

THE MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

VINASUGAR II Co., Ltd

Address: 54-56 Le Quoc Hung, Ward 12, District 4, Ho Chi Minh City

Tel: (08) 39400 653

Fax: (08) 38260 535



THE PROSPECTUS

Disclaimer: In order to fairly protect potential investors' legitimate benefits, the IPO committee of Vinasugar II Co., Ltd strongly recommends investors to strictly study this document prior to IPO registration decision.



IPO Organizer

HO CHI MINH STOCK EXCHANGE

Address: 16 Vo Van Kiet, Dist.1, HCM City

Website: www.hsx.vn



Advisory Partner

**BAO VIET SECURITIES JOINT STOCK
COMPANY**

Address: No.8 Le Thai To, Hoan Kiem, Ha Noi.

HO CHI MINH CITY BRANCH

Address: 233 Dong Khoi, District 1, HCMC

Ho Chi Minh City, January, 2013



TABLE OF CONTENT

INFORMATION OF THE IPO	4
I. LEGAL INFORMATION OF THE IPO OF VINASUGAR II.....	5
II. RISK.....	5
1. Sector risk	5
2. Economic risk	6
3. Legal risk	6
4. Other risks	6
III. PERSON IN CHARGE OF THE IPO INFORMATION	6
1. Issuing organization	6
2. Advisory organization	7
IV. DEFINITION	7
V. COMPANY OVERVIEW	7
1. Vinasugar II profile	7
VI. INFORMATION ON AUCTIONEERS	8
2. Company Profile	8
3. Business Lines	8
4. Structure and Organization	9
5. Business Value at time of equitization	12
6. Assets	12
7. List the parent company, subsidiaries and associated companies of the issuer	14
8. The Production and Business Performance of Vinasugar II from 2009 to 2011	16
9. Position of the Corporation compared to other companies in the same industry	25
10. Development orientation after equalization	27
11. Development orientation plan after equalization	27
12. Business plan	30
13. Solutions	31
VII. INFORMATION OF SELLING OFFERS.....	34
1. Share issuance	34



2. Charter capital	35
3. Limit on foreigners' holding rates.....	35
4. Auction methods	35
VIII. PLAN OF USING MONEY FROM SELLING OFFERS	36
IX. SHARE LISTING PLAN IN THE STOCK EXCHANGE	36
X. PARTNERS RELATED TO SELLING OFFERS	36
1. Auction implementation organization	36
2. Consultant organization	36
XI. APPENDIX	36



INFORMATION ON THE IPO

1. Share owner	Ministry of Agriculture and Rural Development
2. Issuing organization	Vinasugar II Co., Ltd
3. Charter capital	685,000,000,000 VND
4. Outstanding shares	68,500,000 shares
5. Par value	10,000 VND/share
6. Name of share issued	Vinasugar II Joint Stock Company shares
7. Type of share	Common share
8. Volume of shares to be auctioned	16,765,900 shares
9. Ratio	24.476% of charter capital
10. Auction method	Public auction via HOSE
11. Starting price	10,100 VND/share
12. Price increment	100 VND
13. Registration condition	According to auction regulation of VSD
14. Maximum registered volume	16,765,900 shares
15. Minimum registered volume	100 shares
16. Total volume of shares offered to foreign investors	16,765,900 shares
17. Place to register, deposit and make payment	Bidding agents
18. Time for registration and deposit payment	According to auction regulation
19. Time for submitting bidding forms	According to auction regulation
20. Time for auction	According to auction regulation
21. Place for auction	HOSE
22. Time for payment	According to auction regulation.



I. LEGAL INFORMATION OF THE IPO OF VINASUGAR II:

- Decree No. 59/2011/ND-CP dated 18/7/2011 of the Government on the transfer of 100% state-owned enterprises into joint stock companies.
- Circular 196/2011/TT-BTC dated 26/12/2011 of the Ministry of Finance guiding the IPO and managing, using the amount from the transferring process of 100% state-owned enterprises into joint stock companies.
- Dispatch 2130/TTg-DMDN dated 15/11/2011 of the Prime Minister on restructuring state-owned enterprises under the Ministry of Agriculture and Rural Development.
- Decision No. 929/QD-TTg dated 17/07/2012 of the Prime Minister approving the scheme to restructure state-owned enterprises, focus on economic groups, corporations for the period 2011 -2015.
- Decision No. 1965/QD-BNN-DMDN dated 17/8/2012 of the Ministry of Agriculture and Rural Development on restructuring Vinasugar II Co., Ltd.
- Decision No. 117/QD-BNN-DMDN dated 17/01/2012 of the Ministry of Agriculture and Rural Development on the equitization of the parent company.
- Decision 2414/QD-BNN-DMDN dated 04/10/2012 of the Ministry of Agriculture and Rural Development on the approval of the value of the enterprise equitization for Vinasugar II Co., Ltd.
- Decision No. 1914/QD-TTg dated 21/12/2012 of the Prime Minister approving the equitization plan of Vinasugar II Co., Ltd.
- Dispatch 59/BNN-DMDN dated 04/01/2013 of the Ministry of Agriculture and Rural Development on the starting auction price and selection advisory company.
- Advisory contract between Vinasugar II Co., Ltd and Bao Viet Securities No. 04/2013/BVSC.HCM-VINASUGARII/TV-ĐG dated 14/01/2013.

II. RISK

1. Sector risk

Material risk:

For alcohol production:

Currently, the cost of planting and harvesting cassava in Vietnam is very high due to fluctuations in the weather, fertilizer price, pesticides, labor and transportation costs. Vietnam's cassava productivity is relatively low compared to the world average level; therefore, it makes the cost of cassava increased. Cassava price fluctuates creating psychological unstable for farmers, plus the low economic efficiency so farmers may switch to another substitute. Therefore, fluctuations in raw material prices and the stability of material sources will effect to business results of Vinasugar II Co. Ltd.

For sugar trading:

The Corporation only trades sugar so it does not have an input resources. Vinasugar II will purchase sugar from domestic companies and sell in the market. In recent years,



the output of domestic sugar companies increasingly meet domestic demand, contribute to product price stability and reduce the risk in business line of the Corporation

Market risk:

For alcohol production:

Alcohol products of the corporation are sold to the domestic wine producers. Currently, Vietnam has joined WTO that allows branded wine companies with the advantage of finance, technology, management, and experience come and lead Vietnam market, create threats to domestic companies, and Vinasugar II as well as, in terms of production and trading.

For sugar trading:

Under WTO commitments, the import quota of raw sugar and refined sugar is 55,000 tons, this number will be annually increased by 5% at the rate of import tax which is 25% for raw sugar, 40% for refined sugar from sugarcane, and 40% for refined sugar from beet. Non-quota import is not restricted but subject to import tax rate of 80-100%. As committed CEPT/AFTA, import tax of raw sugar produced from sugar cane of ASEAN countries in 2009 was 10% and 5% for beet sugar. From 2010 onwards, import tax of 5% has been applied for all kinds of sugar. In spite of lower import tax, the problem of sugar smuggling still puts an impact on domestic sugar producers. Unfavorable market affects the business results of Vinasugar II's subsidiaries and thereby indirectly affects the operating results of the Corporation.

2. Economic risk:

Vinasugar II's product relatively depends on economic growth. In a stable developed economy, consumption of alcohol and sugar products generally and Vinasugar II's particularly will increase, and vice versa.

3. Legal risk:

After equitization, Vinasugar II becomes a joint-stock company and follows the Enterprise Law. In addition, the Company operates in a specific area, and being affected from the decision of the State. Currently, the legal system is in the process of completing so the stability is not high, changes (if any) of the State's regulations will affect the operations of the company in particular and others' in general.

4. Other risks:

Business operations of the Company may be affected by other risks, such as political risk, social risk, war, plagues or fires. These risks are low probability and unpredictable; however, if these risks occur, it will cause damage to property, people and the general operations of the Corporation.

III. PERSON IN CHARGE OF THE IPO INFORMATION

1. Issuing organization:

VINASUGAR II Co., Ltd

Mr. TÔNG THÔNG

Chairman of Administrative Council



Mr. LÊ VĂN ĐÔNG	Member of Administrative Council
	General Director of Vinasugar II
Mr. NGUYỄN XUÂN THU	Member of Administrative Council
Ms. LÊ THỊ HÀ	Controller
Mr. THUỖNG ĐÌNH NHO	Deputy General Director
Ms. BÙI THỊ THANH TRÀ	Deputy General Director

We hereby guarantee that all information and figures written in this Prospectus are close to the facts that we have investigated and collected sufficiently and selectively.

2. Advisory organization:

BAO VIET SECURITIES COMPANY (BVSC)

Mr. Võ Hữu Tuấn Deputy GD and Managing Director of BVSC HCM

Mr. Nguyễn Văn Khánh Head of advisory department

This prospectus is a part of the Initial Public Offerings (IPO) procedures made by BVSC and Vinasugar II pursuant to our advisory contract. We hereby guarantee our analysis, valuation, and language choice in this prospectus are properly and cautiously carried out, based on the information and data provided by Vinasugar II.

