation	(5=3-4)	1,941,173,090,071
6	Total retained profit in 2013	(6=1+5)	2,882,070,752,912
7	Dividend payment		1,899,671,300,000
	<i>Dividend per share (VND/share)</i>		<i>5,000</i>
8	Profit brought forward to 2014	(8=6-7)	982,399,452,912

PVFCCo will make dividend payment in 2013 according to the above plan in quarter 2/2014 (deducting 2013 dividend paid at 25%/par value equivalent to 2,500 VND/share in the first advance payment of 2013).

**6. Adopting the Profit distribution plan of 2014:**

- Cash dividend payment with estimated ratio: 25%/par value.

- Ratio of Net profit deduction for fund establishment: Appropriation of Rewarding-welfare fund at 12% of net profit.

**7. Adopting the Supervisory Board's Report on 2013 activities .**

**8. Selecting the auditor for financial statements of 2014:**

The General Meeting of Shareholders authorized BOD and Supervisory Board of PVFCCo to select one of three following audit firms for 2014 financial statements:

- Deloitte Vietnam Co., Ltd.;
- Ernst & Young Vietnam Co., Ltd.;
- PricewaterhouseCoopers (Vietnam) Co., Ltd.;

**9. Adopting the BOD's decision on appointing Mr. Le Cu Tan as BOD member, taking effect from December 12, 2013.**

**10. Adopting the Report on wages, remuneration and other benefits of BOD, Supervisory Board in 2013 and budget for 2014:**

- Report on 2013 performance: 6,580,726,000 VND
- Budget for 2014: 6,879,368,000 VND