



**PETROVIETNAM FERTILIZER
AND CHEMICALS CORPORATION**

Stock Code: DPM



Prosperity
amid Adversity

ANNUAL
REPORT
2021



▶ VISION

To become a leading producer and distributor of fertilizers and chemicals for the agriculture and oil and gas industries in Vietnam and Southeast Asia.

▶ MISSION

To provide our customers with a reliable and plentiful source of high-quality fertilizers and chemicals at competitive prices, helping them to achieve their optimum business performance, which contributes to the long-term development of the agriculture sector in Vietnam.

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A MESSAGE FROM MANAGEMENT

TOTAL REVENUE	PROFIT BEFORE TAX	UREA PRODUCTION	NPK PRODUCTION
VND 13,117 billion	VND 3,799 billion	797 thousand tons	162 thousand tons
109% of the yearly plan, 63% higher YoY	169% of the yearly plan, 348% higher YoY	104% of the yearly plan	41% higher YoY

Dear valued shareholders, business partners and employees,

PVFCCo has reached the end of 2021 with many memorable achievements. As we review PVFCCo's experiences and accomplishments during a year where the pandemic continued severely impact markets both on a local and international level, we are sure that each of us can feel both relieved and proud of what we have achieved.

On behalf of PVFCCo, I would like to extend our heartfelt congratulations and gratitude to our valued shareholders, the Management, and all PVFCCo employees for their support and efforts during the prolonged pandemic, as well as their solidarity and flexibility in helping to control all risks and enthusiastic embrace of opportunities which has assisted PVFCCo in achieving strong growth and re-establishing a firm position for the next development stage.

We would like to especially acknowledge the leadership and employees of PVFCCo for their willingness to forego personal interests and to endure both pressure and inconvenience during the periods of lockdown and social distancing, which ensured that the system could operate safely and stably while successfully reaching production and business goals. Keeping strong our belief in "out of sight but not out of mind" throughout these difficulties and challenges, we have had incredible connection and mutual support in all areas, which has benefited PVFCCo in maturing and strengthening. I believe that this solidarity and connection have motivated each of us to overcome obstacles and challenges and achieve these remarkable outcomes in 2021.

The Corporation has experienced a memorable year in its nearly two-decade development history, owing to the extraordinary efforts of PVFCCo's leaders and staff. The spirit of connection and energy that was demonstrated in 2021 enabled us to overcome obstacles proactively, react and adapt to a volatile environment, capitalize on favorable conditions to optimize production and business efficiency, achieve breakthrough growth, exceed market expectations, and deliver significant benefits to shareholders and partners.

Some notable outcomes include the following:

- ▶ Completing comprehensive maintenance at the Phu My Fertilizer Plant; Improving the operational efficiency of the Phu My NPK Plant; increased fertilizer and chemical sales output;
- ▶ Adapting our workflows to the context of pandemic response and the new normal through the use of a digital office and risk management system;
- ▶ Being adaptable in terms of sales policies, coordination, and transportation of goods during social distancing, and optimizing output during periods where the selling price sharply recovered.
- ▶ Achieving exceptional results in terms of profits from production and sales.

We begin this new year of 2022 with tremendous happiness as a result of what we have accomplished together; we have overcome numerous difficulties, shared burdens, and achieved several wonderful outcomes. However, we are also prepared for the future with a proactive mindset and an awareness of the continuous variations which will demand PVFCCo's management and personnel to adapt more efficiently in order to maintain our operations.

It is anticipated that the political situation and the Covid-19 pandemic in 2022 will continue to evolve in an extremely complicated manner throughout the world, and the global economy will continue to face numerous risks as pressure for growth, stability, and social balance increases in all countries and territories. As inflationary pressures increase in several developed economies, such as the United States, the United Kingdom and more, many locals must preserve social distance, while others must pilot re-openings to gradually recover normal operations in severely damaged firms. The developing military conflicts in Europe are intricate with numerous consequences. This context forces businesses to continue to face numerous challenges, including further disruption to global production and supply chains; pressure to transform the digital model throughout the chain of production - business - distribution - corporate governance; and changes and shortages of human resources.



“

The Corporation has experienced a memorable year in its nearly two-decade development history, owing to the extraordinary efforts of PVFCCo's leaders and staff. The spirit of connection and energy that was demonstrated in 2021 enabled our companies to overcome obstacles proactively, react and adapt to a volatile environment, capitalize on favorable conditions to optimize production and business efficiency, achieve breakthrough growth, exceed market expectations, and deliver significant benefits to shareholders and partners.

A MESSAGE FROM MANAGEMENT (Cont.)

“

I am resolute in my belief that our proud history and tradition will be continued and nurtured in our coming development phase, delivering more beneficial and sustainable results for farmers, partners, shareholders, and employees, while earning our rightful place as the leading enterprise in the domestic and regional fertilizer and chemical industries. With our continued strong spirit, will and belief when confronting obstacles, we will continue to work together to advance the Corporation's development path.



In that context, PVFCCo resolves to continue developing and updating its long-term procedures and strategies for adapting to the pandemic in light of the fact that in the long run, the crisis will continue to bring possibilities and changes, and PVFCCo must embrace opportunities and restructure firmly to ensure its development and ultimately its survival.

In terms of governance, PVFCCo will continue to re-assess opportunities and risks, alongside implementing a plan to restructure the system and finalizing a long-term development strategy, among other things. Additionally, we recognize the critical need to develop highly qualified human resources, prioritize quality and professional training, and respond promptly to potential psychological trauma, with the understanding that not only the physical capability, but also mental health of our staff is key to PVFCCo's sustainable development in the near future.

PVFCCo is in the process of reestablishing a structured and methodical risk management process, which includes reshaping the organization's structure and development strategy, building and consolidating human resources, and prioritizing the development of technology platforms that enable it to quickly adapt to fluctuations and changes in the business environment, as well as continuing to improve the interactive system in the online platform to strengthen our relationships with shareholders, investors, partners, and customers, and so on.

In terms of production and business, PVFCCo will continue to develop operational capacity, improve product quality, and expand market share in 2022; we will also advance our long-term strategy to be proactive in sourcing input materials in order to maintain long-term competitiveness, and so on.

PVFCCo was founded 19 years ago on 28 March 2003 with the mission of operating the Phu My Fertilizer Plant and maintaining a reliable supply of Urea to Vietnam's agriculture industry. To this day, we have maintained a long history of continuous growth, establishing new factories, warehouses, and offices throughout the country, as well as a high-quality human resource base of roughly 2,000 employees.

I am resolute in my belief that our proud history and tradition will be continued and nurtured in our coming development phase, delivering more beneficial and sustainable results for farmers, partners, shareholders, and employees, while earning our rightful place as the leading enterprise in the domestic and regional fertilizer and chemical industries. With our continued strong spirit, will and belief when confronting obstacles, we will continue to work together to advance the Corporation's development path.

With our sincerest thanks!

On behalf of the Management,

Chairman of the Board of Directors

Hoàng Trọng Dũng



PROGRESSING with purpose

Rapid growth in the last two decades is a firm foundation for PVFCCo to continuously move forwards on the way to conquer new successes.

Chapter 1.

INTRODUCTION OF PVFCCo





CHARTER CAPITAL

VND **3,914** billion

Transaction Name	PetroVietnam Fertilizer and Chemicals Corporation
Business Registration Certificate	0303165480
Charter Capital	VND 3,914,000,000,000
Owner's Equity	VND 3,914,000,000,000
Address	43 Mac Dinh Chi, Da Kao Ward, District 1, Ho Chi Minh City
Tel	(+84.28) 3825 6258
Fax	(+84.28) 3825 6269
Website	www.dpm.vn
Stock code	DPM



2003



28 March 2003

PetroVietnam Fertilizer and Chemicals Company (PVFCCo), now called PetroVietnam Fertilizer and Chemicals Corporation JSC. PVFCCo was founded under Ministerial Decision No. 02/2003/QĐ - VPCP dated 28 March 2003.

21 April 2007

On 21 April 2007, PVFCCo successfully issued 40% of its shares in an initial public offering on the Ho Chi Minh Stock Exchange (HOSE). The Ho Chi Minh City Department of Planning and Investment issued Business Registration Certificate No. 4103007696 on 31 August 2007, legally incorporating PetroVietnam Fertilizer and Chemicals Joint Stock Company.



2007

05 November 2007

PVFCCo completed the documents and officially listed 380 million shares on the Ho Chi Minh City Stock Exchange (HOSE) on 05 November 2007. PVFCCo listed 11.4 million additional shares according to its Employee Stock Ownership Plan (ESOP) on 26 February 2016.



2007

15 May 2008

On 15 May 2008, the Ho Chi Minh City Department of Planning and Investment granted the Amended Business Registration Certificate No. 4103007696 to PetroVietnam Fertilizer and Chemicals Corporation - The corporation operates under the parent-subsiary model.



2008

HISTORY AND GROWTH (Cont.)

MILESTONES



12 March 2001

Groundbreaking ceremony for the construction of Phu My Fertilizer Plant was held.



28 March 2003

PetroVietnam Fertilizer and Chemicals Company (PVFCCo) was founded.



21 September 2004

PVFCCo took over full responsibilities of Phu My Fertilizer Plant, formally launched the Phu My Urea brand.

15 December 2004

Phu My Fertilizer Plant was put into operation.



31 August 2007

PVFCCo was transformed into a Joint Stock Company.

05 November 2007

DPM was listed and traded on HOSE.



15 May 2008

PVFCCo was turned into PetroVietnam Fertilizer and Chemicals Corporation.



14 September 2010

A Carbon Dioxide Recovery (CDR) System was inaugurated, increasing the capacity of Phu My Fertilizer Plant to 800,000 tons per year.



16 July 2011

PVFCCo Tower's Head office was inaugurated.



28 March 2013

PVFCCo celebrated 10 years of its founding and received the First - Class Labor Order.



23 December 2014

Phu My Urea of PVFCCo was recognized as the National Brand 2014 by the Government of Vietnam



Quarter 3/2015

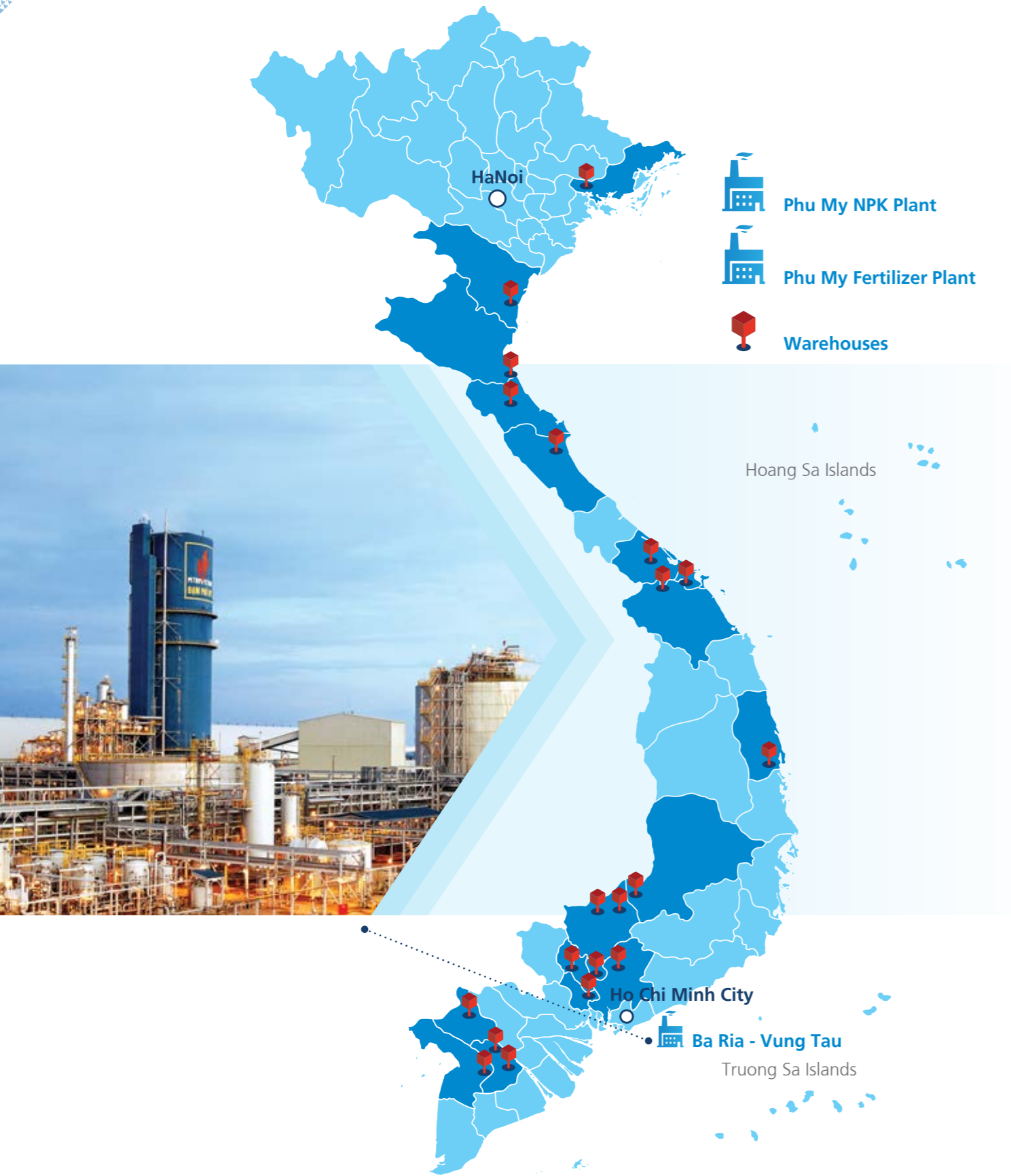
Started the construction of NH₃ Revamp Project and Phu My NPK Plant.



06 May 2018

NH₃ Revamp - Phu My NPK Complex was put into operation

BUSINESS LINES AND LOCATIONS



BUSINESS LINES

PVFCCo's core business is the production and trading of fertilizer and chemicals. Currently, the key products are prilled Urea, NPK, MOP, SA, DAP fertilizers targeted at the agriculture sector, liquid Ammonia and UFC85/Formaldehyde, CO₂, chemicals used in oil and gas production.

MAIN LOCATIONS

PVFCCo's main production is at Phu My Fertilizer Plant located in Phu My 1 Industrial Park, Phu My Town, Ba Ria - Vung Tau Province.

The distributors are situated in the agricultural heartland and industrial plants in Vietnam. They form a closely-knitted distribution network of subsidiaries and their regional headquarters are located in the North, Central and Highlands, Southeast and Southwest. In addition to the domestic market, the Corporation also exports fertilizer products to many countries, predominantly in Asia.

The key customers and markets for chemicals are in the South, mainly in the oil and gas industry and industrial production sectors.

ORIENTATION, MEDIUM AND LONG-TERM STRATEGIC OBJECTIVES

“

The 2025-2035 development strategy is aligned to the resolutions of the General Meeting of Shareholders in 2016. PVFCCo has set key targets for 2021-2025 period with the following objectives:

OVERALL OBJECTIVES

- ▶ **By 2025:** To invest in the construction of fertilizer and chemical plants with modern technologies and advanced management skills to diversify products; To improve the distribution of fertilizers and chemicals to countries in the region as well as in the world; To develop PVFCCo into a top high-tech fertilizer and chemical enterprise in Southeast Asia and rank as Top 10 in terms of production output.
- ▶ **By 2035:** Strive to become a company in the Top 10 in the Asia region in the fertilizer and chemical industry.

SPECIFIC OBJECTIVES



PRODUCTION

For 2021-2025 period

- ▶ Maintaining and developing facilities and factories, including: Phu My Fertilizer Plant, NPK Plant and chemical plants. At least 02 main fertilizer products and 03 main chemical products.
- ▶ Increasing Phu My NPK's output to 500,000 tons/year.
- ▶ Continuing to develop and produce chemical and petrochemical products on a large scale with modern technologies, on par with the fertilizer sector.
- ▶ Maintaining and developing product improvement projects and producing specialized fertilizers/chemicals derived from primary products (Urea, NPK).