IV. DEFINITION:

VINASUGAR II:	Vinasugar II Co., Ltd
Share:	Share of Vinasugar II Corporation
Ltd:	Limited
BOD:	Board of Director
JSC:	Joint Stock company
HOSE:	Ho Chi Minh City Stock Exchange
GD:	General Director
VSD:	Vietnam Securities Depository
AFTA:	ASEAN Free Trade Area
CEPT:	Common Effective Preferential Tariff
WTO:	World Trade Organization

V. COMPANY OVERVIEW

1. Vinasugar II profile:

VinaSugar II is a State-owned company; the Corporation was established by Ministry of Agriculture and Rural Development under the authorization of Prime Minister in Decision No. 396/NN-TCCB/QĐ dated 29/12/1995. At that time, the company has eight subsidiaries, 3 joint stock companies and one limited company. In 1997, the Corporation was ranked as a special business.



VI. INFORMATION ON AUCTIONEERS

2. Company Profile:

Vinasugar II is the state-owned company, established by Ministry of Agricultural and Rural Development under the authorization by Prime Minister at Decision 396/NN-TCCB/QD dated December 29, 1995. At the earlier, the company had 8 subsidiaries, 01 non-business unit, and 03 divisions. In 1997, the company was in the list of “special state-owned companies”.

Implementing the Decision 115/2005/QĐ-TTg dated May 27, 2005 and the Document 2592/TTg-DMDN dated December 25 2009 by Prime Minister regarding revising the plan for restructuring and renovating the 100% state-owned companies of the Ministry of Agriculture and Rural Development, Vinasugar II had prepared the Restructure Plan to transform the business model into the form of Parent – Subsidiary Company, in which the parent company would become the one member state-owned limited company. The Plan was approved by the Ministry of Agricultural and Rural Development under the Decision 1601/QĐ-BNN-DMDN dated June 15, 2010. The company had operated under the form of Parent – Subsidiary Company and the Vinasugar II became the one member state-owned company since July 01, 2010. The parent company includes the head office, Subsidiary- Sugar Investment Consulting & Technical Service, and Subsidiary – Xuan Loc Alcohol Factory.

- Vietnamese Name: **TỔNG CÔNG TY MÍA ĐƯỜNG II**
- English Name: **VIETNAM SUGARCANE AND SUGAR CORPORATION II**
- Abbreviation: **Vinasugar II Co., Ltd**



- Logo:
- Head office: 54-56 Le Quoc Hung, Ward 12, District 4, HCMC
- Telephone: +84 (8) 39400 653
- Fax: +84 (8) 38260 535
- Business Licence No. 0300673461 issued by Department of Planning and Investment of Hochiminh City dated June 30, 2010.

3. Business Lines:

Agro-industry: sugar cane, molasses, refined sugar, products after sugar (confectionary, alcohol, CO₂, food ferment, soft drink, wine, beer, Microorganic fertilizer, plywood MDF, cattle feed); sugar technical services, providing goods for material areas. Producing food containers/wrapping, textile industry. Manufacturing the mechanical products and tools for sugar industry. Investment consulting and construction for sugar industry. Building, repairing, developing and expanding sugar factory. Wholesale and Retail of the products of food manufacturing, the specialized

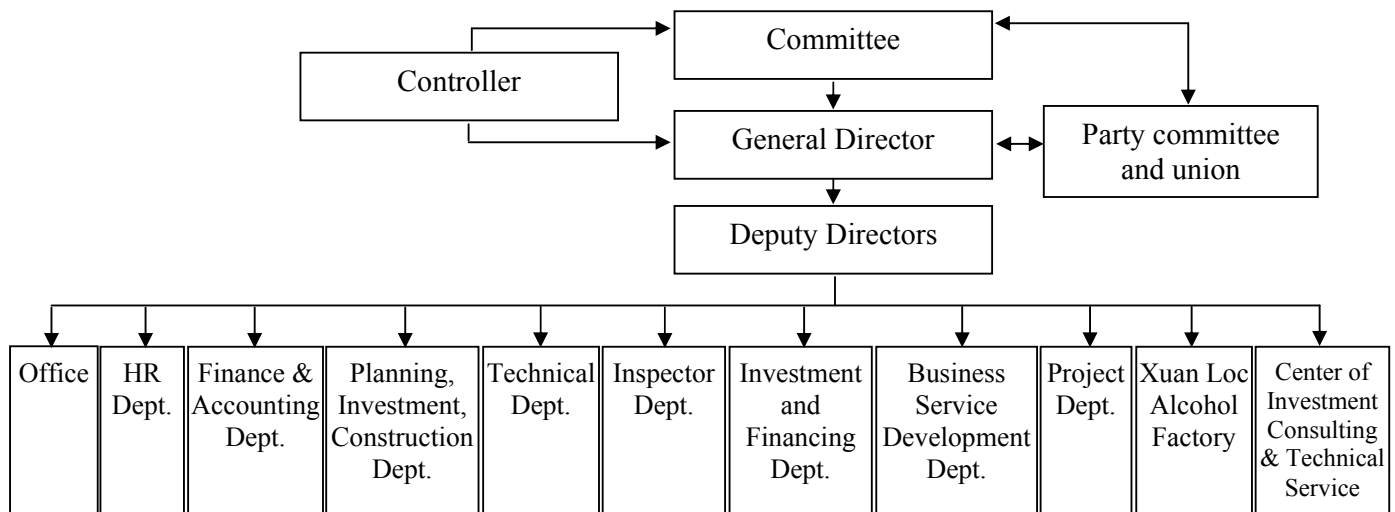


machines and spare-parts, materials, and consumer products. Hostel business, office leasing, warehouse leasing, house trading.

4. Structure and Organisation:

4.1 Structure before Equitization

Vinasugar II was organized under the form of Parent – Subsidiary Company, in which the Parent company is the one member state-owned company.



4.2 Management Team

o Administrative Council:

✓ Mr TÔNG THÔNG – Chairman

Date of birth: August 18, 1958

Qualification: Agricultural engineer, BA in economics

Employment history:

- From June 1985 – June 1995: La Nga sugarcane and Sugar Company
- From July 1995 - now: Vinasugar II

Current position: Chairman of Administrative Council of Vinasugar II

Other positions: Committee member of Bien Hoa Sugar Company, Committee member of Hiep Hoa Sugar Company, Committee member of Khanh Hoi Sugar Company, Committee member of Nha Rong Investment and Trading JSC.

✓ Mr NGUYỄN XUÂN THU – Member

Date of birth: September 20, 1956

Qualification: Electrical engineer, BA in English, BA in Politics.

Employment history:

- From May 1979 - March 1989: La Nga sugarcane and sugar company



- From April 1989 - now: Vinasugar II
 Current position: Administrative Council Member of Vinasugar II
 Other positions: Vice Chairman of Tuy Hoa Sugar Company, Committee member of Hiep Hoa Sugar Company, Head of Technical Department of Vinasugar II.

✓ **Mr LÊ VĂN ĐÔNG – Member and General Director**

Date of birth: February 20, 1961

Qualification: BA in economics, Mechanical Engineer

Employment history:

- From January 1986 – June 1989: Nha Trang Ship Chandler Company.
- From July 1989 – December 1995: Phu Yen Department of Traffic and Transportation
- From January 1996 – October 2004: Tuy Hoa Sugar Company
- November 2004 - now: Vinasugar II

Current position: Administrative Council member;
 Director of VinaSugar II

Other positions: Chairman of Hiep Hoa Sugar Company, Vice Chairman of AB Mauri Co., Ltd, Vice Chairman of Nha Rong Investment and Trading JSC.

o **Board of Controller:**

✓ **Ms LÊ THỊ HÀ – Controller**

Date of birth: September 11, 1966

Qualification: BA in Finance and Accounting

Employment history:

- From January 1984 – June 2001: Thanh Hoa Shrimp Exporting Factory
- From July 2001 – April 2010: Hiep Hoa Sugar Company
- From June 2010 - now: VinaSugar II

Current position: Controller of Vinasugar II

Other positions: None

o **Board of Directors:**

✓ **Mr LÊ VĂN ĐÔNG – Administrative Council Member
 General Director**

✓ **Mr THUỖNG ĐÌNH NHỎ – Deputy Director**

Date of birth: June 30, 1958

Qualification: BA in Finance and Accounting, BA in Politics, BA in English.

Employment history:

- From April 1983 – July 1996: Quang Ngai Sugar Company
- From July 1996 - now: Vinasugar II



Current position: Deputy Director of Vinasugar II

Other positions: Deputy Director of Nha Rong Investment and Trading JSC.

✓ **Ms BUI THỊ THANH TRÀ - Deputy Director**

Date of birth: 03/10/1976

Qualification: BA in Economics, BA in English

Employment history:

- From December 1998 – now: Vinasugar II

Current position: Deputy Director of Vinasugar II

Other positions: Committee member of La Nga Sugar Company, Head of Finance and Accounting Dept of Nha Rong Investment and Trading JSC, Chairman of Binh Duong Sugar Company.

✓ **Ms ĐẶNG THỊ TUYẾT NHUNG – In charge of Finance and Accounting Department**

Date of birth: October 23, 1964

Qualification: BA in Finance and Accounting,

Employment history:

- From February 1987 – December 1997: Binh Duong Sugar Company

- From January 1998 - now: Vinasugar II

Current position: Deputy Head of Finance and Accounting Department of Vinasugar II

Other positions: Committee member of Binh Duong Sugar Company, Head of Controlling Board of Khanh Hoi Sugar Company.

4.3 Employee:

By the time of equitization, Vinasugar II has total 163 employees, as below:

o Male: 116 persons (71.17% of total employees).

Female: 47 persons (28.83% of total employees).

o **Classification by qualifications:**

✓ Postgraduate: 3 persons (1.8% of total employees).

✓ Graduate: 45 persons (27.6% of total employees).

✓ College: 22 persons (13.5% of total employees).

✓ Technical workers: 49 persons (30.06% of total employees).

✓ Primary: 2 persons (1.22% of total employees).

✓ Unskilled workers: 42 persons (25.82% of total employees).

o **Classification by labour contract:**

✓ Without labour contract: 9 persons (5.52% of total employees).



- ✓ Labor contract with indefinite term: 110 persons (67.48% of total employees).
- ✓ Labor contract from 12 months to 36 months: 44 persons (27% of total employees).

o Classification by locations:

- ✓ Head office: 57 persons (34.97% of total employees).
- ✓ Subsidiaries: 102 persons (62.58% of total employees).
- ✓ Labor Union: 4 persons (2.45% of total employees).

5. Business Value at time of equitization

Business Value as of March 31, 2012:

Unit: VND

Item	Book Value	Reconciliation	Difference
Total Assets	760,560,212,984	917,783,946,123	157,223,733,139
<i>Of which: capital contributed by state</i>	<i>528,448,528,834</i>	<i>685,672,261,973</i>	<i>157,223,733,139</i>

Source: Minute of Corporation Valuation of Vinasugar II

6. Assets

6.1 Fix assets:

Fix assets account for 7 percent of total assets, including factory and production line. The fix assets cost and the residual value as of March 31, 2012:

Unit: VND

Items	Value as of March 31, 2012		Difference against Book Value	
	Historical Cost	Residual Value	Historical Cost	Residual Value
Construction	32,522,220,504	23,061,441,979	8,726,456,585	3,338,991,552
Mechines, equipments	62,293,228,399	40,509,680,680	(38,838,445)	142,955,024
Transport vehicle	5,332,102,368	3,028,056,564	891,836,414	774,790,101
Managing equipment	55,533,272	20,078,745	(2,463,637)	8,618,063
Total	100,203,084,543	66,619,257,968	9,576,990,917	4,265,354,740

Source: Documents of Corporation Valuation of VINASUGARII

6.2 Asset Revaluation at the time of equitization:

The current asset as of March 31, 2012:

Unit: VND

Item	Book Value	Reconciliation	Difference
Fix Assets and Long-term Financial Investment	426,581,856,732	583,805,589,330	157,223,732,597



Item	Book Value	Reconciliation	Difference
Current Assets and Short-term Financial Investment	333,978,356,252	333,978,356,793	541
Total assets	760,560,212,984	917,783,946,123	157,223,733,139
Asset value of the State-owned stake	528,448,528,834	685,672,261,973	157,223,733,139

Source: Documents of Corporation Valuation of VINASUGAR II

6.3 Land:

Total area of land under the management of Vinasugar II is currently 64,855,14m², in which the company had received the land use right certificate for the area of 19,855,14 m², and the 50-year lease contract for the area of 45,000 m² (including the land area at Xuan Loc, Dong Nai province). The area of 12,713,48 m² for head office, warehouse, and the area of 52,141,66 m² for transport and production.

o **54-56 Le Quoc Hung, Ward 12, District 4, HCMC**

Area: 1,158 m²

Type: 50-year-lease contract with the certificate of land use right.

Purpose and current use: Office and office for leasing

o **34-35 Ben Van Don, Ward 12, District 4, HCMC**

Area: 6,669,4 m²

Type: the land use right certificate

Purpose and current use: Office and warehouse. The company had paid the land use fee and contributed capital under the form of land use into the Nha Rong Investment and Trading JSC to implement the Project of building the Trade and Office Center and high-class apartment.

The company had got the approval by Ho Chi Minh City People's Committee and Ministry of Finance for continuously managing under the plan of HCMC (at 54-56 Le Quoc Hung) and changing the purpose of using to build the Trade and Office Center and high-class apartment (at 34-35 Ben Van Don) under the Document No. 8069/UBND-TM dated November 22, 2007 and Document No. 17119/BTC-QLCS dated December 14, 2007.

o **Area of land at Xuan Tam, Xuan Loc, Dong Nai province**

Area: 45,000 m²

Type: 50-year-lease contract

Purpose and current use: Alcohol factory and supporting works

Dong Nai People's Committee issued the document No. 6066/UBND-KT dated August 10, 2012 approving the plan to retain the area of 45,000 m² for alcohol factory and supporting works.

In addition, since March 31, 2012, the company had got the approval of Dong Nai People's Committee for continuing the land lease contract of 45,000 m²,



next to the Xuan Loc factory to implement the new project. The company has been applying for the land use right certificate.

o **Area of land at Long Hai town, Long Dien, Ba Ria-Vung Tau,**

Area: 11,673,9 m²

Type: 50-year-lease contract with the certificate of land use right.

Purpose and current use: Building hotel and resort

Ba Ria-Vung Tau People's Committee issued the Document No. 8052/UBND-VP dated December 11, 2008 to allow Vinasugar II continuing the land lease contract of 11,673,9 m² for the registered purpose.

o **245 Tran Hung Dao, Phan Thiet city, Binh Thuan Province**

Area: 114,84 m², Building area: 88,88 m², Floor area: 298,76 m²

Type: Certificate of land use and house ownership right

Purpose and current use: No longer use for Public Service Building because the Binh Thuan Sugar Company went bankrupt. Vinasugar II allocated into the non-use assets, ruling out of the asset to hand over to Debt and Asset Trading Corporation (Certificate of land use and house ownership right).

7. List the parent company, subsidiaries and associated companies of the issuer

7.1 List the parent company of the issuer: None

7.2 List of subsidiaries of the issuer:

o **La Nga Sugar Company**

Address: La Nga Commune, Dinh Quan District, Dong Nai Province

Main business lines: manufacture and trade sugar

Charter capital: 82 billion VND,

Percentage of ownership of Vinasugar II: 51,34%

o **Binh Duong Sugar Joint Stock Company**

Address: Phu Tho Ward, Thu Dau Mot City, Binh Duong Province

Main business lines: business lines, agricultural production,

Charter capital: VND 35,46 billion,

Percentage of ownership of Vinasugar II: 50,1%

7.3 List of associated companies of the issuer

o **Khanh Hoi Sugar JSC.**

Address: 170-180 Nguyen Tat Thanh Street, Ward 13, District 4, Ho Chi Minh City

Main business lines: traing sugar

Charter Capital: 6,8 billion VND,

Percentage of ownership of the Vinasugar II: 47,81%,

o **Hiep Hoa Sugar Joint Stock Company**

Address: Town Hiep Hoa, Duc Hoa District, Long An Province

Main business lines: manufacture and sales of products or white sugar and Rhum wine,

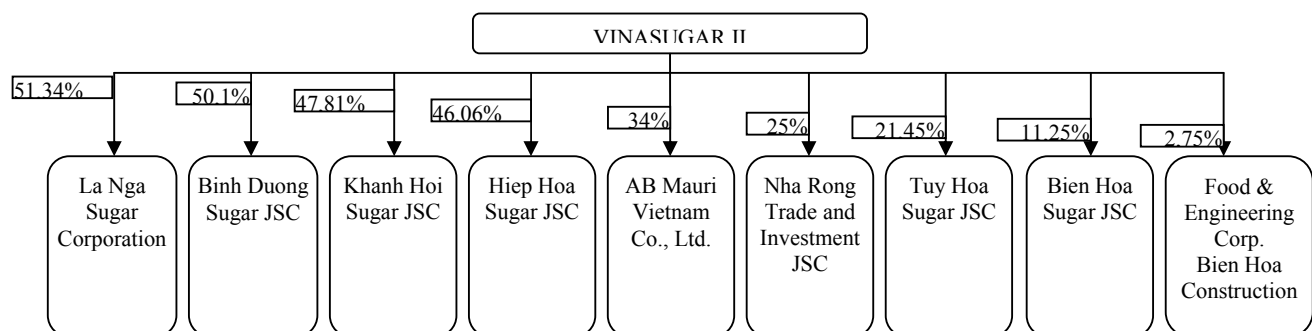
Charter capital: 46,7 billion VND,

Percentage of ownership of the Vinasugar II: 46,06%



- o **AB Mauri Vietnam Co., Ltd.**
Address: Hamlet 4, La Nga Commune, Dinh Quan District, Dong Nai Province
Main business lines: manufacture enzymes processed food and additives
Charter capital: VND 100,424,284,738,
Percentage of ownership of Vinasugar II: 34%
- o **Nha Rong Trade and Investment JSC.**
Address: 34-35 Ben Van Don Street, Ward 12, District 4, Ho Chi Minh City
Main business lines: real estate business, construction, industrial,
Charter capital: VND 849,036 billion,
Percentage of ownership of Vinasugar II: 25%
- o **Tuy Hoa Sugar Joint Stock Company**
Address: Luong Phuoc Hamlet , Hoa Phu Commune, Tay Hoa District, Phu Yen Province
Main business lines: sugar process, molasses and sugar related products: bread, candy, alcohol, CO2, yeast food, beverage, wine, beer, fertilizer, juice, etc.
Charter capital: VND 34,932,010,000
Percentage of ownership of Vinasugar II: 21,45%
- o **Bien Hoa Sugar Joint Stock Company**
Location: Bien Hoa Industrial Zone 1, An Binh Ward, Bien Hoa City, Dong Nai Province
Main business lines: Manufacturing and trading of sugar product and related-sugar products, by-products of the sugar industry
Chartered capital: VND 299,975,800,000
Percentage of ownership of Vinasugar II: 11,25%
- o **Food & Engineering Corp, Bien Hoa Construction**
Location: Bien Hoa Industrial Zone 1, Route 9, Bien Hoa City, Dong Nai Province
Main business lines: Machinery repair and maintenance, equipment and fabricated metal products.
Charter capital: 7 billion VND
Contributed capital: 3,985,590,000 VND
Percentage of ownership of Vinasugar II: 2,75%