For 2025-2030 period

- ▶ The chemical production sector will play a key role, surpassing the fertilizer production sector.
- ▶ Increasing the output of Phu My NPK to 750 thousand tons/year by 2030 (only if NH₃ input is balanced).



OPERATIONS

For 2021-2025 period

- ▶ Maintaining the market share of existing products.
- ▶ Selling out all manufactured products.
- ▶ Revenue from the chemical sector to account for 70% of the total revenue.
- ▶ Expanding the fertilizer market in Northeast Asia and South Asia.
- ▶ Increasing the consumption of fertilizers/specialized chemicals compared to the period of 2016-2020.

For 2025-2030 period

- ▶ Maintaining the market share of existing products. Phu My NPK accounting for 18% of the domestic market share.
- ▶ Selling out all manufactured products.

For 2031-2035 period

- ▶ The profit from the chemical sector accounting for more than 70% of the total profit.
- ▶ Phu My NPK accounting for 20% of the domestic market share.
- ▶ Continuing to expand into the fertilizer market throughout Northeast Asia and South Asia.



CONSTRUCTION INVESTMENT SECTOR

For 2021-2025 period

- ▶ Completing on schedule the Phu My NPK Expansion Project (increasing to 500,000 tons/year).
- ▶ Implementing preparation steps for new fertilizer (Urea and NPK based) and chemical projects.

For 2025-2030 period

- ▶ Completing new production projects on schedule.

For 2019-2021 period, based on the actual situation, the Corporation will review and assess implementation of the Development Strategy and propose appropriate solutions and adjustments for 2022-2035 long-term objectives and vision 2045.

GROWING resilient

In favorable conditions, experience, intelligence and passion forge PVFCCo's bravery; in unfavorable conditions, bravery is an internal strength to enable PVFCCo to overcome difficulties and challenges.



Chapter 2.

CORPORATE STRUCTURE AND HUMAN RESOURCES MANAGEMENT



In 2021, the Corporation has four subsidiaries and five associates.

COMPANIES WITH OVER 50% SHAREHOLDING

No.	Company name	Business segments	Charter capital (VND million)	Owned by PVFCCo
1	North PetroVietnam Fertilizer and Chemicals Joint Stock Company (PVFCCo - North, stock code: PMB) Address: 4th Floor, 167 Trung Kinh Street, Cau Giay District, Hanoi	Fertilizer and chemicals production and trading	120,000	75%
2	Central PetroVietnam Fertilizer and Chemicals Joint Stock Company (PVFCCo - Central, stock code: PCE) Address: Lot A2, Nhon Binh Industrial Cluster, Quy Nhon City, Binh Dinh Province	Fertilizer and chemicals production and trading	100,000	75%
3	South-East PetroVietnam Fertilizer and Chemicals Joint Stock Company (PVFCCo - SE, stock code: PSE) Address: 27 Dinh Bo Linh Street, Binh Thanh District, Ho Chi Minh City	Fertilizer and chemicals production and trading	125,000	75%
4	South-West PetroVietnam Fertilizer and Chemicals Joint Stock Company (PVFCCo - SW, stock code: PSW) Address: 151/18 Tran Hoang Na Street, Ninh Kieu District, Can Tho City	Fertilizer and chemicals production and trading	170,000	75%



PVFCCo followed the corporate governance model which includes a General Meeting of Shareholders, Board of Directors, Board of Supervisors, and President and CEO, as prescribed at point a, clause 1, article 137 of the Law on Enterprises 2020.



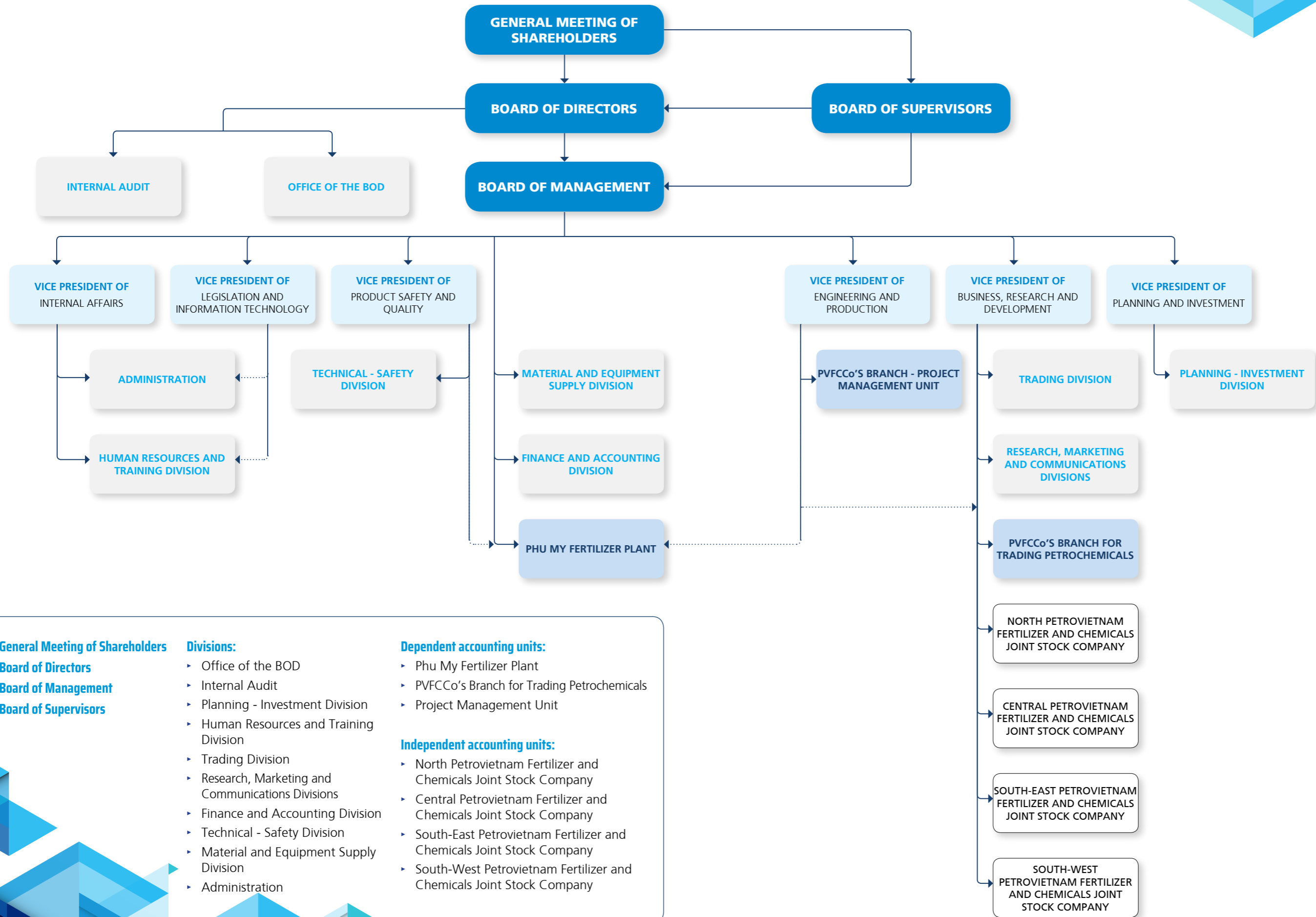
RELATED COMPANIES (Cont.)

COMPANIES WITH LESS THAN 50% SHAREHOLDING

No.	Company name	Business segments	Charter capital (VND Million)	Owned by PVFCCo
1	Dam Phu My Packaging Joint Stock Company (PVFCCo - Packaging, stock code: PMP) Address: Phu My 1 Industrial Zone, Phu My Town, Ba Ria - Vung Tau Province	Packaging manufacturing and trading	42,000	43.35%
2	PetroVietnam Petrochemical and Textile Fiber Joint Stock Company (VNPOLY) Address: Lot CN5.5A, Dinh Vu Industrial Park, Dong Hai 2 Ward, Hai An District, Hai Phong City	Textile fiber production and trading	2,165,110	25.99%
3	PetroVietnam Information Technology, Telecom and Automation Joint Stock Company (PAIC) Address: 4 th Floor, 167 Trung Kinh Street, Cau Giay District, Hanoi	Information technology, telecoms and automation, clean energy	42,352	8.5%
4	PetroVietnam Urban Development Joint Stock Company (PVC Mekong) Address: Lot D - Petroleum Urban Area, Ngo Quyen Street, Ward 1, Ca Mau City, Ca Mau province	Consulting, construction, construction materials production, real estate trading	280,869	35.63%
5	Ut Xi Aquatic Products Processing Corporation Address: Provincial Road 8, Tai Van Commune, Tran De District, Soc Trang Province	Aquaculture, Seafood processing and trading	354,000	6.78%



ORGANIZATIONAL CHART



General Meeting of Shareholders

Board of Directors

Board of Management

Board of Supervisors

Divisions:

- ▶ Office of the BOD
- ▶ Internal Audit
- ▶ Planning - Investment Division
- ▶ Human Resources and Training Division
- ▶ Trading Division
- ▶ Research, Marketing and Communications Divisions
- ▶ Finance and Accounting Division
- ▶ Technical - Safety Division
- ▶ Material and Equipment Supply Division
- ▶ Administration

Dependent accounting units:

- ▶ Phu My Fertilizer Plant
- ▶ PVFCO's Branch for Trading Petrochemicals
- ▶ Project Management Unit

Independent accounting units:

- ▶ North Petrovietnam Fertilizer and Chemicals Joint Stock Company
- ▶ Central Petrovietnam Fertilizer and Chemicals Joint Stock Company
- ▶ South-East Petrovietnam Fertilizer and Chemicals Joint Stock Company
- ▶ South-West Petrovietnam Fertilizer and Chemicals Joint Stock Company

BOARD OF DIRECTORS



MR. HOANG TRONG DUNG
Year of Birth: 1973

- ▶ Chairman of the BOD
- ▶ Qualifications: Technology Engineer, Master of Economics



MR. LE CU TAN
Year of Birth: 1967

- ▶ Member of the BOD cum President and CEO
- ▶ Qualifications: Marine Engineer, Bachelor of Business Administration, Master of Automation Engineering



MR. DUONG TRI HOI
Year of Birth: 1978

- ▶ Member of the BOD
- ▶ Qualifications: Industrial Electricity Engineer, Bachelor of Economics in Investment Planning



MR. LOUIS T NGUYEN
Year of Birth: 1963

- ▶ Independent member of the BOD
- ▶ Qualifications: Bachelor of Accounting and Finance



MR. TRINH VAN KHIEM
Year of Birth: 1973

- ▶ Member of the BOD
- ▶ Qualifications: Bachelor of Business Administration

BOARD OF SUPERVISORS



MR. HUYNH KIM NHAN
Year of Birth: 1976

- ▶ Chief Supervisor
- ▶ Qualifications: Bachelor of Finance and Accounting



MR. LE VINH VAN
Year of Birth: 1969

- ▶ Member of the BOS
- ▶ Qualifications: Bachelor of Economics in Finance and Accounting



MR. LUONG PHUONG
Year of Birth: 1973

- ▶ Member of the BOS
- ▶ Qualifications: Bachelor of Finance and Credit



MS. LE THI THU HUONG
Year of Birth: 1975

- ▶ Vice President
- ▶ Qualifications: Master of Business Administration



MS. TRAN THI PHUONG THAO
Year of Birth: 1970

- ▶ Vice President
- ▶ Qualifications: Bachelor of Economics in International Trade



MR. CAO TRUNG KIEN
Year of Birth: 1976

- ▶ Vice President
- ▶ Qualifications: Bachelor of Economics



MR. DAO VAN NGOC
Year of Birth: 1977

- ▶ Vice President
- ▶ Qualifications: Refinery and Petrochemical Engineer



MR. TA QUANG HUY
Year of Birth: 1978

- ▶ Vice President
- ▶ Qualifications: Chemical Engineer



MR. VO NGOC PHUONG
Year of Birth: 1978

- ▶ Chief Accountant
- ▶ Qualifications: Bachelor of Finance (Money and Credit)

BOARD OF MANAGEMENT



MR. LE CU TAN
Year of Birth: 1967

- ▶ Member of the BOD cum President and CEO
- ▶ Qualifications: Marine Engineer, Bachelor of Business Administration, Master of Automation Engineering.



MR. LE VAN QUOC VIET
Year of Birth: 1962

- ▶ Vice President
- ▶ Qualifications: Bachelor of Economics in Planning

CHANGES IN THE BOD, BOM AND BOS

Major changes in BOD and BOM in 2021:

- Mr. Nguyen Tien Vinh resigned from the position of Chairman of BOD and withdrew from the BOD to take up other positions as assigned by the Vietnam Oil and Gas Group from 27 April 2021.
- Mr. Hoang Trong Dung was elected to the BOD by the General Meeting of Shareholders and elected to hold the position of Chairman for a 5-year term (2021-2026) from 27 April 2021.
- Mr. Louis T. Nguyen was re-elected to the Board of Directors by the General Meeting of Shareholders for a five-year term beginning 27 April 2021.
- Mr. Ta Quang Huy resigned from the Board of Directors and was appointed Vice President as of 28 April 2021.
- Mr. Huynh Kim Nhan was re-elected as Chief Supervisor by the General Meeting of Shareholders for the following five-year term (2021-2026) beginning 27 April 2021.

HUMAN RESOURCES MANAGEMENT



“ The Corporation’s entire workforce, as of 31 December 2021 (including the parent firm and its subsidiaries) is 1,508 individuals, 360 of whom are female, a decrease of 21 people over 2020.

THE CORPORATION’S ENTIRE WORKFORCE

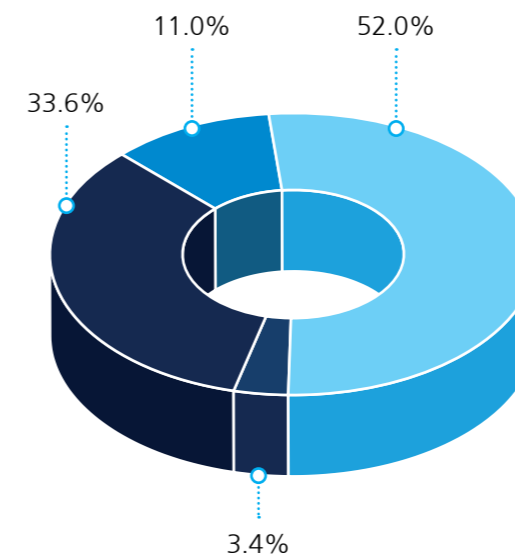
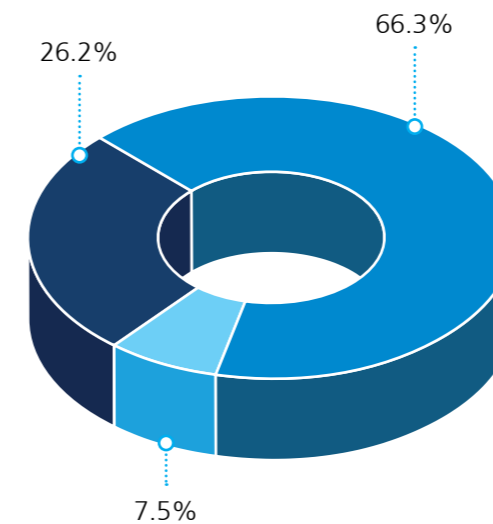
1,508 employees

UNIVERSITY, COLLEGE AND POSTGRADUATE

1,000 employees

TOTAL NUMBER OF FEMALE EMPLOYEES

360 employees



LABOR POLICY



Human resources policy

The Corporation has established, promulgated, and implemented a wage scale and table with the goal of paying salaries comparable with the market, in compliance with applicable law and the current state of production and business. As a result, the Corporation has completed and implemented a 3P system for evaluating job performance (KPIs) and compensating employees based on the findings of capacity assessments and individual work performance.

The Corporation administers Social Insurance, Health Insurance, Unemployment Insurance, and Occupational Accident and Disease Insurance for its employees in complete compliance with the rules of the Social Insurance Law and other Government regulations. In addition to this, the Corporation offers the following insurance programs: Health Care Insurance for employees, Voluntary pension insurance, Accident insurance for employees who travel overseas on business, and Life Insurance for employees, depending on the Corporation's production and business performance.