7.4 Ownership of the VINASUGARII





8. The Production and business performance of the Vinasugar II from 2009 to 2011

8.1 Production and business activities

o Productivities and revenue over the year

Up to the time of equitization, apart from managing and operating business activities and services of the parent company including Offices and 02 branches, Vinasugar II has also assigned representatives to the 9 other enterprises with the Corporation, The company activities include:

- ✓ Business of sugars, sugar related products;
- ✓ Business of producing and trading alcohol products: the alcohol plant located in Dong Nai province has production capacity of 6,000,000 liters/year, the plant is currently operating around 60% capacity.
- ✓ Services, technical consultant related to sugar production and trading.
- ✓ Managing the capital invested in other limited companies

The overview of Vinasugar II's performance, Office, a branch of the Corporation to reflect from 2009 to 2011 as follows:

✓ The parent company:

Target	2009	2010	2011
Sugar (ton)	7,815	10,360	14,050
Molasses(ton)	2,015	5,722	11,267
Alcohol (litres)	2,076,000	3,050,620	3,312,000

Source: Vinasugar II

✓ Results business activities of the parent company:

Unit: million VND

Target	2009	2010	2011
Net revenue	120,126	225,283	352,829
- CO2	231	133	73
- Sugar	75,521	159,480	246,858
- Alcohol	35,790	48,627	77,482
- Molasses	4,267	14,161	25,780
- Wastes	2,634	78	172
- Services	1,683	2,804	2,464
Cost	120,395	219,331	346,359
- CO2	231	133	73
- Sugar	74,950	156,624	243,505
- Alcohol	37,727	47,990	76,843
- Molasses	4,211	13,921	25,196
- Wastes	2,629	78	172
- Services	647	585	570



Target	2009	2010	2011
Gross profit	(269)	5,952	6,471
Profit before taxes	28,284	37,924	56,436
Profit after taxes	26,238	33,826	50,200

Source: Vinasugar II

✓ Consolidated business results

Unit: million VND

Target	2009	2010	2011
Gross revenue	120,126	546,192	882,605
Gross profit	(269)	62,986	82,042
Profit before taxes	28,284	73,923	99,330
Profit after taxes	26,238	39,019	62,987

Source: Consolidated Financial Statement 2009 - 2011

(Note: 2009 does not have the Consolidated Financial Statement from the subsidiaries)

The activity of manufacture and business of the Corporation in the year before equitization, despite of difficulties such as unfavorable weather, limited ingredients, recession, or sugar smuggling, the Corporation has striven to overcome those to achieve development and efficiency, contribute to stabilize the activities of the company, increase employees' income and create stable jobs for many farmers in the ingredient areas of the plant.

o Raw materials

For manufacturing operations, raw material for alcohol production is cassava. In recent years, the company continues to expand procurement hubs around the cassava to actively achieve the target for the factory's demand. To create the stability for the raw materials supply, the company committed to purchase cassava appropriately at market price. In addition to the purchase fresh cassava, the Corporation also purchases chip. Moreover, the Corporation also destiles alcohol from rice in order to diversify production materials.

The corporation's factory is located in Dong Nai, that is key economic area, has available cassava sources, negligible transportation cost.

For sugar and molasses trading activities, the Corporation was looking for and cooperating with credible potential providers of sugar and molasses. These are mostly sugar manufacturing companies which also are funded by the Corporation. Thus, the Company can ensure inputs both in quantity and quality.



0 Costs

Categories	2009		2010		2011	
	Value (million VND)	%/DTT	Value (million VND)	%/DTT	Value (million VND)	%/DTT
Cost of goods sold	120,395	100,22%	219,331	97,36%	346,359	98,17%
Cost of sales	2,414	2,01%	415	0,18%	839	0,24%
corporate management cost	8,163	6,80%	16,109	7,15%	20,260	5,74%
total	130,973	109,03%	235,854	104,69%	367,458	104,15%

Source: Audit reports from Vinasugar II

Cost of goods sold accounts for high proportion of revenue in the years before equitization, it is caused by alcohol plant's newly operation from 2009. The fact of not running at full design capacity also causes high production cost of alcohol product.

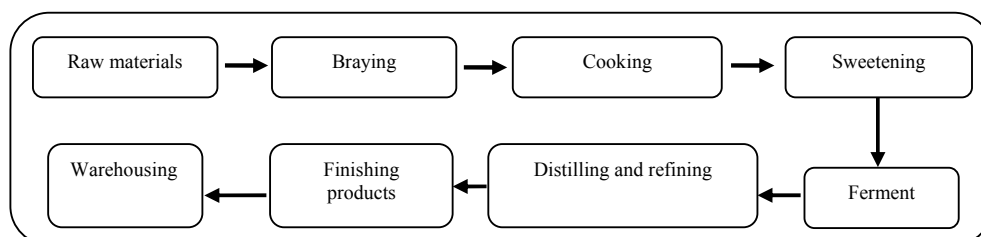
Cost of sales and corporate management costs in 2011 increased compared to 2010, primarily due to promotional policies for customers (cost of sales), increased depreciation expense and increased wages for workers (for the cost of management) to improve the standard of living for officers and employees. Despite of rising costs, the proportion of these costs on net sales in 2011 decreased compared to it on 2010 as we can see the improvement in the Corporation's business activities.

Business activities of the Corporation have no loans at banks. The long-term loans are for investment projects, with an interest rate of 0% should not have incurred financial costs in recent years.

0 Technology level

Vinasugar II has always focused on investment in machinery and technology in order to improve production efficiency and production capacity of the Corporation. Along with investment in technology, the application of advanced technology has always been the management company concerned. Production line of the Corporation are maintained, repaired and improved every year. Corporation continuously deployed to upgrade machinery and equipment in the production line and plans to increase the productivity of plants in the coming years.

Alcohol process in Con Xuan Loc Plant





o **Quality control**

Since the main products of the Corporation are used for food industry, the product quality is highly emphasized, to ensure that the commitment to the customers as: product quality, price, delivery time. Thus the Corporation is:

- ✓ Organizing the training courses for hundreds of key officers for the organization of quality management systems, standards of goods as well as the appropriate process technology.
- ✓ Investing in advanced technology research to meet the conditions of production and management of food hygiene and safety

o **Marketing**

Sales policies of Vinasugar II is to be a wholesaler and to sell for commercial and industrial customers.

The marketing, brand development for the domestic market are to expand and promote the array of services and trade. Vinasugar II takes care the loyal customers and attracts new customers, potential customers with product quality reputation of the Corporation. It implements the motto "the customer is king", with the right policies for each customer aims to meet the highest demands for the customers. In addition, the Corporation also applies the policies to build customer networks:

- ✓ Participate in trade promotion activities to promote the brand, join the business seminars and exhibitions in the country to introduce the company's products to different customers in the provinces.
- ✓ To promote relationships with agencies, associations and abroad.

o **Trademark, registered patents and copyrights**

Since it established, the Corporation has focused on brand development. Therefore, the Vinasugar II brand name has been well known throughout the domestic market.



o **The big signed on-going contracts**

Unit: Million VND

Contract No.	Partners	Contract type	Products	Commercing time	Value
05/HĐMB	Kim Ha Viet Company Litmited	Sell	Sugars, molasses	04/01/2012	98.500
98/HĐMB	Minh Hieu Company Litmited	Sell	Sugars	12/04/2012	32.400
135/HĐMB	Kim Ha Viet Company Litmited	Sell	Sugars	14/05/2012	16.600
376/HĐMB-PL1, PL5	Kim Ha Viet Company Litmited	Sell	Sugars, molasses	03/07/2012	23.318,75
174/HĐMB	La Nga Sugar Company	Sell	Sugars	19/07/2012	27.300



Contract No.	Partners	Contract type	Products	Commercing time	Value
01/HĐKT/KDTT-2012	Soc Trang Sugar Company	Buy	Sugars	24/09/2012	24.000
242B/HĐMB	Minh Hieu Company Litimited	Sell	Sugars	20/10/2012	32.240
544/HĐ-MBHH-KD	Hiep Hoa Sugar Joint Stock Company	Buy	Sugars, molasses	28/10/2012	190.000
494/HĐ-MĐHH-KD-PL5	Hiep Hoa Sugar Joint Stock Company	Buy	Sugars, molasses	19/11/2012	18.250
376/HĐMB	Kim Ha Viet Company Litimited	Sell	Sugars, molasses	12/12/2012	116.800
320/HĐMB	Thanh Thuy Company	Sell	Sugars	05/12/2012	14.000
409/HĐBC and Appendix	Minh Hieu Company Litimited	Sell	Alcohol	30/12/2011	46.860
237/HĐBC	Huong Vang Company	Sell	Alcohol	10/10/2012	2.695