Additionally, the Corporation has issued an employment policy that maintains and enforces welfare policies for all employees, as well as a number of preferred policies for competent and loyal employees at the management level and above, which include Salary, bonus, training, study, rest, housing, and other welfare arrangements.



Training and development policy

Training and development of human resources always play a very important role in production, business, and sustainable development, and the Corporation has accordingly paid attention to and developed mechanisms, policies, and regulations for scientific training which encourages staff and employees to improve their professional qualifications, including external training services and internal training.





PERFORMING while transforming

To adapt, sustain and grow in Covid-19 pandemic, PVFCCo has flexibly given right and prompt policies to transform and maintain stable and efficient operation of the whole system.


Chapter 3.

**CORPORATE PERFORMANCE
REPORT 2021**


RESULTS

Notable factors on production and business in 2021


Advantages

01 


Throughout 2021, the fertilizer market has seen the price of most products increase sharply, particularly the price of the Corporation's leading product, Urea, which increased to its highest level ever;

02 

Phu My brand has significantly increased in prestige with customers. The distribution system has been considerably deepened and widened in the regions where consumption occurs;

03 

Production levels at the Phu My Fertilizer Plant are ensured at high capacity with a sufficient input supply of gas;

04 

The sources of capital are guaranteed sufficiently and timely for production and business activities.

Disadvantages

- 1 Although the input supply of gas is still guaranteed, the share of low-cost associated gas sources (Bach Ho - Rong Doi Moi field, Cuu Long Basin) was ultimately less than was projected and are dropping fast. The share of gas supplied from other sources (Nam Con Son and other Cuu Long) therefore increased at a higher than was projected, and the transportation costs were high, leading to a rising cost of gas;
- 2 The price of oil increased globally, raising the cost of input gas and freight overheads;
- 3 The Covid-19 pandemic situation is complicated; the supply chain has experienced significant interruptions, resulting in economic degradation; complying with pandemic prevention and control requirements in the company's operations has increased PVFCCo's associated costs;
- 4 Input costs for agriculture, particularly high fertilizer prices, have had a direct effect on farmers' profitability, which has resulted in a tendency to limit crop fertilizer investments, which consequently impacts the Corporation's overall production and business activities;
- 5 After 18 years of operation, the Phu My Fertilizer Plant's machinery and equipment pose possible dangers, which has necessitated increased maintenance and repair expenses;
- 6 VAT policy has not been adjusted appropriately.

Outstanding results in production and business

Production activities	The Phu My Fertilizer Plant has finished its production plan 12 days ahead of schedule, resulting in an annual output of 797 thousand tons of Phu My Urea, 4% higher than the yearly target. The production of NH ₃ for consumption reached 69 thousand tons – 9% more than planned. Phu My NPK output surpassed 162 thousand tons, exceeding the plan by 1% and achieving a 41% increase from 2020.
Business activities	Effectively trading about 1.1 million tons of fertilizer (749,000 tons of Phu My Urea; 151,000 tons of Phu My NPK - the greatest volume of NPK ever traded; 244,000 tons of other fertilizer) and 124,000 tons of chemicals.
Revenue	Revenue reached VND 13,117 billion, which was 109% of the plan, and an increase of 63% compared to 2020.
Profit before tax	Profit before tax reached VND 3,799 billion, achieving 169% of the plan for the year and 348% higher YoY. Apart from the increased sales prices for our primary products, the high profit margin can also be attributed to the following: <ul style="list-style-type: none"> • The Corporation has a suitable solution for operating the production and business, managing costs, optimizing the manufacturing process, improving product quality, and reducing raw material and energy consumption, thereby keeping product costs under control. • Following the State Audit Office of Vietnam's Announcement on audit results, the Corporation recorded a decrease in certain expenses and an increase in other income into its business results for the first six months of 2021, resulting in a profit increase of VND 269 billion.

Revenue

VND **13,117** billion
reached 109% of the plan, and an increase of 63% compared to 2020

Profit before tax

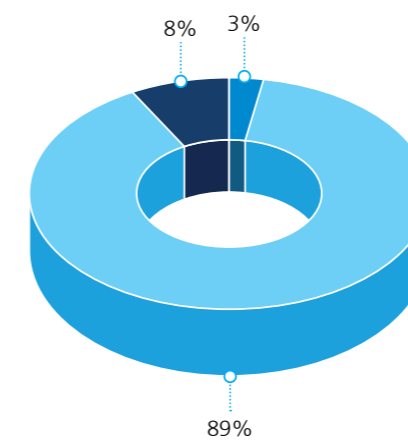
VND **3,799** billion
reached 169% of the plan, and an increase of 348% compared to 2020

Summary on business performance 2021

No.	Item	Unit	Actual 2020	Plan 2021 (adjusted)	Actual 2021	Ratio compared with 2020 (%)	Plan completion rate (%)
A	B	C	1	2	3	4=3/1	5=3/2
1 Production							
1.1	Phu My Urea	Thousand tons	866	766	797	92%	104%
1.2	UFC 85	Thousand tons	13.5	12.5	12.0	89%	96%
1.3	NPK	Thousand tons	115	160	162	141%	101%
1.4	NH ₃ (for trading)	Thousand tons	74	63	69	93%	109%
2 Sales volume							
2.1	Phu My Urea	Thousand tons	827	750	749	91%	100%
2.2	NPK	Thousand tons	94	140	152	160%	108%
2.3	Other fertilizers	Thousand tons	179	280	244	136%	87%
2.4	UFC 85	Thousand tons	9.6	8.5	9.4	98%	111%
2.5	NH ₃ (for trading)	Thousand tons	68	63	70	104%	112%
2.6	CO ₂	Thousand tons	54	50	44	80%	87%
2.7	Chemicals	Thousand tons	0.7	0.6	0.8	112%	116%
3 Consolidated financial indicators							
3.1	Total revenue	VND billion	8,038	12,000	13,117	163%	109%
3.2	Profit before tax	VND billion	848	2,251	3,799	448%	169%
3.3	Profit after tax	VND billion	702	1,890	3,172	452%	168%
3.4	Budget payable (paid)	VND billion	439	445	466	106%	105%
4 Parent company's financial indicators							
4.1	Owner's equity	VND billion	8,127	7,584	10,503	129%	138%
4.2	In which: Charter capital	VND billion	3,914	3,914	3,914	100%	100%
4.3	Total revenue	VND billion	7,411	10,738	11,951	161%	111%

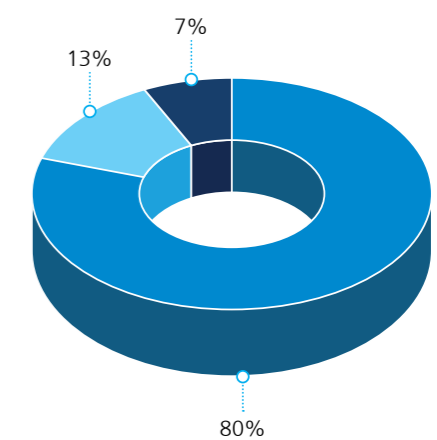
No.	Item	Unit	Actual 2020	Plan 2021 (adjusted)	Actual 2021	Ratio compared with 2020 (%)	Plan completion rate (%)
4.4	Profit before tax	VND billion	815	2,086	3,612	443%	173%
4.5	Profit after tax	VND billion	682	1,772	3,030	445%	171%
4.6	Ratio of Profit after tax/ Charter capital	%	17%	45%	77%	445%	171%
4.7	Budget payable	VND billion	419	417	423	101%	101%
4.8	Investment						
4.8.1	Investment disbursement	VND billion	75	263	110	147%	42%
	Capex	VND billion	56	223	89	158%	40%
	Equipment procurement	VND billion	19	40	22	115%	54%
	Capital investment	VND billion	-	-	-	-	-
4.8.2	Capital investment source	VND billion	75	263	110	147%	42%
	Owner's equity	VND billion	75	215	62	82%	29%
	Loans and others	VND billion	-	49	49	-	100%

Revenue structure in 2021



■ Revenue from fertilizers
■ Revenue from chemicals
■ Others

Profit structure in 2021



■ Profit from fertilizers
■ Profit from chemicals
■ Others

PRODUCTION AND BUSINESS STATISTICS FOR THE CORPORATION'S LEADING PRODUCTS

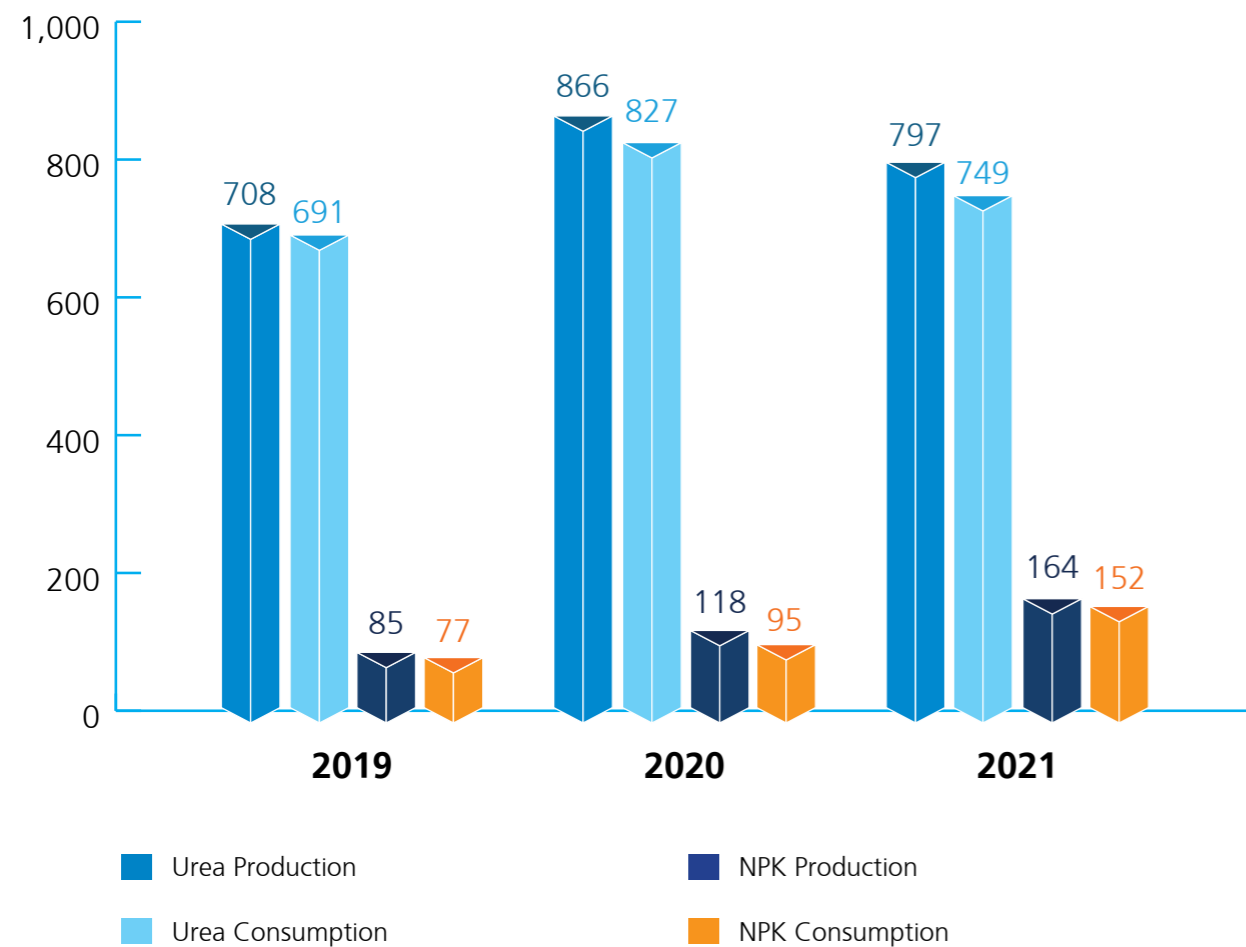
Production and sales of Phu My Urea

Unit: Thousand tons

Product	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Urea Production	807	802	856	822	850	817	818	799	816	708	866	797
Urea Consumption	806	752	908	835	843	835	823	794	812	691	827	749
NPK Production									58	85	118	162
NPK Consumption									38	77	95	152

Production and sales of Phu My Urea in 2019 - 2021

Unit: Thousand tons



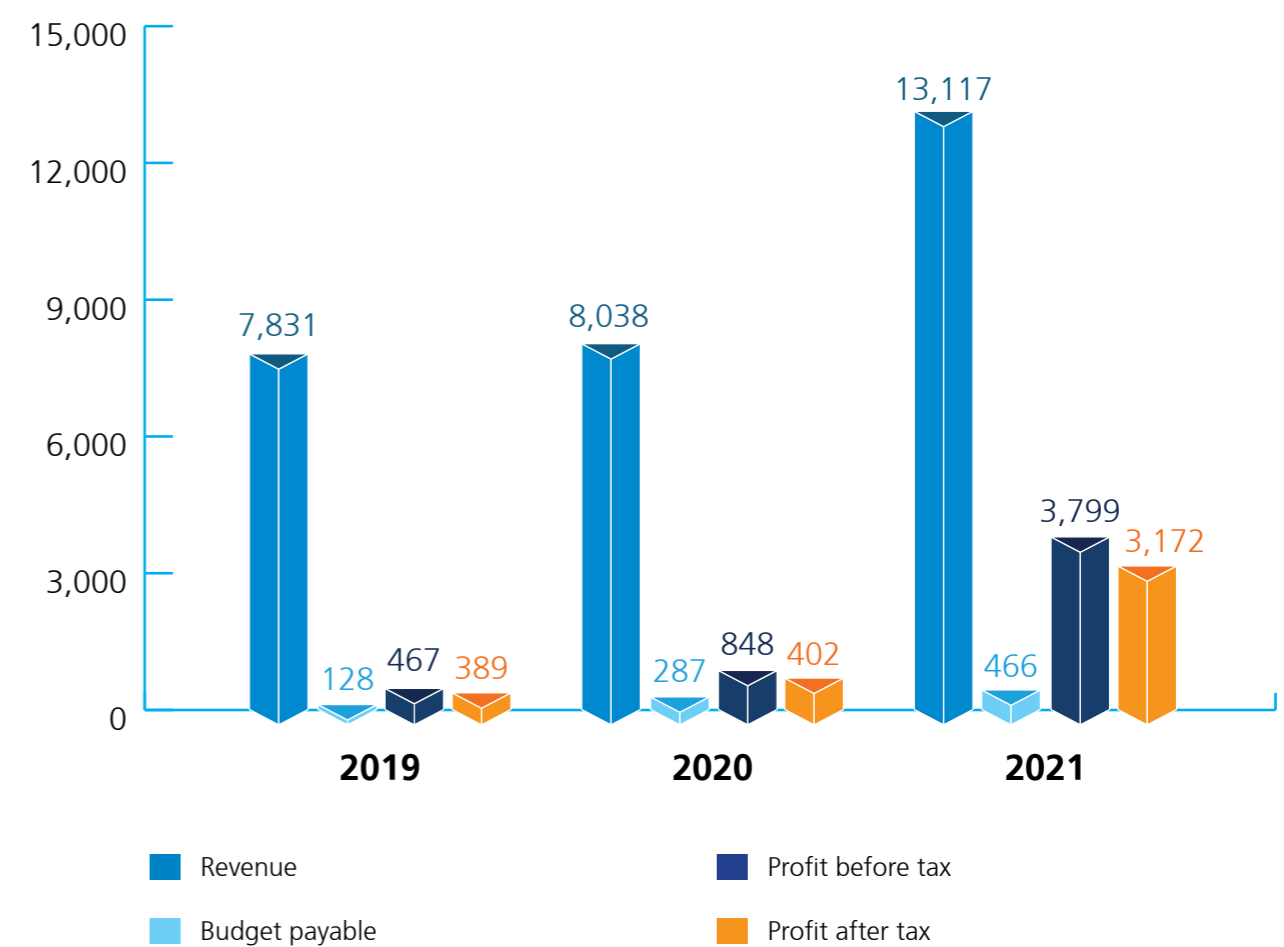
Consolidated financial indicators

Unit: VND billion

Financial indicators	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue	6,999	9,763	13,906	10,807	9,972	10,047	8,170	8,178	9,439	7,831	8,038	13,117
Budget payable	405	537	694	602	308	420	474	515	297	128	287	466
Profit before tax	1,922	3,510	3,542	2,468	1,285	1,880	1,393	853	871	467	848	3,799
Profit after tax	1,706	3,140	3,016	2,142	1,096	1,488	1,165	708	712	389	702	3,172

Consolidated financial indicators in 2019 - 2021

Unit: VND billion



INVESTMENT IN AND IMPLEMENTATION OF PROJECTS

Major investments

According to the 2021 plan, total capital for investment in construction and procurement was VND 263.4 billion

In 2021, PVFCCo disbursed over VND 110 billion, achieving 42% of the plan according to the actual progress.