Source: Vinasugar II

8.2 Financial and operating results business for 03 years before equitization

o The main indicators

No.	Catergories	Unit	2009	2010	2011
1	Total value of assets	Million VND	748,145	772,717	762,130
2	Chartered capital	Million VND	444,148	474,248	518,409
3	Short-term loan	Million VND	-	-	-
	Bad debts		-	-	-
4	Long-term loan	Million VND	261,613	251,675	214,175
	Bad debts		-	-	-
5	Doubtful Account	Million VND	-	-	-
6	Total number of employees	Person	154	158	160
7	Total payroll	Million VND	8.131,2	10.428	14.016
8	The average income 1 person/month	Thousand	4.400	5.500	7.300
9	Gross revenue (*)	Million VND	159.256	273.139	420.942
10	Total cost	Million VND	130.973	235.854	367.458
11	Gross profit	Million VND	28.283	37.923	53.484
12	Net profit	Million VND	26.237	33.826	47.248
13	Net profit/ State Capital	%	6,37	8,00	10,32

Source: Audited financial statements of Vinasugar II from 2009 to 2011

(*): included revenue from financing activities.



o **The basic ratios.**

Items	Unit	2009	2010	2011
Liquidity ratio				
- Current ratio	Times	5,75	6,93	11,79
- Quick ratio	Times	5,52	6,79	11,42
Capital structure				
- Total debt/ Total asset	%	0,41	0,39	0,32
- Total debt/ Equity	%	0,69	0,63	0,47
Operational capacity				
- Asset turnover	Rounds	0,16	0,29	0,46
- Fixed asset turnover	Rounds	0,42	3,42	5,30
- Working capital turnover	Rounds	0,48	0,71	1,04
- Account Receivable turnover	Rounds	1,26	1,72	2,19
- Account Payable turnover	Rounds	0,39	0,75	1,45
- Inventory turnover	Rounds	12,00	33,09	32,56
Profitability				
- Net profit/ Net revenue	%	21,84	15,01	14,23
- Net profit/ Total asset	%	3,51	4,38	6,59
- Net profit/ Equity	%	5,93	7,13	9,68
- Operating profit/ Net revenue	%	23,54	16,55	15,16

Source: Audited financial statements of Vinasugar II from 2009 to 2011

o **Debt situation.**

✓ **Accounts receivable.**

Unit: Million VND

Items	2009		2010		2011	
	Value	Overdue	Value	Overdue	Value	Overdue
Short term receivable	63.564	-	98.691	-	160.847	-
- Receivable from customers	4.837	-	7.421	-	16.126	-
-Advanced payments to suppliers	50.683	-	35.612	-	114.099	-
- Short term internal receivable	29	-	29	-	-	-
- Other receivable	8.016	-	55.629	-	30.622	-
Long term receivable	30.748	-	30.748	-	-	-
Total	94.311	-	129.439	-	160.847	-

Source: Audited financial statements of Vinasugar II from 2009 to 2011

Advanced payments to suppliers are mainly ones made by the Corporation to buy sugar, molasses in trading activities of the Corporation.

✓ **Accounts payable.**

Unit: Million VND

Items	2009		2010		2011	
	Value	Overdue	Value	Overdue	Value	Overdue
Short- term liabilities	43.603	-	45.936	-	28.652	-
-Payable to suppliers	112	-	2	-	104	-
-Deffered revenue	864	-	897	-	8.914	-
-Tax and other payable to the State budget	2.356	-	2.813	-	5.352	-
-Payable to employees	1.271	-	4.533	-	6.250	-
-Accrued expenses	5	-	5	-	-	-
-Intra-company payable	29	-	29	-	-	-
-Other payable	36.955	-	35.917	-	6.007	-
-Welfare and reward fund	2.012	-	1.741	-	2.026	-
Long- term liabilities	262.435	-	252.492	-	215.070	-
-Long -term borrowing	261.613	-	251.675	-	214.175	-
-Allowance for job loss	822	-	817	-	895	-
Total	306.039	-	298.428	-	243.722	-

Source: Audited financial statements of Vinasugar II from 2009 to 2011

At present, the Corporation does not have short-term debts and loans from the banks.

Long-term debts and loans are as follows:

Unit: Million VND

Long -term borrowing	2009	2010	2011
Bank loans	5.000	5.000	5.000
Asia Commercial Joint Stock Bank	5.000	5.000	5.000
Loans to others	256.613	246.675	209.175
Asia Investment Joint Stock Company	12.500	12.500	12.500
Hoa Lam Joint Stock Company	20.000	20.000	20.000
Nha Rong Investment and Commercial Joint Stock Company	224.113	214.175	176.675
Total	261.613	251.675	214.175

Source: Audited financial statements of Vinasugar II from 2009 to 2011

This long-term loan is aimed to help Vinasugar II pay for the right to use the land at 34-35 Ben Van Don Street, District 4, Ho Chi Minh City. This loan is made under the terms of the capital contribution contract to establish Nha Rong Investment and Commercial Joint Stock Company between Asia Commercial Joint Stock Bank, Hoa Lam Joint Stock



Company, Debt Management Companies and ACB Asset Exploitation and Vinasugar II. It is aimed to build commercial center, office building and apartment. Accordingly, all of these loans are offered at the interest rate of 0%.

O Financial investment Items.

Items	2009		2010		2011	
	Number of shares owned	Value (Million VND)	Number of shares owned	Value (Million VND)	Number of shares owned	Value (Million VND)
Investment in affiliates		53.260		53.260		53.260
La Nga Sugarcane Joint Stock Company	3.549.295	35.493	4.210.272	35.493	4.210.272	35.493
Binh Duong Sugarcane Joint Stock Company	1.776.740	17.767	1.776.740	17.767	1.776.740	17.767
Investment in business concerns and joint ventures	-	101.634	-	276.393	-	276.393
Mauri La Nga Fermentation Compnay(*)	-	35.106	-	35.106	-	35.106
Tuy Hoa Sugarcane Joint Stock Company	499.519	4.995	499.519	4.995	499.519	4.995
Nha Rong Investment and Commercial Joint Stock Company	3.750.000	37.500	21.225.900	212.259	21.225.900	212.259
Hiep Hoa Sugarcane Joint Stock Company	2.078.200	20.782	2.078.200	20.782	2.078.200	20.782
Khanh Hoi Sugarcane Joint Stock Company	325.100	3.251	325.100	3.251	325.100	3.251
Other long-term investment		28.109		28.109		28.109
Bien Hoa Sugar Joint Stock Company	2.078.200	28.000	2.078.200	28.000	2.078.200	28.000
Bien Hoa Foodstuff Mechanical and Erection Construction Joint Stock Company	10.969	110	10.969	110	10.969	110
Total		183.004		357.763		357.763

Source: Audited financial statements of Vinasugar II from 2009 to 2011

The financial investments of Vinasugar II were re-evaluated at the time of equitization on 31 March 2012, as follows:

Items	Book value		Value Revaluation		Differences	
	Number of shares	Value	Number of shares	Value	Number of shares	Value
Investment in affiliates		53.260		86.759		33.499
La Nga Sugarcane Joint Stock Company	4.210.272	35.493	4.210.272	66.322	-	30.829
Binh Duong Sugarcane Joint Stock Company	1.776.740	17.767	1.776.740	20.437	-	2.670
Investment in business concerns and joint ventures	-	276.393	-	358.736	-	82.343
Mauri La Nga Fermentation Company (**)	-	35.106	-	89.465	-	54.360
Tuy Hoa Sugarcane Joint Stock Company	499.519	4.995	499.519	14.672	-	9.677
Nha Rong Investment and Commercial Joint Stock Company	21.225.900	212.259	21.225.900	212.259	-	-
Hiep Hoa Sugarcane Joint Stock Company	2.078.200	20.782	2.078.200	38.375	-	17.593



Items	Book value		Value Revaluation		Differences	
	Number of shares	Value	Number of shares	Value	Number of shares	Value
Khanh Hoi Sugarcane Joint Stock Company	325.100	3.251	325.100	3.965	-	714
Other long-term investments		28.109		65.006	-	36.897
Bien Hoa Sugar Joint Stock Company	2.078.200	28.000	2.078.200	64.802	-	36.802
Bien Hoa Foodstuff Mechanical and Erection Construction Joint Stock Company	10.969	110	10.969	204	-	95
Total		357.763		510.501		152.738

Source: Profile of business valuation of Vinasugar II

(*), (**):Mauri La Nga Fermentation was renamed to AB Mauri Vietnam Co.Ltd. In recent years, the business activities of the Company are at a loss, which affects the performance of the Corporation.

8.3 Factors affecting the manufacturing activities of the company in the past.

o Advantages.