Return on capital (Summary report on the performance of subsidiaries and capital contributors)

No.	Item	Equity to total charter capital ratio	Total invested capital (VND billion)	Charter capital (VND billion)	Profit after tax (PAT) (VND billion)	PAT to charter capital ratio	2020 dividend (VND billion)
I	Investment in subsidiaries		386.25	515.00	217.53		26.96
1	PVFCCo North	75.00%	90.00	120.00	38.40	32.0%	6.30
2	PVFCCo Central	75.00%	75.00	100.00	65.81	65.8%	9.00
3	PVFCCo SE	75.00%	93.75	125.00	55.97	44.8%	6.56
4	PVFCCo SW	75.00%	127.50	170.00	57.35	33.7%	5.10
II	Investment in joint venture companies		680.90	2,487.80	-500.87		1.88
1	VNPOLY	25.99%	562.70	2,165.11	-501.80		-
2	PVC Mekong	35.63%	100.00	280.69	-5.79		-
3	PVFCCo Packaging	43.34%	18.20	42.00	6.72	16.0%	1.88
III	Other long-term investments		20.50	396.35	-129.76		0.14
1	PAIC	8.50%	3.60	42.35	3.69	8.7%	0.14
2	Ut Xi Aquatic Products Processing Corporation	6.78%	16.90	354.00	-133.45		
	TOTAL		1,087.65	3,399.15	-413.10		28.98



THE CORPORATION'S FINANCIAL PERFORMANCE

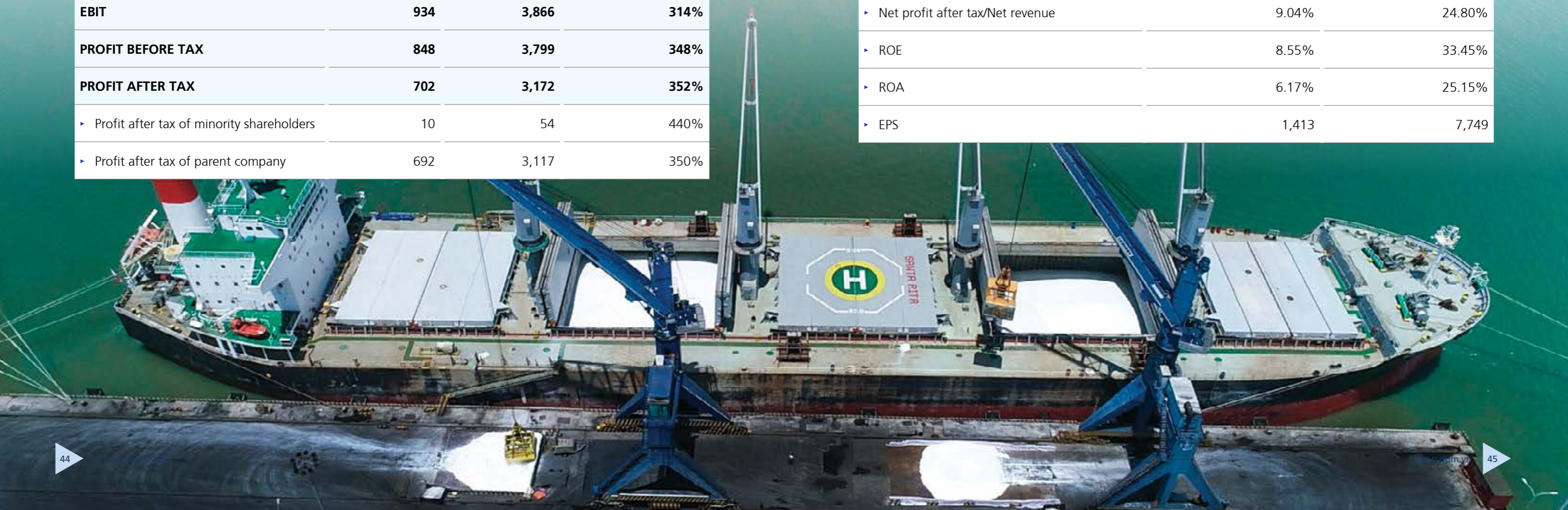
Assets and capital

Unit: VND billion

Item	31/12/2020	31/12/2021	% Increase (Decrease)
TOTAL ASSETS	11,300	13,918	23%
▸ Current assets	6,314	9,520	51%
▸ Non-current asset	4,986	4,398	-12%
TOTAL RESOURCES	11,300	13,918	23%
LIABILITIES	3,052	3,205	5%
OWNER'S EQUITY	8,247	10,713	30%
▸ Charter capital	3,914	3,914	
TOTAL REVENUE	8,038	13,117	63%
TOTAL COST	7,192	9,320	30%
INTEREST	88.4	69.2	-22%
EBIT	934	3,866	314%
PROFIT BEFORE TAX	848	3,799	348%
PROFIT AFTER TAX	702	3,172	352%
▸ Profit after tax of minority shareholders	10	54	440%
▸ Profit after tax of parent company	692	3,117	350%

Financial indicators

Item	2020	2021
Liquidity ratios		
▸ Current ratio	3.12	4.42
▸ Quick ratio	2.39	3.13
Solvency ratios		
▸ Total debt/total assets	27%	23%
▸ Total debt/total equity	37%	30%
Operational capacity ratios		
▸ Inventory turnover	4.28	3.77
▸ Net revenue/total assets	0.68	1.01
Profitability ratios		
▸ Net profit after tax/Net revenue	9.04%	24.80%
▸ ROE	8.55%	33.45%
▸ ROA	6.17%	25.15%
▸ EPS	1,413	7,749



THE NATIONAL BRAND



THE TITLE OF HIGH QUALITY VIETNAMESE GOODS



(Certificate is valid until the end of 2021)

RANKED AMONG THE TOP 500 LARGEST ENTERPRISES IN VIETNAM AND TOP 500 MOST PROFITABLE COMPANIES IN VIETNAM (ANNUAL RANKINGS BY VIETNAM REPORT)



RANKED AMONG TOP 50 COMPETITIVELY CAPABLE COMPANIES (VOTED ANNUALLY BY VCCI)



2021 HO CHI MINH CITY GOLDEN BRAND AWARD (ANNUAL AWARD BY HO CHI MINH CITY PEOPLE'S COMMITTEES)



“

Based on the actual situation, production and business conditions of 2021 as assessed, identified, and shown above, and on the duties and planned targets approved by the General Meeting of Shareholders, PVFCCo’s Board of Management has implemented timely, comprehensive, and flexible solutions to help the Corporation achieve production and business results of 2021, as detailed in the above report.

THE BOARD OF MANAGEMENT ASSESSES THE YEAR’S PROGRESS AS FOLLOWS

- ▶ **Production:** With the experience accumulated in periodic maintenance, PVFCCo continued to actively and promptly resolve issues that arose, as well as efficiently carrying out preventative maintenance for production equipment in 2021, which was a crucial factor in minimizing machine shutdowns. The review, adjustment, and application of the requirements were clearly effective, as total energy consumption of production workshops in 2021 was lower than targets, and overall fuel, energy savings in the production sector reached VND 143 billion. In particular, there were numerous measures to increase the quality and output of NPK.
- ▶ **Business:** In the face of fierce competition, the Phu My Urea brand maintained its solid position and market share in the domestic market, while taking advantage of rising prices in the international market, through its progress towards the goal of developing foreign markets. In 2021, the Corporation exported over 60 thousand tons of Phu My Urea. The output of NPK products, in particular, achieved an all-time high and, for the first time since the projects entered commercial production, was completed ahead of schedule. Furthermore, it has established a market presence with the quality of Phu My NPK, MOP, and DAP, and continues to expand chemical production and business activities. The Corporation was flexible in implementing changes and improvements in transportation, distribution, sales, and inventory policies, among others, to improve the business effect and expand the customer segment, as well as policies on input material inventory to respond to fluctuations in the raw materials market and disruptions in the supply chain.
- ▶ **Capital construction investment and procurement projects:**
 - » Total disbursement for investment and procurement projects is over VND 110 billion.
 - » Major investment project “NH₃ Revamp - Phu My NPK Complex”: increasing the capacity of the NH₃ production workshop at the Phu My Fertilizer Plant by 90,000 tons/year (around 20% increase compared to original capacity) and constructing a plant that uses NH₃ originating from chemical technology to produce 250,000 tons of NPK per year have been effectively put into operation. In 2021, the Complex project continued to generate over VND 2,400 billion in revenue, accounting for roughly 18% of total revenue and VND 461 billion in profit, accounting for approximately 12% of the total profit of the Corporation.
- ▶ **Human Resources and Organization:** The Remuneration Policy Improvement project and KPI project have provided motivation for employees to promote creativity and improvement in their work and assisted the Corporation in retaining highly skilled personnel.
- ▶ **Facing strict requirements of authorities on the prevention and control of Covid-19 pandemic, the Corporation has successfully and effectively implemented a series of countermeasures to ensure continuous and uninterrupted production and business operations:** Planning for production, isolation, and accommodation in place, working from home at the Phu My Fertilizer Plant and Corporation headquarters; Organizing full and early vaccination for employees; Enhancing and transforming management and working systems through digital office and internet.

Limitations and solutions, details as follows:

- ▶ **Production:** After many years of operation, despite regular maintenance, engineering and technical issues have surfaced in fixed equipment at Phu My Fertilizer Plant, which risks the stability of the whole Plant’s operation being affected.
- ▶ **Capital Contribution to Associated Companies:** The planned divestments and withdrawal of capital from associated companies, such as VNPOLY, PVC Mekong, and Ut Xi Aquatic Products Processing Corporation were delayed, etc., the operations of these companies continued to deteriorate.
- ▶ **Some unmet targets:**
 - » Other business fertilizer output: Reached 87% of the planned output, mainly due to the pandemic situation and difficulties in supply chains and consumption markets. The Corporation gave priority to business efficiency and balancing, focusing on consuming self-manufactured products.
 - » Disbursement ratio of capital construction investment was less than 50% of the planned target due to the disbursement progress of the final milestones of NH₃ Revamp - Phu My NPK Complex being unsatisfactory.

Total assets as of 31/12/2021	Cash and cash equivalents	NH ₃ Revamp - Phu My NPK Complex generated in revenue	NH ₃ Revamp - Phu My NPK Complex generated in profit
VND 13,918 billion an increase of 23% compared to the beginning of the year	VND 2,524 billion an increase of 24% compared to the beginning of the year	VND 2,400 billion 18% of total revenue	VND 461 billion 12% of the total profit

FINANCIAL ANALYSIS

Assets and Capital

Total assets as of 31/12/2021 was VND 13,918 billion, an increase of 23% compared to the beginning of the year (VND 13,918/11,300 billion). Cash and cash equivalents increased by 24% compared to the beginning of the year (VND 2,524/2,029 billion).

Liabilities:

- ▶ PVFCCo’s liabilities as of 31/12/2021 were VND 3,205 billion, up 5% compared to the beginning of the year (VND 3,205/3,052 billion).
- ▶ Total liability to total assets ratio and total liability to equity ratio decreased compared to those of 2020, but the current ratio and quick ratio in 2021 remained higher than 1. This demonstrates a good capacity to pay debts, and the Corporation is not under any pressure on due debt, ensuring good production and business activities.
- ▶ Given the closing balance of Cash and Cash equivalents of VND 2,524 billion, there is sufficient funding for manufacturing, trading and investment projects as planned.

Profitability

Profitability ratios of PVFCCo such as ROE, ROA increased sharply compared to those of 2020 (291% and 308%, respectively).

ASSESSMENTS OF THE BOARD OF DIRECTORS ON PVFCCo'S OPERATIONS

In accordance with the Enterprise Law 2020, PVFCCo applied a corporate governance model that includes a General Meeting of Shareholders, a Board of Supervisors, and a Board of Management. Corporate governance complied with and met the requirements of Decree No. 155/2021/NĐ-CP, dated 31/12/2020, issued by the Government. All internal operations, supervision, and auditing were covered by the corporate governance practices. The financial statements were prepared in accordance with the law, reflecting accurately and honestly the production and business activities of the Corporation, and they were audited by renowned external auditors approved by the Ministry of Finance. Members of the BOD, BOS, and BOM are capable and qualified, and their services are free of conflicts of interest. They have performed their roles and duties effectively, contributing to help the Corporation to fulfill its annual production and business plan. The Corporation is constantly working to improve its governance management, heading towards successfully applying upstanding practices such as: improving the BOD's governance efficiency, improving the supervision of the BOS, implementing supportive solutions in management and administration of production and business: ERP, ISO, KPI management and performance evaluation systems, etc.

Overview

Despite facing difficulties as a result of the Covid-19 pandemic, Vietnam's economy maintained its growth momentum in 2021.

The field of fertilizer was affected by the pandemic, the supply chain was interrupted and delayed; competition among enterprises became fiercer, production costs increased; the agriculture industry, which was experiencing many difficulties of its own, directly affected the overall demand for fertilizer consumption. Other difficulties persisted in 2020, as non-deductible input VAT which continued to account for a sizable portion of production costs. However, the pandemic's impact on the world's fertilizer market has limited the supply of imported fertilizer, which in turn has raised the selling price and boosted profit margins for domestic fertilizer manufacturers. Simultaneously, the efforts to overcome pandemic-related disadvantages, manage costs, and capitalize on opportunities by PVFCCo's leaders and employees, timely attention, leadership, direction, and support from authorities, Vietnam Oil and Gas Group, and companionship and sharing from valued shareholders, the Corporation has met the Corporation's primary obligations under the 2021 production plan and achieved exceptional profit results.

Urea's export

60 thousand tons

NPK production

162 thousand tons
a sales volume of 152 thousand tons

Profit before tax

VND 3,799 billion
significantly exceeding the profit target set

RESULTS

The discussions from the two Annual General Meetings of Shareholders are summarized as Advantages and Limitations. The Corporation successfully achieved and exceeded its annual planned targets in production, and operations and financial performance.

Along with guaranteeing the optimal production and sales efficiency of the Corporation's flagship product, Phu My Urea, the Corporation concentrated on cost and asset management in 2021, as well as boosting the operations of self-employed fertilizer distributors. The Corporation aggressively promoted the sale of its specialty Phu My fertilizer products (Phu My NPK, Phu My MOP), which contributed to the overall success outcomes while maximizing the distribution system's efficiency. The distribution subsidiaries took the initiative to steadily increase their business's competitiveness in fertilizers and oil and gas chemicals. The Corporation exported about 60,000 tons of Urea.

The Phu My Fertilizer Plant exceeded both the Urea and NPK production plan. In 2021, the NPK Plant produced 162 thousand tons of NPK with a sales volume of 152 thousand tons.

The Corporation has adopted an honesty and transparency policy. As an award-winning organization, the management adhered to these principles as a foundation and standard for best practices. In 2021, the Corporation maintained an effective integrated management system in accordance with ISO 9001 - 2008, OHSAS 18001 - 2007, and ISO 14001 - 2004; systems such as ERP, STOP, 5S, Six Sigma, CBM, RCA, FMEA, RBI, and RCM, and so on. The Corporation also developed a set of measures to determine the effectiveness of its key performance indicators and salary innovation projects (3P). The intention of this initiative is to foster a professional, fair, and efficient work environment. Internal auditing was deployed with a fresh strategy to complete and upgrade risk management in PVFCCo's manufacturing and commercial operations.