- ✓ The relatively stable growth of manufacturing and business over the recent years; healthy financial situation; capability of balancing the capital used for production and business of parent company and supporting its subsidiaries. The special interest of corporation's leaders in monitoring and evaluation of the quality of financial management.
- ✓ The stability of the organizational structure of the Corporation from the Administrative Council, the Board of Directors, the departments; enhancement self-responsibility and improvement of the apparatus of management and operation in the subsidiaries governed by the Law on Enterprise, Corporation Charter and subsidiary Charter, initially achieves good efficiency.
- ✓ Always focus on the reorganization and renewal business; concentrate resources on key business areas which allocated by the State; for subsidiaries, after the switch to operate in the form of joint stock companies, have actually promoted the business owner right in dynamic and creative way, offered business development and effective operation, have annual profits and dividends to shareholders, the capital is preserved and increased.
- ✓ Through capital representative of the Corporation participated in the Board of Directors at each subsidiaries and affiliates, the management of the Corporation's capital investment in the subsidiaries is focused on and directed in key areas, which improves efficiency of the management of the Corporation. The financial and human resources supports to other businesses, in which the Corporation invested.
- ✓ The leadership role of the Party organizations at all levels of the Corporation is to promote and an important factor in the successful



direction and leadership of political tasks of the unit. Implement the guidance on the implementation of the grassroots democracy and anti-corruption, thrift practice and waste combat, social work, charity, leadership organizations, public

- ✓ With the attention and close direction of the Ministry of Agriculture and Rural Development and other related agencies.

o Disadvantages:

- ✓ The trade promotion, marketing policy, brand management is limited; have not built the stable and high quality material resources.
- ✓ Workforce: The key and experienced staff is almost old, so it is necessary to have the young staff to replace in the near future. However, the young and well-qualified staff is not enough because the income of the sugar industry in general is low, which do not attract high quality workers.
- ✓ On the level of technological equipment: There is no closely cooperation with countries having advanced sugar industries in the world for joint ventures from intensive training to investment, so the equipment and current technology in sugarcane are mostly old and outdated in comparison to ones in the world. Some investment items by the stockholder's capital are asynchronous so that it has negative effect on quality, total return and reducing the competitiveness of the product price.
- ✓ In terms of production costs, product's price: As stated above, due to old technology and backward equipments, the equipments are mainly ones that were repaired, overhauled and asynchronously invested; equipments are used thoroughly until they no longer can be used despite they are fully depreciated. The old, outdated technology and equipment affect the quality, the total return, leading to high waste of materials. On the other hand, raw material harvesting technologies are rudimentary, which affect the quality of raw materials in the production process. Most of the equipments are hand-operated, so the corporation depends mainly on human... all these factors affect production costs and product prices are high.
- ✓ Some products also face many difficulties in consumption, have not developed wide market, which leads to limited processing capacity, such as alcohol, plywood ...

9. Position of the Corporation against other companies in the same industry:

9.1 Position of Vinasugar II in the industry.

For ethanol sector:

As one of the major brands in the alcohol industry, therefore, the Company's products are distributed to the producers of branded alcohol, reputed in the domestic market.



Although the productivity is at the average rate in the market (6 million liters / year), the product of Vinasugar II is one of the few alcoholic products standarding TCVN-1052-2009. Company's products are the first choice for quality wine production enterprises, prestigious brands in Vietnam, especially northern areas.

For commercial sugar sector:

According to the Ministry of Agriculture and Rural Development, there are currently about 40 sugar plants with a total designed capacity of approximately 105,750 TMN, the average capacity is 2,650 TMN. Compared with developed countries in the same sector, such as Thailand, India, Brazil, the minimum scale to achieve economic efficiency of a sugar factory is TMN 6000-7000.

With capacity in 2011 was 14,000 tons, equivalent to the annual production of a plant with a capacity of 1,200 TMN. Although the capacity of the Corporation is still modest, but the Corporation has c invested capital in many other enterprises with high total capacity. With invested capital in affiliates, Vinasugar II has created its own position in the field of distribution of sugar in the domestic market.

Currently, Vinasugar II is the major brand in Vietnam, having prestigious in international business.

9.2 Development prospects of the industry.

Most countries in the world use ethanol for mixing wine and for other needs such as: medical, fuel and raw materials for other industries. But according to the situation of development of each country, the percentage of alcohol in all sectors is diverse and different. In countries with growing wine industry such as Italy, France, Spain, ... ethanol can also be used to increase the alcoholic strength, a high proportion are also used for the preparation of spirits, foolproof as: Whisky, Martin, Brandy, Napoleon, Rhum

In Vietnam, ethanol is mainly prepared to form alcohol and alcoholic beverages, these products occupy a significant position in the food industry. They are very diverse depending on the traditions and tastes of consumers that manufacturers make a lot of different types of wine with many names. According to the Association of Beer, Alcohol and Beverage Vietnam, the consumption of alcohol products from Vietnam is only at average rate compared to other countries in the region and the expected growth in this area average rate of 10% / year over the next several years.

According to the experts, with hot and humid tropical climate; the age using alcohol products accounts for 66% of the population; per capita income in Vietnam tend to increase over the years are the factors boosting demand for alcohol products, enabling the alcohol industry in Vietnam in general and private corporations develop in the future.

Sugar production in the country in recent years is only about 1 to 1.1 million tons /year while demand is about 1.3 to 1.4 million tons. Cross-border illegally imported



sugar annually is about 100,000-150,000 tons/year. Therefore, comparing to the demand in the recent years, Vietnam no longer imports much but mainly through the WTO agreement is at about 70,000 to 75,000 tons. Since 2010, the import tax on sugar under AFTA reduces by 5%, the Ministry of Industry and Trade adjusted annual import quota on demand, domestic sugar prices will be more close to the way that price changes in the world. According to the Ministry of Industry and Trade, the sugar production in the coming years is expected to reach from 1.3 million tons to 1.4 million tons, equivalent to the domestic consumption; therefore, the sugar industry in Vietnam has enough ability to meet domestic demand for sugar. In 2012, illegally imported sugar rised dramatically at about 400,000 tons, which make the sugar's price decrease, leads to low efficiency of sugar industry. The balance of supply and demand for the product line will make price stable, contributes to the stability of production and business efficiency for the sugar unit members of the Corporation, as well as for sugar commercial activities of Vinasugar II.

10. Oriented development after equalization.

Vinasugar II determines sugarcane and after sugar production are the main businesses. Accordingly, the Corporation built goal oriented as follows:

- Construct Corporation with the reasonable organizational structure and business structure focusing on field crops, sugarcane production, alcohol and other products as sugar, alcohol in accordance with the general development plan of the sugar industry;
- Coordinate with the subsidiaries and affiliates; build stable, long-lasting and sustainable material regions; set up high productivity and high quality sugarcane-growing areas; carry out sugarcane production for the period 2011 - 2015; deploy the project to expand the capacity of the sugar, alcohol and other projects.
- Expand consulting activities and business of the Corporation; mobilize the resources for investment in development; innovate technology and management methods, improve competitiveness, increase profits and scale of turnover, market share of commercial services; ensure profitability for the shareholders; ensure employment and income for workers.
- Use effectively the brand of the Corporation, the resources, labor, finance, land, to create organizational model structure which is suitable for interdisciplinary activities, multi-ownership, can mobilize capital through a variety of channels and investors to strengthen the financial capacity, improve efficiency and competitiveness in the context of regional and international economic integration.

11. Oriented development plan after equalization.

On the basis of manufacturing and business activities of the parent company –known as Vinasugar II before, after moving to the form of joint-stock company, the Corporation continues to inherit and promote communication activities before; carry out the contents of restructuring of the company according to the restructuring plan



approved by the Ministry of Agriculture and Rural Development approved in Decision No. 1965/QĐ-BNN- DMDN dated 08/17/2012 with the following contents:

- Implementation of the business plan's targets in 2011-2015 of the corporation approved by the Ministry of Agriculture and Rural Development.
- Invest and develop the raw materials of the corporation, invest to increase producing and processing capacity of sugar mill (the affiliates).
- Increase productivity and the amount of sugar in sugarcane.
- Develop production, expand business, import products of sugar and after sugar industry and materials, equipment of sugar industry, concentrated on producing ethanol and alcohol in Xuan Loc factory expand the activities of the investment consultant and technical services center.
- Focus on exploitation, use the land's advantages of parents company, subsidiaries and associated companies.

11.1 Rearrange the company's structure.

o Parents company:

✓ *Head office:* rearrange the departments and sub-units of the corporation to be streamlined, compact and effective to perform two tasks simultaneously : producing business and investment, investment manage investment capital of other enterprises.