With the aforementioned performance, the Corporation achieved a profit before tax of VND 3,799 billion, significantly exceeding the profit target set by the General Meeting of Shareholders.

Assessment on environmental and social responsibilities

The Corporation is committed to upholding the highest standards of environmental and social responsibility in all of its manufacturing, commercial, and investment activities. The Corporation's primary activities are in the sector of fertilizer and chemical production, both of which are environmentally responsible and have a high potential for negative impact on the environment. Compliance with applicable safety and environmental laws is therefore a major emphasis during production. In product distribution, the Corporation is constantly developing programs and initiatives to educate farmers about the effective and economical use of fertilizers while reducing environmental impact.

The Corporation remains focused on its duties and obligations to society. It has consistently and actively contributed to social security work and cared for its employees throughout the years.

The results of the implementation of environmental and social responsibilities in 2021 are presented in detail in the Sustainable Development Report.

ASSESSMENTS OF THE BOARD OF DIRECTORS ON PVFCCo'S OPERATIONS (Cont.)

A general assessment of the Board of Management on business operation management

- ▶ The members of the Board of Management are all qualified, capable, and qualified, professionally trained, knowledgeable in their assigned fields, and have extensive experience managing and administering significant projects/enterprises.
- ▶ The President and CEO has delegated specific roles to the Vice Presidents and conducted weekly briefings to assess weekly work results and assign the work plan for the following term.
- ▶ The Board of Management conducted the unit's business activities in accordance with the General Meeting of Shareholders' resolutions, under the direction of the Board of Directors, and in strict compliance with the enterprise's charter and legal provisions.
- ▶ The Board of Management maintained a comprehensive awareness of the Corporation's advantages and disadvantages, which enabled it to adapt operating production and business activities while also issuing internal documents in accordance with its authority to effectively control the Corporation's production and business activities; effectively performing the role of risk control beginning with the Board of Management and middle managers.



The Board of Directors' plans and orientations for 2022

With the fertilizer market projection, gas prices will continue to be challenging in 2022, as they were in 2021. However, with the help of the fertilizer market, the Corporation has achieved remarkable profit results in 2021. The Board of Directors has established a business plan for 2022, with the cooperation of State shareholders specifically as follows:

Production targets

No.	Item	Unit	Plan 2022
I Production output			
1	Phu My Urea	Thousand tons	828.0
2	Phu My NPK	Thousand tons	165.0
3	Phu My Urea + KeBo	Thousand tons	10.0
4	UFC 85/Formaldehyde	Thousand tons	12.8
5	NH ₃ (for trading)	Thousand tons	70.0
II Sales volume			
1	Phu My Urea	Thousand tons	800.0
2	Phu My NPK	Thousand tons	165.0
3	Phu My Urea + KeBo	Thousand tons	10.0
4	UFC 85/Formaldehyde	Thousand tons	8.5
5	NH ₃	Thousand tons	70.0
6	Other fertilizers	Thousand tons	234.0
7	CO ₂	Thousand tons	50.0
8	Other chemicals	Thousand tons	0.668

ASSESSMENTS OF THE BOARD OF DIRECTORS ON PVFCCo'S OPERATIONS (Cont.)

The Corporation's financial plan (consolidated)

No.	Item	Unit	Plan 2022
1	Total revenue	VND billion	11,059
2	Profit before tax	VND billion	1,130
3	Profit after tax	VND billion	945
4	Budget payable	VND billion	286
5	Average labor productivity (by revenue)	VND million/person/month	587

Parent company's plan

Financial plan

No.	Item	Unit	Plan 2022
1	Owner's equity	VND billion	7,895
2	Of which: Charter capital/average charter capital	VND billion	3,914
3	Total revenue	VND billion	10,767
4	Profit before tax	VND billion	1,101
5	Profit after tax	VND billion	927
6	Ratio of Profit after Tax/Average Owner's equity	%	11.7
7	Ratio of Dividend/Charter capital (*)	%	15.0
8	Total debt/ Total owner's equity	Times	0.37
9	Budget payable	VND billion	267

(*) The dividend ratio is provisional based on assumed gas price for Phu My Urea production. Gas price/Gas transportation charges for Phu My Urea production in 2022, which will be regulated accurately after approval/acceptance by competent authorities.

Capital investment plan

No.	Item	Unit	Plan 2022
I	Total capital investment	VND billion	252.6
1	Capex	VND billion	105.3
2	Procurement projects	VND billion	147.3
3	Capital contribution to member companies	VND billion	-
II	Capital investment source	VND billion	252.6
1	Owner's equity	VND billion	252.6
2	Loans and others	VND billion	-
III	Capital expenditure	VND billion	252.6
1	Owner's equity	VND billion	252.6
2	Loans and others	VND billion	-





DELIVERING sustainable values

Strictly innovate in streamlined direction, digitalizing production and business management is a prerequisite for PVFCCo to promote the proud tradition in the coming integration period.

Chapter 4.

**INFORMATION ON
CORPORATE GOVERNANCE**

SHARES AND SHAREHOLDERS STRUCTURE



TOTAL NUMBER OF SHARES

391,400,000
shares

OWNED BY

15,217
shareholders

SHARES

Total number of shares of the Corporation: 391,400,000 common shares.

As end of 2021, there were 391,334,260 outstanding shares (excluding 65,740 treasury shares).

CHANGE IN OWNER'S EQUITY

In 2021, the Corporation had no change in owner's equity.

TREASURY SHARES

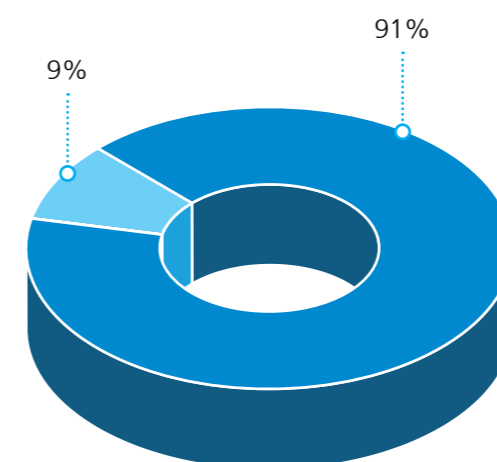
As start of 2021, there were 65,740 treasury shares.

In 2021, there were no transaction during the year. As at 31 December 2021, it remained at 65,740 shares.

SHAREHOLDERS STRUCTURE

Based on the shareholder listing in the Vietnam Securities Depository, as at 28 January 2022, there was a total of 391,334,260 shares owned by 15,217 shareholders.

Shareholder structure chart



Level	Number of Shares
● Domestic shareholders	355,531,018
● Foreign shareholders	35,803,242

DOMESTIC SHAREHOLDERS

Detailed information on domestic shareholder structure

Shareholders	Quantity	Number of shares	Proportion of outstanding shares
Legal entities	102	272,290,461	69.58%
Individuals	14,658	83,240,557	21.27%
Total	14,760	355,531,018	90.85%

Detailed information on major domestic shareholders

Shareholders' name and address	Main business lines	Number of shares held	Proportion of outstanding shares
Vietnam Oil and Gas Group Address: 18 Lang Ha Street, Ba Dinh District, Hanoi. State-Owned Corporation Website: www.pvn.vn	<ul style="list-style-type: none"> Discover, develop, process, store and transport oil, gas and other related services locally in Vietnam as well as internationally. Supply material and equipment for oil and gas industry. Distribute and trade oil, gas and petrochemical products; Invest in production and trading of electricity, biofuel and renewable energy; Ancillary businesses pertaining to oil, gas and energy industries. 	233,204,253	59.59%



FOREIGN SHAREHOLDERS

Detailed information on foreign shareholder structure

Shareholders	Quantity	Number of shares	Proportion of outstanding shares
Legal entities	67	34,451,954	8.80%
Individuals	390	1,351,288	0.35%
Total	457	35,803,242	9.15%

Detailed information on major foreign shareholders: None

STATE-OWNED SHAREHOLDER: VIETNAM OIL AND GAS GROUP (as above)

No.	Full name	Position	Number of DPM shares	
			Representative	Individual ownership
Board of Directors				
1	Nguyen Tien Vinh	Chairman of the BOD, Full-Time, Non-Executive, not concurrently holding any position in other organizations (resigned effective 27/04/2021)		
2	Hoang Trong Dung	Chairman of the BOD, Full-Time, Non-Executive, not concurrently holding any position in other organizations (position held since 27/04/2021)	92,300,253	-
3	Le Cu Tan	Member of the BOD cum President and CEO, not concurrently holding any position in other organizations	62,624,000	170,500
4	Duong Tri Hoi	Member of the BOD, Full-Time, Non-Executive, not concurrently holding any position in other organizations	39,140,000	-
5	Trinh Van Khiem	Member of the BOD, Full-Time, Non-Executive, not concurrently holding any position in other organizations	39,140,000	-
6	Louis T Nguyen	Independent Member of the BOD, Non-Executive, CEO of SAM (Saigon Asset Management)	-	-
Board of Management				
1,	Le Cu Tan	President and CEO	62,624,000	170,500
2,	Le Van Quoc Viet	Vice President	-	-
3,	Le Thi Thu Huong	Vice President	-	-
4,	Tran Thi Phuong Thao	Vice President	-	65,700
5,	Cao Trung Kien	Vice President	-	-
6,	Dao Van Ngoc	Vice President	-	-
7,	Ta Quang Huy	Vice President (appointed 27/04/2021)	-	-
Board of Supervisors				
1,	Huynh Kim Nhan	Chief Supervisor (Full-Time)	-	-
2,	Le Vinh Van	Member of the BOS (Full-Time)	-	-
3,	Luong Phuong	Member of the BOS	-	-
Chief Accountant				
1,	Vo Ngoc Phuong	Chief Accountant	-	24,700



“
The Board of Directors (BOD) for 2021 was elected by the General Meeting of Shareholders (GMS) with 5 members as clearly indicated above. There were no Sub-committees established. The activities within BOD’s authority were specifically assigned to full-time members in charge of each field for inspection and verification so that the BOD could make decisions while supervising, directing, and urging the Corporation to implement the provided resolutions and decisions depending on assigned fields.

ACTIVITIES OF THE BOD IN 2021

As the highest management body, the BOD represents the interests of shareholders. In 2021, the current BOD had 05 incumbent members (01 independent member) who actively and strictly fulfilled their roles and responsibilities in compliance with good corporate governance standards. The BOD conducts organized full-time activities, makes collective decisions, and assigns tasks to its members based on their respective fields of expertise.

In 2021, the BOD held 6 periodical meetings, in which they solicited written opinions from their members 85 times. Resulting from these requests, 62 resolutions, key decisions and many directional documents on critical matters were approved as follows:

Strategic plan

- ▶ Approved and monitored the implementation of the 2022 production and business plan;
- ▶ The BOD developed and reviewed the Corporation development strategy.

Organization - human resources

- ▶ Leadership positions (Chairman and member of the Board of Directors, Vice President) were consolidated;
- ▶ Continued to oversee of the reorganization of the parent company’s and subsidiaries’ management system, as well as the overall restructuring.
- ▶ The number of employees was approved.

Corporate governance, risk management and internal audit

Approved and implemented the internal audit plan in accordance with the processes and systems completed as part of the project supporting the establishment of the internal audit processes; Directed the implementation of digital transformation;

Investment and implementation of projects

Directed the implementation and handling of issues related to the completion of the final phase of the NH₃ Revamp - Phu My NPK Complex.

Issued and amended regulations

Submitted to the General Meeting of Shareholders the Corporation charter, Regulation on internal governance, Operational regulation of the BOD and BOS, issued the Regulation on management of representatives at organizations, Regulation on management of construction investment, procurement and bidding, Regulation on investment portfolio management, Regulation on Science and Technology, Regulation on information disclosure on the stock market...

ACTIVITIES OF THE BOD IN 2021 (Cont.)

Restructuring The overall restructuring of the Corporation and its subsidiaries was implemented;

Investor relations In April 2021, the Annual General Meeting of Shareholders was held successfully. The event was directed the IR team in order to actively implement online contact and information exchange activities to ensure continuous and full disclosure of information on performance to shareholders and investors.

Selection of an independent auditor The BOD coordinated with the BOS to select an external audit firm for the financial statements audit as authorized by the General Meeting of Shareholders.

Apart from the periodic and extraordinary sessions, the BOD held regular weekly and monthly work briefings to inspect and evaluate its performance and oversee the BOM's compliance with BOD's resolutions and decisions in the production and business activities of the Corporation.



The members of the BOD directed, monitored and ensured the performance of the BOM, through the following activities:

- ▶ The BOD attended and chaired the BOM's meetings to implement the resolutions and executive decisions and to prepare project proposals for submission to the BOD.
- ▶ The BOD participated in periodic briefings and provided guidance to the BOM.
- ▶ The BOD attended and directed meetings discussing matters relating to pricing, sales policies, staff policies, labor organization, and meetings on developing and assigning production and business plans for subsidiaries and associate companies, in reporting and reviewing of key missions, etc.
- ▶ The BOD monitored and reviewed the business operations through BOM's reports and documentation to BOD.
- ▶ The BOD provided guidelines and suggestions to the BOM on key issues arising from the management of operations.

LIST OF RESOLUTIONS AND EXECUTIVE DECISIONS OF THE BOARD OF DIRECTORS APPROVED AND PROMULGATED IN 2021

No.	Resolution/ Executive decision No.	Date	Contents
1	21-01-NQ-PBHC	05/01/2021	Resolution on the advance payment of dividends for the 1 st phase in 2020
2	21-14-QĐ-PBHC	13/01/2021	Executive Decision on approving the planning of warehouse - port system, period of 2020-2025, strategy to 2030 of the Corporation
3	21-22-NQ-PBHC	19/01/2021	Resolution on the approval of the 2021 operation plan of the Internal Audit Division of PVFCCo
4	21-23-NQ-PBHC	19/01/2021	Resolution on the approval of amendment No. 01 - Gas purchase and sales contract with PV Gas in 2020
5	21-28-NQ-PBHC	25/01/2021	Resolution on the plan to handle outstanding problems and disputes in EPC Contract for the construction of NH ₃ Revamp - Phu My NPK Complex
6	21-29-NQ-PBHC	27/01/2021	Resolution on the approval of PVFCCo's 2021 Science and Technology plan
7	21-30-QĐ-PBHC	27/01/2021	Executive Decision on the approval and issuance of the Regulation on complaints, denunciation, petition and reflection inspection and settlement at PVFCCo
8	21-40-NQ-PBHC	01/02/2021	Resolution on the approval of the plan for the 2021 Annual General Meeting of Shareholders
9	21-53-NQ-PBHC	24/02/2021	Resolution on approval of the 2021 cash flow plan and the implementation of the capital management in cash in Quarter 1/2021
10	21-52-NQ-PBHC	24/02/2021	Resolution on the approval of the credit limit for 2021 - 2022
11	21-51-NQ-PBHC	24/02/2021	Resolution on the approval of amendment No. 01 - Gas purchase and sales contract with PV Gas in 2020
12	21-69-QĐ-PBHC	12/03/2021	Executive Decision on the approval and issuance of the Science and Technology regulations of PVFCCo
13	21-77-NQ-PBHC	23/03/2021	Resolution on the approval of prudent spending and anti-wastefulness program in 2021
14	21-80-QĐ-PBHC	26/03/2021	Executive Decision on the approval and issuance of the Regulation on managing and using capital in cash of PVFCCo
15	21-81-NQ-PBHC	29/03/2021	Resolution on approval of adjusting the Norm No. 02
16	21-83-QĐ-PBHC	30/03/2021	Executive Decision on the reappointment of the position of Vice President of PVFCCo to Ms. Tran Thi Phuong Thao
17	21-84-QĐ-PBHC	30/03/2021	Executive Decision on the reappointment of the position of Chief Accountant of PVFCCo to Mr. Vo Ngoc Phuong
18	21-91-NQ-PBHC	31/03/2021	Resolution on the BOD's meetings
19	21-92-NQ-PBHC	31/03/2021	Resolution on the approval of the parent company's working capital plan for Phu My branded fertilizer products in 2021
20	21-93-QĐ-PBHC	31/03/2021	Executive Decision on the consolidation of the Science and Technology Council of PVFCCo

No.	Resolution/ Executive decision No.	Date	Contents
21	21-102-NQ-PBHC	08/04/2021	Resolution on the approval of the final settlement of salary fund in 2020 of PVFCCo
22	21-110-NQ-PBHC	14/04/2021	Resolution on the plan for the organization and arrangement of working locations of some functional divisions
23	21-112-QĐ-PBHC	16/04/2021	Executive Decision on approval and issuance of the regulation on management of construction investment, bidding and procurement of PVFCCo
24	21-113-NQ-PBHC	16/04/2021	Resolution on plan to handle outstanding problems and disputes in EPC Contract for the construction of NH ₃ Revamp - Phu My NPK Complex
25	21-117-NQ-PBHC	23/04/2021	Resolution on the approval of the program and documentation for the 2021 Annual General Meeting of Shareholders of PVFCCo
26	21-47-NQ-DHDCD	27/04/2021	Resolution on the 2021 Annual General Meeting of Shareholders
27	21-48-NQ-DHDCD	27/04/2021	Resolution on the Charter of PetroVietnam Fertilizer and Chemicals Corporation
28	21-118-NQ-PBHC	27/04/2021	Resolution on the election of the Chairman of the BOD
29	21-119-QĐ-PBHC	27/04/2021	Executive Decision on the appointment of Mr. Ta Quang Huy as the Vice President of PVFCCo
30	21-122-QĐ-PBHC	29/04/2021	Executive Decision on the internal regulations for governance of PVFCCo
31	21-123-QĐ-PBHC	29/04/2021	Executive Decision on the regulation on operation of PVFCCo's Board of Directors
32	21-139-NQ-PBHC	13/05/2021	Resolution on work assignment in the Corporation's Board of Directors in the areas of expertise and monitoring activities of the divisions/units directly under the Corporation
33	21-153-NQ-PBHC	26/05/2021	Resolution on the approval of the agreement on payment and final settlement of gas sales and purchases in 2020 with PVGAS
34	21-166-NQ-PBHC	26/05/2021	Resolution on the approval of the social security plan in 2021-2022
35	21-176-NQ-PBHC	04/06/2021	Resolution on the consolidation of personnel of divisions, offices and branches
36	21-177-NQ-PBHC	04/06/2021	Resolution on the approval of the plan on number, structure and personnel of the BOD, BOS of subsidiaries directly under the Corporation
37	21-180-QĐ-PBHC	09/06/2021	Executive Decision on the establishment of a Steering Committee for development and implementation of development strategy
38	21-181-QĐ-PBHC	09/06/2021	Executive Decision on the consolidation of the Steering Committee for corporate restructuring
39	21-183-NQ-PBHC	11/06/2021	Resolution on the approval of PVFCCo's Action Plan for Tasks in 2021
40	21-184-NQ-PBHC	11/06/2021	Resolution on approval of adjusting the Norms No. 1, 6, 7, 8,2, 8,3 and 8,4
41	21-191-NQ-PBHC	15/06/2021	Resolution on approval of the list of deposit investment credit institutions in 2021
42	21-208/NQ-PBHC	01/07/2021	Resolution on the allocation and management of contributed capital of PVFCCo's capital representative at the North PetroVietnam Fertilizer & Chemicals Joint Stock Company

No.	Resolution/ Executive decision No.	Date	Contents
43	21-209/NQ-PBHC	01/07/2021	Resolution on the allocation and management of contributed capital of PVFCCo's capital representative at the Central PetroVietnam Fertilizer and Chemicals Joint Stock Company
44	21-210/NQ-PBHC	01/07/2021	Resolution on the allocation and management of contributed capital of PVFCCo's capital representative at the South East PetroVietnam Fertilizer and Chemicals Joint Stock Company
45	21-211/NQ-PBHC	01/07/2021	Resolution on the allocation and management of contributed capital of PVFCCo's capital representative at the South West PetroVietnam Fertilizer and Chemicals Joint Stock Company
46	21-214/NQ-PBHC	02/07/2021	Resolution on the approval of the supplier selection result and contract conclusion to hire an audit firm for the review of the 2021 financial statements
47	21-215/QĐ-PBHC	02/07/2021	Executive Decision on assigning Ms. Nguyen Thi Kim Anh to take in charge of the Internal Audit Division
48	21-268/QĐ-PBHC	31/08/2021	Executive Decision on the approval and issuance of Regulation on investment portfolio management
49	21-286/NQ-PBHC	27/09/2021	Resolution on the approval and temporary issuance of Norm No. 4 - Norms for supplies; spare parts for periodic maintenance and repair at NH ₃ Revamp - Phu My NPK Complex
50	21-330/NQ-PBHC	12/11/2021	Resolution on the approval of the final settlement of the overall maintenance cost for Phu My Fertilizer Plant in 2021
51	21-342/NQ-PBHC	17/11/2021	Approval of the adjustment of the detailed list of Norms for minimum reserve supplies at NH ₃ Revamp - Phu My NPK Complex
52	21-352/QĐ-PBHC	25/11/2021	Executive Decision on the approval and issuance of regulation on spending and using capital of PVFCCo's scientific and technological development fund
53	21-353/QĐ-PBHC	25/11/2021	Executive Decision on the approval and issuance of science and technology regulation
54	21-371/NQ-PBHC	7/12/2021	Resolution on the approval of the provisional norm for NPK products
55	21-372/NQ-PBHC	7/12/2021	Resolution on the approval of the adjustment to the 2021 business plan of North PetroVietnam Fertilizer and Chemicals Joint Stock Company
56	21-373/NQ-PBHC	7/12/2021	Resolution on the approval of the adjustment to the 2021 business plan of Central PetroVietnam Fertilizer and Chemicals Joint Stock Company
57	21-374/NQ-PBHC	7/12/2021	Resolution on the approval of the adjustment to the 2021 business plan of South East PetroVietnam Fertilizer and Chemicals Joint Stock Company
58	21-375/NQ-PBHC	7/12/2021	Resolution on the approval of the adjustment to the 2021 business plan of South West PetroVietnam Fertilizer and Chemicals Joint Stock Company
59	21-395/NQ-PBHC	27/12/2021	Resolution on the approval and assignment of the 2022 business plan of PVFCCo
60	21-398/NQ-PBHC	29/12/2021	Resolution on the approval of adjustment to the PVFCCo's production targets and plans in 2021
61	21-399/QĐ-PBHC	29/12/2021	Executive Decision on the approval and issuance of regulation on information disclosure on the stock market of PetroVietnam Fertilizer and Chemicals Corporation
62	21-406/NQ-PBHC	31/12/2021	Resolution on approval of the 2021 planned salary payroll of PVFCCo

REPORT ON THE ACTIVITIES OF INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS

NON-EXECUTIVE AND INDEPENDENT MEMBERS OF THE BOD'S ACTIVITIES

Mr. Louis T Nguyen, Mr. Ta Quang Huy are 2 independent members of the BOD. They participated actively in all the official duties and assignments. They also monitored and provided guidance to BOM in discharging the operations since their participation.

Comments from the independent members of the BOD on the governance/management of PVFCCo in 2021

The Board of Directors and the Board of Management implemented their roles and duties in accordance with the laws on corporate governance, the Corporation charter and the executive decisions of the General Meeting of Shareholders and the BOD. The BOD and BOM's members performed their duties and fully complied with the responsibilities and authorities assigned, as stipulated to protect the interests of all shareholders. The results were reflected in the production and business plans and targets that PVFCCo completed and exceeded in 2021.

In the Corporation, as did other shareholders, the State shareholders had an expectation that the value of the Corporation would increase. In addition to complying with regulations on corporate governance, administrators who are capital representatives were responsible for the management and preservation of the States capital. The Corporation relied heavily on the costs of production materials in the context of declining low-cost gas supply, and the Board of Management made every

endeavor to present, propose and protect the State commitments and policies which were most beneficial to it in the field in both the short and long term. The BOD complied with corporate governance standards for listed companies, ensuring that both members and independent members of the BOD enforced their powers and responsibilities. In addition to the tasks mentioned above, in 2021, the Corporation continued to face many market fluctuations and risks from the Covid-19 outbreak, which affected both production and business activities. In that context, the BOD and the BOM carefully prepared resources and flexibly adapted to suit the context of new challenges, and closely followed the key objectives to assure stable operation of the system, as well as excellently reaching the targets with results that exceeded the expectations of shareholders and investors.

To approach and adhere to as closely as possible to the advanced corporate governance standards, the BOD will review and enhance activities by offering more orientations, strategies, and supervision while building up a strong and appropriate hierarchy to reduce its participation in executive activities. In 2021, the Corporation actively coordinated with professional consulting units to implement a restructuring program

which would streamline the system while updating and perfecting the medium and long-term development strategy for the shareholders to consult and approve.

One independent member of the BOD holds responsibility for investor relations, considering that a significant portion of the ownership of the Corporation is with foreign investors. With the company's operating outcomes being improved in 2021, investor demand for information access has skyrocketed (especially during the period of prolonged lockdown and social distancing). The independent member of the BOD has actively connected with the Management and functional divisions to continue communication to investors about the Corporation's values and advantages, as well as the efforts of the BOM and the BOD, as well as bringing contributions and ideas from investors to the Board of Directors on guidelines, development strategies, or directions on finding strategic investors. Among other companies which have changed from being wholly state-owned enterprises, the Corporation has demonstrated solid governance foundations. Constant improvements to achieve even more efficiency is the desire of all shareholders.

TRAINING TO IMPROVE BOD'S CORPORATE GOVERNANCE KNOWLEDGE

At the time of their election or appointment, all members of the Board of Directors have expertise and training in Corporate Governance.

To meet job requirements, members of the BOD actively learn, train, update, and increase their understanding of corporate governance.

IMPLEMENTATION OF THE RESOLUTIONS OF THE GENERAL MEETING OF SHAREHOLDERS AND MANDATED TASKS

According to the Resolutions of the 2021 Annual General Meeting of Shareholders, the BOD approved to issue the regulations: Internal regulations on governance, Regulation on operation of BOD and assigned the BOS to issue the Regulation on operation. The BOD and the BOS have implemented and issued these regulations.

According to the Resolutions of the 2021 Annual General Meeting of Shareholders, the General Meeting of Shareholders authorizes the BOD to seek out and actively decide on the purchase of raw gas supply for the production of Phu My Fertilizer Plant under the authority of the General Meeting of Shareholders, in accordance with the needs of the Corporation's business and production activities and directions of the competent authorities. As a first step, the BOD approved the extension of the gas purchase and sales contract for 2020 to the end of 2022 and then focused on efforts to implement gas supply contract for upcoming years.

“The BOD and BOM's members performed their duties and fully complied with the responsibilities and authorities assigned, as stipulated to protect the interests of all shareholders. The results were reflected in the production and business plans and targets that PVFCCo completed and exceeded in 2021.”

INCOME STATEMENT OF PVFCCo AND REPORT ON PERFORMANCE OF THE BOD AND THE PRESIDENT AND CEO

The BOS appraised the Income statement of the BOD, the Income statement submitted by the President and CEO to the General Meeting of Shareholders and assessed that, in 2021, the Corporation had exceeded many production plans and targets. These statements were a true, complete and honest reflection of the real performance of the Corporation.

Corporation's production results

Trading of imported fertilizers:
Consumption in 2021 reached

244 thousand tons

achieving 87% of the plan, an increase of 36% compared to 2020

Profit before tax in 2021
reached

VND **3,799** billion

an increase of 348% compared to 2020

Phu My Urea: Consumption in
2021 reached

749 thousand tons

achieving 100% of the plan, decreasing by 9% compared to 2020

In 2021, sales output of
chemicals reached

124 thousand tons

achieving 102% of the plan, a decrease of 6% compared to 2020

Profit after tax in 2021 reached

VND **3,172** billion

increasing by 352% from 2020

Phu My NPK: Consumption in
2021 reached

152 thousand tons

achieving 108% of the plan, an increase of 60% compared to 2020

Total revenue in 2021 reached

VND **13,117** billion

achieving 109% of the plan, an increase of 63% year-on-year

Implementation of investment projects

The NH₃ Revamp - Phu My NPK Complex was completed and went into operation and is now in process of deploying the Final Acceptance Certificate (FAC), Final settlement of EPC contract, other relevant contracts and project capital settlements.

Regarding restructuring and completion of the governance and administration

Continued to accelerate the implementation of overall restructure of PVFCCo's organizational and operational model, phase of 2020-2025, merged 13 functional divisions of the Parent company into 8 divisions, signed the contract of consulting and planning the Corporation's development strategy vision to 2035.

OPERATIONAL AND FINANCIAL SUPERVISORY ACTIVITIES

Production and business activities, as well as financial activities, were accurately and reasonably reflected in the financial statements; data and statistics were recorded, classified and presented in line with Vietnamese accounting standards and current regulations, and have been reviewed and audited by Deloitte Vietnam

SELF-ASSESSMENT REPORT ON THE ACTIVITIES OF THE BOARD OF SUPERVISORS AND ITS MEMBERS

In 2021, despite the prolonged Covid-19 pandemic, the BOS completed regular and periodical inspection and supervision, cooperated in organization and examination and made reports on production and business activities in 2020 and the first 6 months of 2021 of regional companies. Assessment: Well done.

Members of the Board of Supervisors outperformed the assigned inspection and supervision tasks under PVFCCo's Charter and complied with the legal regulations.

REMUNERATION, OPERATING EXPENSES AND OTHER BENEFITS OF THE BOS AND MEMBERS

Salary, bonus and remuneration of members were setup and complied with the Decree No. 53/2016/ND-CP and the Resolution approved by the 2021 Annual General Meeting of Shareholders.

SUMMARY OF THE MEETINGS OF THE BOS, CONCLUSIONS AND RECOMMENDATIONS, RESULTS OF SUPERVISION OF THE CORPORATION'S OPERATION AND FINANCIAL SITUATION

The BOS organized 4 regular meetings and 3 extraordinary meetings to elect a Chief Supervisor for new term of office, assigned tasks to members, approved the plans for inspection and supervision of units, appraised the quarterly/semi-annual/annual financial statements, approved the supervision reports, responded to shareholders' opinions, approved the report on salary appraisal and report on summary of task performance of the BOS's individuals and collectives.

ASSESSMENT REPORT ON TRANSACTION BETWEEN PVFCCo, SUBSIDIARIES AND OTHER COMPANIES WITH MORE THAN 50% CHARTER CAPITAL CONTROL RIGHTS HELD BY PVFCCo, MEMBERS OF THE BOD, THE PRESIDENT AND CEO OR ITS RELATED PERSONS

As of 31 December 2021, the total contributed capital to subsidiaries was unchanged, the capital contribution ratio of 75%/charter capital is VND 386.25 billion. These Companies are agents and distributors, making purchases and sales transactions in accordance with regulations and the Company's charter, ensuring the interests of shareholders.

TRANSACTIONS BETWEEN THE CORPORATION AND COMPANIES IN WHICH THE BOD MEMBER IS / WAS A FOUNDING MEMBER OR BUSINESS MANAGER (SUBSIDIARY) WITHIN THE 3 YEARS PRECEDING THE TRANSACTION: None

MONITORING RESULTS OF THE BOD, PRESIDENT AND CEO AND OTHER MANAGERS

The members of the BOD are in charge of their own fields, directing items within their power on behalf of the BOD to make decisions, supervise, direct, and implement the BOD's resolutions and executive decisions, and completely organize regular meetings. In governance, the BOD works with a sense of responsibility and transparency. The decisions, in collaboration with the BOM to direct and implement the resolution of the General Meeting of Shareholders, swiftly exceeded the production and business plan targets in 2021.

ASSESSMENT ON COOPERATION BETWEEN THE BOS AND THE BOD, PRESIDENT AND CEO AND SHAREHOLDERS

The BOS received close coordination from the Corporation's BOD and BOM in carrying out management and administration. There was participation in and contribution of ideas to meetings, as well as directing the functional divisions to implement and respond in writing to recommendations and opinions of the BOS and BOM.