✓ *Branches:*

Alcohol factory Xuan Loc: Searching domestic partners to joint venture , establish the limited liability company with two or more members for the production of alcohol. The corporation contributes lands and existing production line that accounts for more than 50% .This cooperation is likely to increase the alcohol's output and the product diversification

Investment consultant and technical service center: Develop, expand consultant activities to some new areas of the industry such as distribution agent for foreign companies that sells specialized equipment in sugar, alcohol, liquor etc..to improve the performance of the centre.

o Subsidiaries:

Corporation uses their own capital to increase investment, improve the operating efficiency of 02 subsidiaries:

- ✓ At Binh Duong sugar joint stock company: Corporation will strongly invest to implement some key agricultural projects in order to exploit the potential of agricultural land efficiently.
- ✓ At La Nga sugar joint stock company: Research in capital and assest improvement in order to develop to business efficiency, increase the competitiveness through the projects of capacity expansion and the project to expand the capacity of manufacturing the organic fertilizer.
- ✓ Establish a new limited company with 100% capital of the parent company specializes in the business of buying, selling, exporting these products of the sugar industry, imported equipment and spare parts to

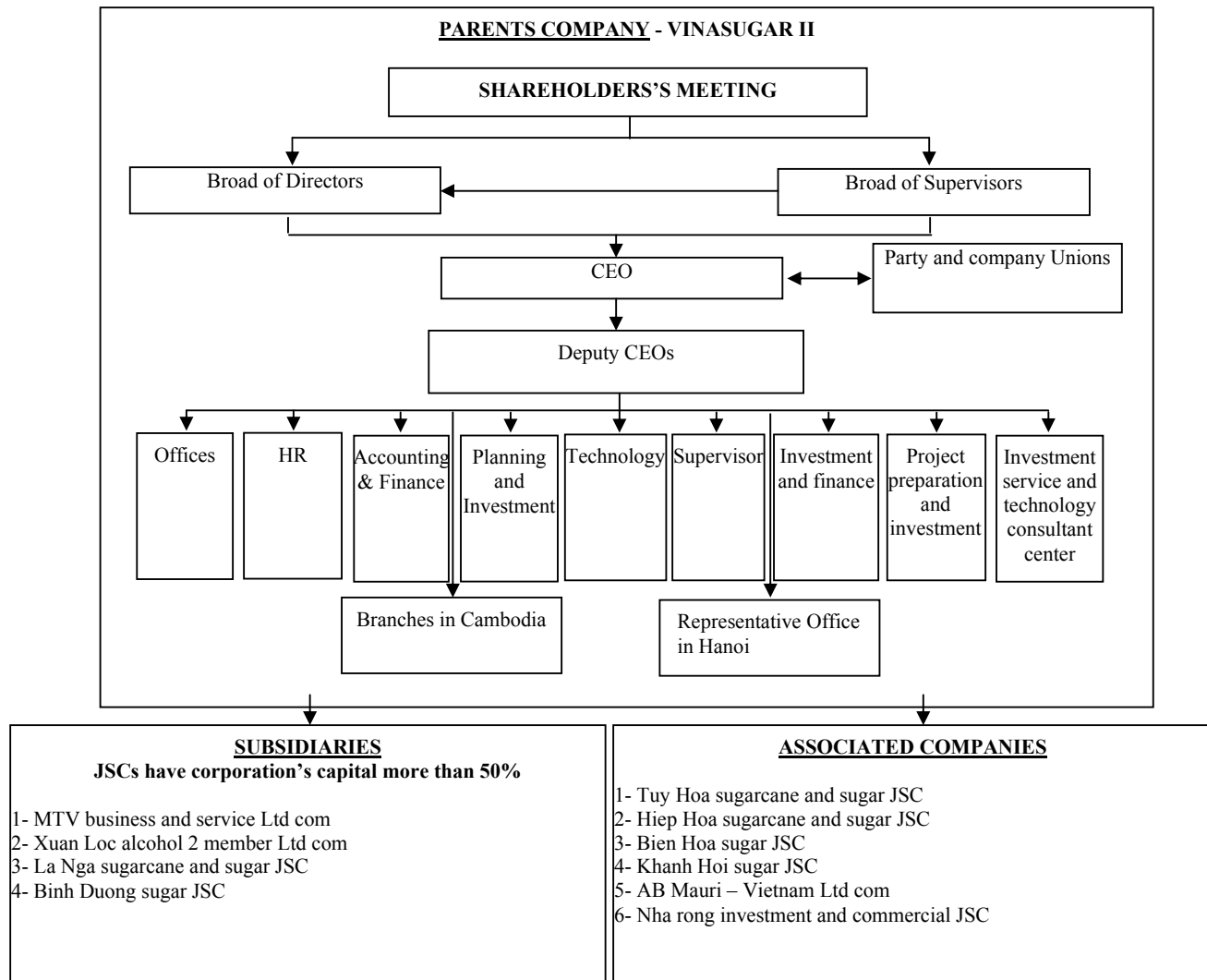


serve the sugar industry and following the roadmap of developing and expanding the corporation.

- ✓ Establish a new branch in Cambodia to implement the foreign investment in the field of sugar, alcohol
- ✓ Establish a new representative office in Hanoi in order to expand the operations to the North.
- o Associated companies:
 - ✓ Keep corporation's capital ratio in the following companies:
 - Hiep Hoa sugarcane and sugar joint stock Company.
 - Bien Hoa sugar joint stock Company.
 - Khanh Hoi sugar joint stock Company.
 - Tuy Hoa sugarcane and sugar joint stock Company.
 - Nha Rong investment and commercial joint stock company.
 - AB Mauri Vietnam Ltd company.
 - ✓ Withdraw 100% of capital in a business: Bien Hoa food engineering and construction joint stock company because the investment did not have any benefit for the corporation.

Thus, after changing into joint stock company, the number of members included 4 subsidiaries (2 joint stock companies, 1 new established Ltd company); 6 associated companies (5 joint stock companies and 1 two-member Ltd company); 02 branches: 01 investment consultant and technical service sugarcane center and Campodian branch; 01 representative office.

Organizational chart of the parent company- Vinasugar II after trafer to joint stock company (see next page)



11.2 About business.

- o Strengthen and promote strength in production and business activities of the processing of sugar, alcohol and, post-related products; technical services of sugarcane, ...
- o Development of business related directly to service business such as investment consulting, manufacturing engineering products and spare parts, sugar specialized equipment; housing and resorts business, etc.. as mentioned in the previous section.

12. Business plan

Based on the fact of expansion and cooperation at Xuan Loc alcohol factory, improve Sell-service department to the Ltd company in order to increased scale and expand advisory activities ... The company expects some key targets and average growth of 3 year after equalization as follows

- Revenue in 3 years after equitization (2013-2015) increased 70.9%, average growth 19.5%/year.



- Profit in 3 years after equitization (2013-2015) increased 48.4%, average growth 14.1%/year.
- Amount of alcohol in 3 years after equitization (2013-2015) increased 57.1%, average growth 16.2%/year
- Return on Equity via 2013 - 2015 will be: 9.02%; 10.23%; 11.64%.
- Labors' income will increase 6.25%.

Operation's targets:

No	Target	Unit	2012	2013	2014	2015
1	Invest on basic construction	VND Million	-	-	-	-
2	Charter capital	VND Million	685,000	685,000	685,000	685,000
3	Total labors	People	165	180	180	180
4	Total salary budget	VND Million	16,243	17,712	17,928	18,360
5	Per capital income	VND Thousand	8,200	8,200	8,300	8,500
6	Total revenue	VND Million	463,551	560,009	677,691	792,013
7	Total cost					
8	Profit after tax	VND Million	53,700	61,800	70,090	79,700
9	Dividend ratio	%	-	8	8	10

Source: Vinasugar II

13. Solutions.

13.1 Solutions of developing and improving business efficiency.

The target of this solution is improve and develop the traditional business operation of corporation on processing of sugar, alcohol, post- related products.

- o In the process of development, expanding market, development of new products, marketing and trading promotion.
- o Expand the consultant activities to another field, being distribution agent for several foreign companies specializing in providing specialized equipment of sugar, alcohol, liquor
- o Develop and apply technology to increase the productivity , reduce costs to optimize profit.
- o Develop branding to enhance the ability of participating in domestic and foreign markets in the process of international integration.

13.2 Solutions of developing human resources.

- o Training, selecting, develop the HR: Corporation will focus on training and recruitment to create a high quality employees via training course, improve professional skills, acquire new knowledge. As a result, the working productivity will be increased and planning for new leader and managers sources.
- o Building a strategy of human resources development in the period of 2011-2015; prepares managers and engineering experts for new business operations



from now to 2020; keep solving job's issues when there is a process of transferring, training and recruitment for new projects in the future.

13.3 Marketing solutions and market.

- o Exploiting the advantages of the Corporation are the brand, financial ability, human, equipment and operational experience in sugar cane processing. The corporation should focus on investing on expansion projects into Laos, Cambodia.
- o Implement the multi-disciplinary guideline, multi capital owner and producing model. The business should be suitable on each reality period, area to maximize the profit.

13.4 Capital solutions.

- o Keep improving financial structure reasonably and efficiently, restructures the investment capitals on subsidiaries, associated companies. Researching on divestment on member companies that did not have good operating results to ensure the capital for investment and development activities aimed to build long-term assets for business.
- o Evaluate and review financial plans to ensure the use of capital structure, cost structure in operation.
- o Restructure the finance issues in subsidiaries, associated companies according to the regulations.
- o For capital demand on investment projects, the corporation will focus on finding the capital source beside the existing equity, the corporation will find partners which have strength on finance to invest and exploit projects effectively.
- o The corporation uses the internal finance for operating activities of itself and branches, finding and using the credit sources of government and partners efficiently in order to minimize the capital mobilization's cost and maintain the ratio of liability/equity under the existing ceiling rate.
- o Enhance the corporation's capital management into subsidiaries, associated companies via the corporation's capital representative units in order to develop production, enhance the investment efficiency, increase dividend. Money and labors should be supported and invested to subsidiaries, associated companies in order to invest in materials for production and technology's improvement.
- o Keep maintaining the capital from shareholders which are corporation's members working in sugarcane industry. Enhance financial investment in high potential companies in sugarcane industry.