REPORT ON TRANSACTIONS, REMUNERATION AND OTHER BENEFITS OF THE BOD, BOM AND BOS

SALARIES, BONUSES, REMUNERATION AND BENEFITS OF BOD, BOM AND BOS

PVFCO implemented an executive remuneration scheme for members of the BOD, BOS and BOM in accordance with the law and PVFCO's Compensation and Benefits Policy. This is aligned with its annual salary review and budget and the provision of fair reward for the competence and performance of each member.

Part-time members of BOD or BOS are entitled to remuneration according to job role and responsibility.



DETAILS OF SALARIES, REMUNERATION AND BONUSES IN 2021

Unit: VND billion

No.	Full name	Position	Salary and bonus fund		
			Salary fund	Bonus fund	Total income
I	Board of Directors		6,460	770	7,230
1	Nguyen Tien Vinh	Chairman of the BOD (until 27/04/2021)	373	47	420
2	Hoang Trong Dung	Chairman of the BOD (commencing 27/04/2021)	1,240	155	1,395
3	Le Cu Tan	Member of the BOD cum President and CEO	1,712	214	1,926
4	Duong Tri Hoi	Member of the BOD	1,486	186	1,672
5	Trinh Van Khiem	Member of the BOD	1,348	168	1,516
6	Louis T Nguyen	Member of the BOD (Part-time)	301	-	301
II	Vice President and Chief Accountant		9,821	1,228	11,049
1	Le Van Quoc Viet	Vice President	1,486	186	1,672
2	Le Thi Thu Huong	Vice President	1,486	186	1,672
3	Dao Van Ngoc	Vice President	1,323	165	1,488
4	Tran Thi Phuong Thao	Vice President	1,486	186	1,672
5	Cao Trung Kien	Vice President	1,370	171	1,542
6	Ta Quang Huy	BOD members (until 27/04/2022) and Vice President (commencing 28/04/2021)	1,323	165	1,488
7	Vo Ngoc Phuong	Chief Accountant	1,348	168	1,516

Unit: VND billion

No.	Full name	Position	Salary and bonus fund		
			Salary fund	Bonus fund	Total income
III	Board of Supervisors		2,982	339	3,321
1	Huynh Kim Nhan	Chief Supervisor	1,486	186	1,672
2	Le Vinh Van	Member of the BOS	1,222	153	1,375
3	Luong Phuong	Member of the BOS (Part-time)	274	-	274
	Total		19,264	2,336	21,600

Trading of internal shareholders' and related persons' shares

On 15 June 2021, Ms. Le Thi Thu Huong, Vice President of PVFCO sold 63,500 DPM shares.

Contract or transaction with internal shareholders

In 2021, there were no transactions between the Corporation and the members of the Board of Directors, Board of Supervisors, Board of Management and managers.

Contracts or transactions with related organizations and individuals

- ▶ Gas sales contract with PetroVietnam Gas Joint Stock Corporation (PV Gas).
- ▶ Trademark transfer contract with Vietnam Oil and Gas Group (PVN).
- ▶ Purchase and sales contract between the Corporation and 4 affiliated subsidiaries.



Implementation of corporate governance regulations

PVFCO complied with all the legal governance regulations of a listed company:

- ▶ To assure an appropriate proportion of non-executive members to independent members of the Board of Directors.
- ▶ To hold Annual General Meeting of Shareholders in full compliance with provisions of laws on business and regulations of management for publicly listed companies. To organize meetings and pass the resolutions of the BOD according to the Charter of the Corporation and the law on enterprises.
- ▶ To discharge all periodic and extraordinary information disclosure obligations for publicly listed companies in a timely and transparent manner.
- ▶ To prepare annual report and reports for submission to the General Meeting of Shareholders with full content and information on financial and production management, administration and supervision of the Corporation.
- ▶ To strictly comply with regulations on corporate governance and information disclosure in the stock market.
- ▶ The Board of Directors has formulated and promulgated the Regulations on Internal governance, Operational regulation of the BOD, and Regulations on the evaluation of the level of accomplishment of tasks.

On improving corporate governance capacity in accordance with regional and international governance standards: To conduct/participate in training courses for members of the BOM/BOS/BOD.

The Corporate Governance Scorecard for the ASEAN region is a set of questions based on corporate governance principles of Organization for Economic Co-operation and Development (OECD) and the best corporate governance practices. The Scorecard is used as a standard to evaluate the corporate governance practices of major listed companies in Malaysia, Indonesia, Singapore, Thailand, the Philippines and Vietnam.

Jointly developed by the Asian Development Bank and the ASEAN Capital Markets Forum, the program seeks to enhance the image of ASEAN publicly listed companies and their ability to attract investments as well as improve the image of capital markets towards integration into ASEAN. The evaluation criteria for corporate governance scores are based on publicly available corporate information sources such as the Annual Report, company website, shareholders' notices, minutes and resolutions of the Annual General Meeting of Shareholders.

In November 2015, PVFCO received "The ASEAN Corporate Governance Award" - in the Top 3 listed companies in Vietnam under the ASEAN Corporate Governance Scorecard. In addition, over the past years, the Corporation has been awarded Top 5 Public Listed Companies for best corporate governance in the large and mid-capitalized group by the Ho Chi Minh City Stock Exchange Authority, in coordination with Dragon Capital and the Vietnam Investment Review. This is an annual award to honor public listed companies who have achieved the highest management scores based on corporate management principles of domestic and regional leading experts.

In 2021, both the world economy, and the Vietnamese economy continued to face challenges resulting from the Covid-19 pandemic, which led to interruptions in the supply chain of goods and service all around the world. While the economy was affected heavily due to prolonged supply interruptions, the BOD and BOM proactively developed and applied systems to respond to potential risks and crises arising from the pandemic. Overall, the Corporation excelled in the execution of the maintenance plans, maintaining stable production and business, demonstrating flexibility in seizing opportunities for strong price recovery to enhance capacity, improve product quality, and achieved breakthrough steps in operational efficiency and market capitalization size.

With excellent performance throughout the prolonged Covid-19 pandemic, the Corporation exceeded many of its targets and duties as assigned by the General Meeting of Shareholders, maintaining the belief and trust of shareholders and partners, and continued to enhance corporate governance efficiency in order to meet corporate governance standards in the region.

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Despite the many complicated developments of the pandemic, in 2021, the Vietnamese stock market achieved sublimation when VN-Index surpassed 1,500 points, the highest point in the market and in 21 years of operation. With a strong recovery in selling prices and positive developments in supply and demand, stock prices in the fertilizer sector in general and DPM in particular achieved breakthrough growth to the highest level in history, attracting large cash flow from the market.



VN-Index surpassed

1,500 points

the highest point in the market and in 21 years of operation

The price of DPM stock on 31 December 2021

VND **50,000**

increased by 179% in 2021

During 2021, Ho Chi Minh City and its neighboring provinces continued to experience prolonged periods of isolation and social distancing due to Covid-19 outbreaks which affected all aspects of social life including working conditions. PVFCCo was not an exception. All of PVFCCo’s leaders and employees promoted the spirit of overcoming difficulties, proactively and creatively adapting to volatile situations, taking advantage of favorable conditions to optimize production and business efficiency, achieving outstanding performance, and exceeding market expectations.

With income performance outpacing other companies in the same industry, as well as exceeding recent years, the price of DPM stock increased by 179% in 2021, reaching VND 50,000 on 31 December 2021, raising the capitalization level to nearly VND 20,000 billion. With this impressive growth in 2021, the stock liquidity

improved sharply to about 4 million stocks/trading day, more than 10 times higher than the average of recent years, attracting great interest from domestic and foreign institutional and individual investors, and brokerage organizations.

In 2021, as part of our continued orientations on investor relationship, and under the direction and support of the Management, the IR team performed the role of information link between PVFCCo and the market. The operational areas were connected to the Corporation’s strategic targets, with the aim of continuously enhancing the quality of corporate governance; transparently disclosing information in all fields; ensuring compliance with regulations and principles of fair treatment with shareholders; aiming for stable, sustainable development and constantly increasing value to society, shareholders, partners and employees.

IR operations are detailed as follows:

Improving governance quality associated with sustainable development goals

Updating the latest contents and regulations on corporate governance to continue the enhancement of governance in managing and administering the business, ensuring compliance with the laws and managing risks in the system.

The targets and plans were openly exchanged by the BOD and BOS with the BOM in an open and respect-based manner and voted with high rate by the shareholders at Annual General Meeting of Shareholders.

Information transparency

Developing information channels to ensure the prompt and full provision of information to shareholders and investors, in a fair and accurate manner:

- ▶ The Corporation assigns personnel in charge of investor relationships who have close connection and support from leaders and functional divisions throughout the Corporation.
- ▶ Regularly exchanging information with investors (periodically and upon request): Organizing online meetings to update quarterly performance (bilingual in English - Vietnamese); In 2021, PVFCCo had quarterly

meetings with the investment funds and brokerage organizations with massive participation of hundreds of domestic and foreign investors. Accordingly, the quarterly results were updated in detail to the investors and all their questions on operation in the quarter were answered.

- ▶ Ensuring compliance with the regulations on information disclosure (periodic and irregular).
- ▶ Documenting specialized publications for shareholders and investors: Annual Report, Sustainable Development Report, Investor Newsletter, The Corporation’s Introduction Slide (both in English and Vietnamese).
- ▶ Developing channels to respond to information from the market, making regular reports to the the Management on identification and assessment from the market along with matters receiving attention from Investors; assuring that information on DPM is conveyed in an accurate and timely manner while accurately reflecting the value and potential of the Corporation and ensuring the information control; avoiding taking advantage of incorrect or inaccurate information for personal gain, ensuring long-term and fair benefits in information provision for all shareholders.

“

In 2021, the world economy encountered many difficulties when facing the complicated developments of the Covid-19 pandemic as well as unstable factors from the energy market, geopolitical situation, etc.

The increase in the world's oil price caused input and freight costs to increase; VAT policy has not been adjusted appropriately; The Covid-19 pandemic introduced complicated developments, the supply chain was severely disrupted, causing economic decline, increasing costs related to pandemic prevention and control, input costs for agriculture, especially sharp increases in fertilizer prices, directly affect farmers' profits, leading to a tendency to reduce fertilizer usage for crops, which in turn lead to long-term effects on general production and business activities of the Corporation. The Phu My Fertilizer Plant continues to manage carefully the many potential risks from machinery and equipment after 18 years of operation.

In 2021, key risk groups were identified, and effective risk management solutions were implemented to limit those risks for safety assurance in production, business, and investment activities:

- ▶ The Phu My Fertilizer Plant was operated safely in the context of equipment degradation, highly fluctuating raw material costs and increasingly fierce competition in the consumption market.
- ▶ PVFCCo continued its diversification into new products while still developing its traditional products to affirm its leading position in fertilizer production and trading in the domestic market.
- ▶ PVFCCo implemented new investment projects with new products, deployed and traded fertilizer and chemical products manufactured by PVFCCo, in order to fulfill its long-term strategic objectives.



To realize the above-mentioned goals for the sustainable development and best protection of shareholders' interests while fulfilling social responsibilities in 2021, PVFCCo successfully managed the following key risk groups:



MARKET RISK

In order to sustain the top position in the domestic fertilizer sector, PVFCCo has comprehensively reviewed and controlled the following risks:

Oversupply risk

Over the past years, the competition in the fertilizer market has continued to increase, following Vietnam's entry into a series of Free Trade Agreements, and as a result of the impact of climate change. These factors have all strongly influenced PVFCCo's business. Faced with these challenges, PVFCCo has focused on strengthening and adjusting its domestic distribution system, enhancing customer care with in-depth development to create a sustainable link between the parent company, associated companies and a wide system of agents across all regions of the country. Goods are strategically dispatched to the key consumption sectors to dominate the market, maintaining competitive advantage against its competitors in the same industry, and maintaining the brand name. This is a strategic and long-term plan to help the Corporation develop a stable, long-term sales pipeline.

Input material prices risk

Price of the main source of raw materials - gas - increased sharply in 2021, as a result of the geopolitical situation in the world with continuous changes affected the oil sources for countries, especially in the final months of 2021. As the Covid-19 pandemic was gradually controlled, the demand for oil consumption for economic development strengthened. This volatility has affected the PVFCCo's production costs. The global oil price has fluctuated considerably over the recent years. The unpredictability of oil prices has directly and greatly impacted the Corporation's production and business plans.

PVFCCo's profitability is highly dependent on variations in the cost of raw materials used in the manufacture of its fertilizer. The Corporation has managed the price risk of natural gas through short-term arbitrage and actions. Based on pricing scenarios, the Corporation proactively implemented flexible planning and budgeting. This provided the Corporation with control over unforeseen changes as business conditions varied. At the same time, PVFCCo negotiated with suppliers to achieve the suitable price path for production.



Commodity price risk

Since entering into a series of Free Trade Agreements, changes in global fertilizer prices have also immediately impacted domestic prices as the local products are direct competing with imported fertilizers and unregistered parallel imports from neighboring countries.

Under this pressure, PVFCCo, as a manufacturer and trader of fertilizer, has balanced the risks and opportunities to decide to sell its products at a competitive price compared to the market price in order to maintain market share and competitive advantages.

Liquidity risk

Liquidity risk is caused by the inability of buyers to pay for their purchases by the due date. Bad debts significantly affected the planned use of capital as well as production and business results.

Noting this, PVFCCo has developed sales and credit guidelines that conformed to the needs of the local market. These guidelines are systematically implemented, controlled and administered from top down starting with the Corporation and extending to its subsidiaries. Credit terms are specific to each customer for every product group. The terms of credit are given after a financial assessment of the buyer, based on credit ratings and customer repayment ability. At PVFCCo, the working capital plans and inventory control are approved, monitored and reported in a timely and adequate manner. In 2021, with this proper understanding and effective management, PVFCCo did not have any non-performing accounts.

Product development risk

In order to respond to the market demand for high quality fertilizers, and regulations on environmental protection which introduce increasingly diverse and rigorous demands, the Corporation has continued to promote its research and development activities to innovate and improve products, creating more high-quality products to meet product requirements for farmers as well as leading the market.

Particularly, Phu My NPK, which is manufactured with the most advanced chemical production technology and continuously receives product formula improvements, in the past year has met increased market acceptance and growing consumption has resulted in increasing production.

Implementing the flexible and synchronous solutions to respond to the influences of market risk, in a timely and effective manner, ensuring the risk management plan in 2021:

- ▶ In order to support sales, PVFCCo has focused on distribution management and developed communication and branding strategies. These efforts have supported our competitive advantage and maintained profitability and the positioning of Phu My fertilizer in the domestic market.
- ▶ PVFCCo has developed communication channels with member companies and agents for capturing reliable just-in-time information to help manage changing markets affecting the industry.
- ▶ PVFCCo held conferences and seminars on business operations, branding, market information, contributing an important part in promoting the products and images of PVFCCo, seeking cooperation opportunities in the domestic and foreign markets, contributing to improve the business plans and strategies.
- ▶ PVFCCo completed the brand portfolio of its products for Phu My by importing high quality fertilizers to supply to the needs of market.
- ▶ The important policies were updated and revised in the light of new business developments: Regulation on fertilizer business management; Regulations on construction and development of PVFCCo's fertilizer distribution system; Processes of communications and creative design; Processes of trade promotion and fertilizer sales support; Implementation of customer care programs, etc. The policy changes helped to enhance corporate governance in PVFCCo as it faces new market challenges.
- ▶ Much importance has been placed on this restructuring. PVFCCo has capitalized on its strengths and utilized resources in the most efficient way, improving its competitive advantage for the days ahead.

In addition to market-based risk response solutions, PVFCCo has prepared a long-term market growth strategy:

- ▶ To retain its No.1 position in production, fertilizer trade and chemical production with a primary focus on petrochemicals.
- ▶ To retain and expand the market share of Phu My Urea and Phu My NPK through: Leveraging the distribution network, best-in-class technical support, customer centric after-sales policy, growing distribution networks in selected potential countries.
- ▶ PVFCCo is at the forefront of Research and Development (R&D) such as: Investment in fertilizer production, selected choice of Urea on the acceleration roller (pilot scale), diversification of the product range for Phu My Urea, a new NPK formula, new fertilizer products, enhanced application organizational model, improved agricultural business model, value chain alignment with the PVFCCo business standards. In addition, PVFCCo is continuing researching and diversifying chemical products of UFC 85/Formaldehyde Plant.
- ▶ PVFCCo implemented policies to preserve its image and brand in the investor community.
- ▶ The Corporation reinforced managing resolutions integrated with cutting-edge information technology system to achieve strategic goals, boost automatic rather over manual control, optimizing technology to manage risks effectively.