13.5 Solutions of applied technology development .

- o Should have investment plan on new technology annually. Promotes and encourages the innovative ideas. On the side of changing new technology system, in the processing of projects, the corporation will select developed technologies and equipment, ensures competitiveness in terms of products' technology.
- o Enhance the technology and equipment management to increase products' quality, increase the machinery capacity in order to save production cost. Reduce the products' price.



- o Develop the technology of sugar processing: The corporation supports companies and factories through production reports, detected problems effectively.

13.6 Solutions to the development of material areas.

- o Coordinate with other members in order to provide farmers good quality seeds yielding high capacity and sugar reserve, through such programs that develop advanced technical and economic norms of sugarcane cultivation as well as the implementation to produce sugarcane seeds in the period 2011-2015
- o Improve productivity at those companies which are owned by the Corporation in 2011-2015 to reach 70 tons/ ha and raise cane quality from 10 to 11CCS.
- o Restructure, increase investment, and develop stable material areas at Corporation's member companies to obtain materials security for the current production and the orientation to expand their capacity in the future.
- o Invest in the development of material areas for member companies to increase up to 35,000 ha until 2015 and the enhancement of production capacity in sugar processing mills reaching 15,000 TMN until 2015.

13.7 Solutions to the development of new investment projects

- o To implement the investment projects period 2011-2015 according to the decision of the Ministry of Agriculture and Rural Development. The total project investment is 203 billion VND. The 75 billion VND is supported by the government, the rest is mobilized capital of the subsidiary and associated companies involved in the project. The products will be generated by the subsidiaries in the implementation of investment projects provided for sugarcane farmers in the material of the unit itself and other factories, replacing the old sugarcane varieties with new sugarcane varieties with high productivity and better quality.
- o Through the addition of the charter capital, together with its subsidiaries, affiliates implement the investment projects to expand capacity in La Nga Sugar, Tuy Hoa companies on the basis of material area and the ability to expand the area to determine the appropriate scale of the extracting capacity. Total estimated investment of 440 billion VND.
- o Cooperate with Tuy Hoa sugarcane JSC to build the second factory with the capacity of 3000 TMN in Song Hinh district, Phu Yen province.
- o Implement new investment projects of the corporation such as: cassava starch and alcohol factory. Link to the Binh Duong sugar joint stock company to establish the high-tech agriculture zone.
- o Invest in a sugar storage warehouse in order to be proactive in operation.
- o Expand investment into foreign countries in the sugar industry, production of bio-ethanol, tapioca starch, etc
- o Implement the project "High-tech dairy farm" in Binh Duong Sugar Joint stock Company with an expected total investment of VND 163 billion, and the project to develop some citrus varieties by advanced technology according to local orientation.



- o Keep working closely with partner to finish the project building a commercial, office and apartment center at 34-35 Ben Van Don, District 4, with the estimated total investment of VND 2,410 billion, in which the first phase costs VND 300 billion.
- o Invest in the project to build an office building for lease at 54-56 Le Quoc Hung, District 4. Total estimated investment of VND 100 billion.
- o Invest in the project to build a resort for the Corporation's welfare and business in Long Hai, Ba Ria-Vung Tau with an area of 11.000m2 under the Corporation's management. Total estimated investment of VND 100 billion.

For realty management, the corporation is managing and using 5 factories in 4 provinces, cities with the total areas of 64,829.18m2. There are 2 land with the operating advantages in HCMC with the areas of 8,066.4m2. There are 2 factories for producing in Dong Nai and Vung Tau provinces with the areas of 56,673.9m2. There is one land in Phan Thiet city, Binh Thuan Province with the areas of 88.88m2. This land was put into "no longer in use" list, move out of enterprise value to hand over to the debt trading company (house and land use rights). On this basis, the corporation continues to research and improve investment and development strategies of the parent company- Vinasugar II. At the same time, coordinate with the subsidiaries in researching, effective use of agricultural land.

13.8 Management measures.

- o Ensure the unique management, define responsibilities and powers of each unit or individual clearly to promote the creativity as well as self-responsibility.
- o Complete the provisions of decentralized management and administration.
- o Good human resources management and appropriate remuneration policy.
- o Set up monitoring mechanisms on Parents Company's activities as well as the capital that the corporation has invested in other businesses to prevent and reduce risks in operation.
- o Set up and implement the monitoring, inspecting and testing plan. Improve the performance of Board of Directors, steering committee and board of supervisors, enhance the role of representatives in capital management to JSC and Co., Ltd

VII. INFORMATION OF SELLING OFFERS

1. Shares issued.

- The number of shares sold at auction: **16,765,900** shares.
- Kind of shares: Common shares.
- Par value: VND10,000/ share.
- Starting price: VND10,100/ share.
- The maximum shares that an organization could buy: 16.765.900 shares.
- The maximum shares that an individual could buy: 16.765.900 shares.
- The maximum shares for foreign investors: 16.765.900 shares.



- The minimum shares for buying registration are 100 shares.

The starting price of IPO based on Dispatch number 59/BNN-DMDN of the Ministry of Agriculture and Rural Development dated 4/01/2013.

2. Charter capital.

Charter capital: VND685,000,000,000, equivalent to 68,500,000 shares.

No	Shareholders	Number of shares	Ratio	Shares' value (VND million)
I	State ownership	43,840,000	64%	438,400
II	Outside selling shares	24,660,000	36%	246,600
1	Preferred shares for employees	359,100	0.524%	3,591
2	Selling shares for strategic investors	7,535,000	11%	75,350
3	Public selling shares via HOSE	16,765,900	24.476%	167,659
Total		68,500,000	100%	685,000

3. Limit on foreigners' holding rates

The shares' rate of Vinasugar II holding by foreigners has been implemented according to the decision number 55/2009/QĐ-TTg dated 15/04/2009 of the Prime Minister on the rate of participation of foreign investors in Vietnam stock market. Accordingly, foreign organizations and individuals buying and selling shares on the Vietnamese stock market hold a maximum of 49% on total shares of a public joint stock company.

Number of shares auctioned by the HOSE is 16,765,900 shares. In case of all 16,765,900 shares of foreign investors successfully bid and buy, the total shares of foreign investors owned are 16,765,900 shares.. The owner ratio of foreign investors will be 24.476% of the charter capital. This ratio still does not exceed the government's regulation (not exceed 49%).

4. Auction methods:

- Auction following two-level model at HOSE
- *Deposit : 10% of total registered shares that bought according to starting prices.*
- *Time and location of receiving information disclosure, registered to participate in the auction, deposits, provides auction's participation cards:* according to the IPO's regulation of Vinasugar II.
- *Registered time at agents:* according to the IPO's regulation of Vinasugar II.
- *Time for agents to receive auction attendant tickets:* according to the IPO's regulation of Vinasugar II.
- *Time of auction:* according to the IPO's regulation of Vinasugar II.
- *Address:*

HO CHI MINH CITY STOCK EXCHANGE



Address: 16 Vo Van Kiet, D1, HCMC.

Phone: (84-8) 3821 7713

Fax: (84-8) 3821 7452

- *Time limit for buying shares payment and receiving the refund when shares could not buy based on the auction's result:* according to the IPO's regulation of Vinasugar II.

VIII. PLAN OF USING MONEY FROM SELLING OFFERS

According to the Article 42 of Decree No. 59/2011/ND-CP dated 18/07/2011, the money received from equitization will be used as follows:

- Money received from equitization was used for equitization's cost and labors cost. If there is lack of money received from equitization, money from supporting business fund will be added.
- The rest (if any) will be handled according to current regulations and decisions of the competent authorities.

IX. SHARE LISTING PLAN IN THE STOCK EXCHANGE.

The company has not had any plan for share listing. After equitization, the performance of listing shares on the Stock Exchange will follow the decision of the Annual General Meeting.

X. PARTNERS RELATED TO SELLING OFFERS

1. Auction implementation organization

HOCHIMINH STOCK EXCHANGE

Add: 16 Vo Van Kiet s.t, D1, HCMC

2. Consultant organization

BAOVIET SECURITIES JOINTS STOCK COMPANY

Head office: 8 Le Thai To Str., Hoan Kiem District, Hanoi

HCMC branch: 233 Dong Khoi, HCMC

XI. APPENDIX:

- Decision 117/QD-BNN-DMDN dated 17/01/2012 of the Ministry of Agriculture and Rural Development on equitization of the parent company.
- Decision No. 433/QD-BNN-DMDN dated 06/03/2012 of the Ministry of Agriculture and Rural Development on the establishment of the Steering Committee of shares of the parent company – Vinasugar II.
- Decision No. 2414/QD-BNN-DMDN dated 04/10/2012 of the Ministry of Agriculture and Rural Development on the approval of Vinasugar II's value
- Decision No. 1914/QD-TTg dated 21/12/2012 of the Prime Minister approving the equitization plan of Vinasugar II.
- Dispatch 59/BNN-DMDN dated 04/01/2013 of the Ministry of Agriculture and Rural Development on the auction's price, the consultant selection.



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- Financial statements in 2010, 2011 and Q3 2012 of Vinasugar II.
 - Business registration certificate of Vinasugar II



Ho Chi Minh City, 15th January, 2013

**BAOVIET SECURITIES JOINTS STOCK COMPANY
DEPUTY CEO – MANAGING DIRECTOR OF HCMC
BRANCH**

**VINASUGARII
GENERAL DIRECTOR**

VO HUU TUAN

LE VAN DONG