RISKS IN THE PRODUCTION ACTIVITIES OF PVFCCo

In 2021, PVFCCo operated the plant safely after 31 - day shutdown for turnaround maintenance. However, the plant has been continuously operated for 18 years, thus, there potential risks remain. Therefore, risk management activities in the following years would focus on:

- ▶ Managing product quality;
- ▶ Managing and resolving production problems;
- ▶ Completing the NH₃ Revamp - Phu My NPK Complex capital settlements.
- ▶ Enhancing application in technological advancement and initiative promotion.

In recent years, the Phu My Fertilizer Plant has continued to operate safely and effectively. With an operating life of more than 18 years and maintenance performed every two years, there is a risk of technical issues halting the machinery, increasing the operating and maintenance cost and affecting common goals of PVFCCo.

The NH₃ Revamp - Phu My NPK Complex has been accepted and commercialized. The upcoming period will be devoted to resolving potential issues and concluding the NH₃ Revamp - Phu My NPK Complex.

PVFCCo has been recognizing and resolving issues using the following method in 2021, and will continue to do so in upcoming years:

- ▶ To maintain the operating methods which produces the maximum output of Urea products of Phu My Fertilizer and NPK Plant, as well as stably operating the UFC85/Formaldehyde plant to improve the hardness of Urea granules, enhance the product quality of PVFCCo, customers and Urea plants.
- ▶ To adjust and enact economic and technical norms including; consumption norms of chemicals, material and energy; consumption norms of oil, grease and lubricants; norms of minimum spare materials; norms of materials and spare parts for periodic maintenance to optimize production costs.
- ▶ To concentrate on updating, developing, and promulgating technical procedures that are realistic in nature in order to quickly address abnormal manufacturing issues.
- ▶ To seriously conduct periodic maintenance, preventive maintenance, purchase backup materials for important and high-risk equipment in the plant, especially for important static equipment. In addition, to maintain annual participation in workshops on maintenance and repair of the oil processing plants of Vietnam Oil and Gas Group where we can learn, share experiences, establish orientations, and provide management strategy for maintenance and repair according to the trends of aging machinery.
- ▶ To optimize the application of existing software systems such as: CMMS system - Computerized Maintenance Management System: the activities of maintenance and repair of the plant have been completed through the CMMS system: from requesting tasks to creating execution plans, exporting materials for maintenance, keeping records of maintenance results and inventory control; Oracle Process Manufacturing, specifically:
 - » To manage the execution of equipment maintenance/repair; To keep records of the total background of machinery and equipment.
 - » Simultaneously, to update the service profile to the equipment list of the new project (NH₃ Revamp - Phu My NPK Complex) and CMMS system.
 - » To control inventory, update minimum material list according to the norm into CMMS system; To make a comparison between maintenance material norms and the allocated materials in reality. To automatically export the list of materials and accessories in accordance with maintenance requirements.
 - » To execute MTA (Maintenance Task Analysis) and utilize MTA functions to analyze PMO (Preventive Maintenance Optimization).
- ▶ In addition, to exploit and apply AIMS-Asset Integrity Management System, SYSTEM 1 and to execute RBI (Risk Base Inspection) in the second period to manage maintenance, assess equipment status, collect data for analysis and determination of equipment failure causes. Simultaneously, examining CUI (Corrosion under Insulation).
- ▶ To organize and manage the investigation and inspection of machinery and equipment which have requirements regarding safety in the plant. Ensuring that equipment is inspected prior to use.
- ▶ Continue to implement and enforce the system for standardizing PVFCCo material codes in accordance with the norm of Shell Mesc.





Continuing the success in production management in 2021 and upcoming years, PVFCCo would maintain and effectively execute the key investment strategy in the system of managing production of the plant, focusing on the leverage to optimize production and operation costs:

- ▶ To apply management standards for safety and the environment, such as ISO 14001-2004 and OSHAS 18001-2007, effectively. To recognize and assess risks; to propose additional safety measures to mitigate risks; to inform employees and contractors.
- ▶ To focus on training the current labor force to operate the Phu My NPK Plant so that it can meet long-term production requirements of the Corporation.
- ▶ To review current sets of economic and technical norms at Phu My Fertilizer Plant, building up the norm for the Phu My NPK plant and integrating those with current sets of norms to create a common norm for Corporation's Plants.
- ▶ To enhance the role regarding improvement and initiative, as well as rationalize production, maintenance mode approaches preventively to prevent sudden equipment failure.
- ▶ Continue to study maintenance strategy to optimize and be appropriate with the reality of Phu My Fertilizer Plant, maintain planning periodic maintenance (mid-term, short-term and long-term), pay attention to important static equipment which has operated for more than 15 years to prevent incidents and ensure that Phu My Fertilizer Plant continuously operates safely, stably and effectively.
- ▶ To review and update the risk-and-environment identifying table of the Plant in accordance with the process.
- ▶ To update the project on enhancing the operation, maintenance and capacity of Phu My Fertilizer Plant and newly commercial operated Plants of PVFCCo.

RISKS IN PROJECT'S INVESTMENT PROGRESS

In 2021, PVFCCo concentrated its resources on resolving most of the outstanding issues of NH₃ Revamp - Phu My NPK Complex to achieve the long-term strategy of PVFCCo.

In addition, PVFCCo is also focusing on creating new investment projects to invest in various products while taking all advantage of available resources.

RISKS REGARDING EXCHANGE RATE

In recent years, the foreign exchange rate has been fluctuating with an upward trend. Exchange rate fluctuations can affect the performance of business activities as well as the performance of PVFCCo's investment projects which use foreign currency. Recognizing the importance of managing exchange-rate risks, PVFCCo frequently updated the macro-economic situation, domestic and global financial status, seriously monitored exchange rate fluctuations to build up and execute appropriate and flexible import and business plans and enhance the efficiency of capital use. In addition to this, PVFCCo also seriously considered its financial management, analyzing and assessing the effect of exchange rate differences on executed projects.

FINANCIAL RISKS AND THE GOAL OF REFORMING INVESTMENT ACTIVITIES CONTRIBUTING CAPITAL TO ASSOCIATES

In 2021, PVFCCo established groups to gradually find solutions to divest investments in joint ventures and associates. Although PVFCCo's objective was to divest capital in these enterprises, it proved extremely difficult to reform long-term capital investment activity when the associate is not operating effectively. To support such members to gradually improve their performance, PVFCCo reinforced supervising associates managing activities through capital representatives while executing activities to support members in managing and directing enterprises.



RISKS REGARDING ENVIRONMENT AND REGULATIONS

In recent years, climate change has impacted the majority of regions in our country, in which some have suffered from the detrimental effects of tropical storms, flash floods and long-lasting heavy rain, others have suffered from long-lasting drought, and were affected by soil salinity, and so on. Climate change also negatively influenced agricultural production and plants. In the future, climate change is expected to become even more unpredictable, indirectly affecting the business and production activities of fertilizer companies in general, and PVFCCo in particular.

Vietnam has to open its fertilizer market in the integration progress, and many foreign enterprises are expected to invest in fertilizer production and business which can partly alter Urea. Foreign enterprises with experience and great business management will become our strong counterparts in Vietnam.

With the objective of developing PVFCCo sustainably, risks management is always among of major concern to PVFCCo. Therefore, PVFCCo continuously develops, implements and systematically updates risks management solutions with corporate management using advanced methods. This fulfills the role and enhances the ability of internal audit which is a crucial function in both risk and corporate management, consultation for the BOD and BOS in administration, management and prompt supervision for corporate's activities. In 2021, the internal audit division continued to perform the following tasks:

- ▶ Conducting periodic audits with internal experts in different fields to totally examine production and business activities at branches and subsidiaries with audit program being built based on risk groups at PVFCCo.
- ▶ Conducting thematic audits based on anticipated, recognized, and assessed operational risks can have a direct impact on PVFCCo's business efficiency.
- ▶ In addition, the Internal Audit Division (IAD) cooperated with the training consultation organization to establish a management report system at PVFCCo according to advanced method, enhancing the ability and skills of audit. Accordingly, PVFCCo's IAD has continued to execute its plan by collaborating with international consulting organization to perfect its internal managing system,

Inauthentic and low-quality fertilizers that are not strictly managed would lead to disadvantages for prestigious business and production enterprises as PVFCCo.

The tax policies of Vietnam are currently in a consolidation period, which means that there are frequent changes and supplements directly related to the fertilizer industry. Therefore, risks regarding tax policy application, changes to taxes on fertilizers will have great effects on PVFCCo's operation. Fertilizer products transferred from having a 5% VAT applied to being VAT non-applied has led to the fact that the entire input VAT for fertilizer production and business would not be deducted and be accounted into expenses, which significantly impacts profits. Besides this, executing the EPC contract on the NPK fertilizer production project while there are changes in tax policies can affect the investment efficiency of the project.

perfect the corporate management framework for the upcoming period and review and update the risks list, build compliance matrix and optimize the execution process.

- ▶ Through annual internal audits, the Internal Audit Division (IAD) of PVFCCo continuously amends significant control issues and assesses the control efficiency in order to maintain an internal control system operating effectively. In addition, internal audits' results are discussed in periodic meetings of the BOD to strengthen management at PVFCCo.
- ▶ Consulting for the BOD in limiting and preventing risks through reporting, examining and appraising reports submitted by BOM under the handling competence and decision of the BOD.

Not only does PVFCCo focus on target-oriented risks management but it also pays attention to other resources to continuously implement synchronous solutions to improve the efficiency of corporate management in general:

- ▶ Integrating risks management into management processes, especially focusing on business anticipation and planning; the general resources management system of the enterprise is continuously enhanced, while having successfully operated Enterprise Resources Planning (ERP) in the first period, operated ERP in the second period with Hyperion Planning Management (HPM), Oracle Processing Manufacturing (OPM) was enhanced after being operated, and next would be the third period with Business Intelligence module BI, to maximize automatic control and direct control on the system, which contributes to improve managing competence at PVFCCo.
- ▶ Completing and continuing to amend, and optimizing operation of the reformation project related to the salary policy, which creates a breakthrough in salary distribution to enhance productivity and work efficiency, specifically: amending employee policy; amending and supplementing the Corporation's regulation on salary, bonus and welfare fund; Developing the competence framework for positions and the Key Performance Indicators (KPIs), which helps the Management evaluate PVFCCo's accomplishment of divisional and overall targets.
- ▶ Recognizing the importance of digital transformation, particularly when the Covid-19 pandemic created impacts all over the country, PVFCCo quickly applied digital office solutions and digitalized documents to all of divisions and regional companies, managed online activities through technological applications, and applied digitalized apps in operating to reduce manual work and optimize costs.
- ▶ In addition, PVFCCo gradually hired consultants to train officials in digital transformation in order to change managers' operational mindsets. Digital transformation enables businesses to save money on operational costs and invest in long-term growth plans. Managing through technological applications allows sellers to easily assess customers and improves the buyer's experience. This would increase PVFCCo's competitiveness in providing products and services that meet the needs of its customers.

In the view of "sustainable, effective and humane development" as well as constantly promoting governance in accordance with advanced practices, the Management of PVFCCo was determined to complete and effectively operate Enterprise Risk Management System (ERMS), oriented to strategic direction to enhance corporate management capacity, and maintain its leading position and brand in the fertilizer and chemicals industry among investors.

GO FURTHER,

go together

As a leading enterprise in the field of fertilizer and petrochemical in Vietnam, PVFCCo has been accompanying and serving the farmers to bring bountiful harvests, contributing to the positive changes in rural areas.



Chapter 5.

**SUSTAINABLE
DEVELOPMENT REPORT**

THE MESSAGE FROM THE PRESIDENT AND CEO

PVFCO's President and CEO undertakes the highest responsibility for the corporation's environmental policies/issues.

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Being proud of our development history and accumulated experience, as well as the support and belief of shareholders and customers in our values and commitment to sustainable development over the last nearly two decades, the PVFCO's management and employees are adamant about the coming period's brighter and more sustainable future with the spirit “Go further, go together!”



Dear valued shareholders, business partners and employees,

In 2021, the global economy continued to struggle with the pandemic's complicated developments, which wreaked havoc on commodity and energy markets. Nonetheless, it demonstrated long-term efforts to recover and adapt, reforming institutions and the business environment in order to adjust to market fluctuations.

PVFCO's managements and employees were quickly made aware of the benefits and challenges, as well as the opportunities for a breakthrough, as the market developed smoothly, achieving and exceeding key objectives in production and business activities.

When we reflect on the Corporation's accomplishments over the last difficult year, we are all acutely aware of how the Covid-19 pandemic significantly impacted our daily lives, as well as the critical nature of connectivity, responsibility, and sharing in order to overcome obstacles and work toward a common goal.

The PVFCO community has made tremendous strides. It had an upward trajectory in 2021, with impressive growth in production and business targets and a soaring scope of capitalization, which benefited shareholders and partners and contributed positively to the oil and gas industry's and agriculture's long-term sustainability. However, we should keep in mind that this is only the first step and will not be sustained unless the fundamental elements necessary for long-term development are reinforced. Meanwhile, growth ambitions are only sustainable if they are well-connected and aligned with the interests of all stakeholders, including all levels of the system's personnel, partners and consumers, present and future shareholders, and engagement in social and community responsibilities...

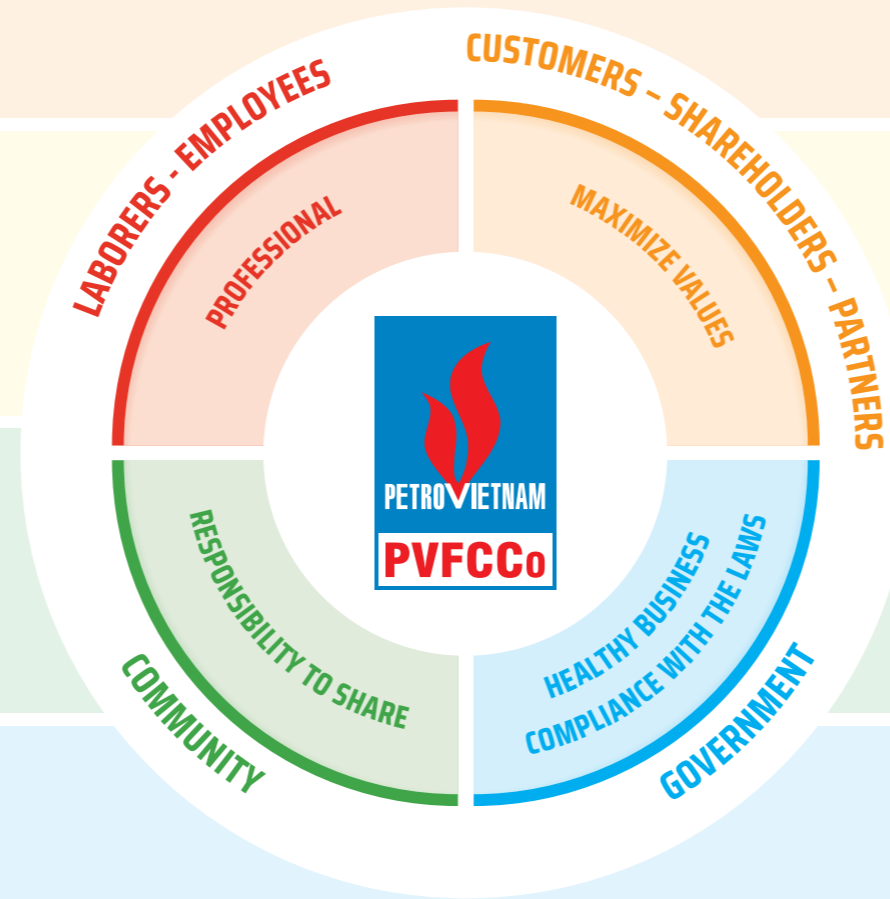
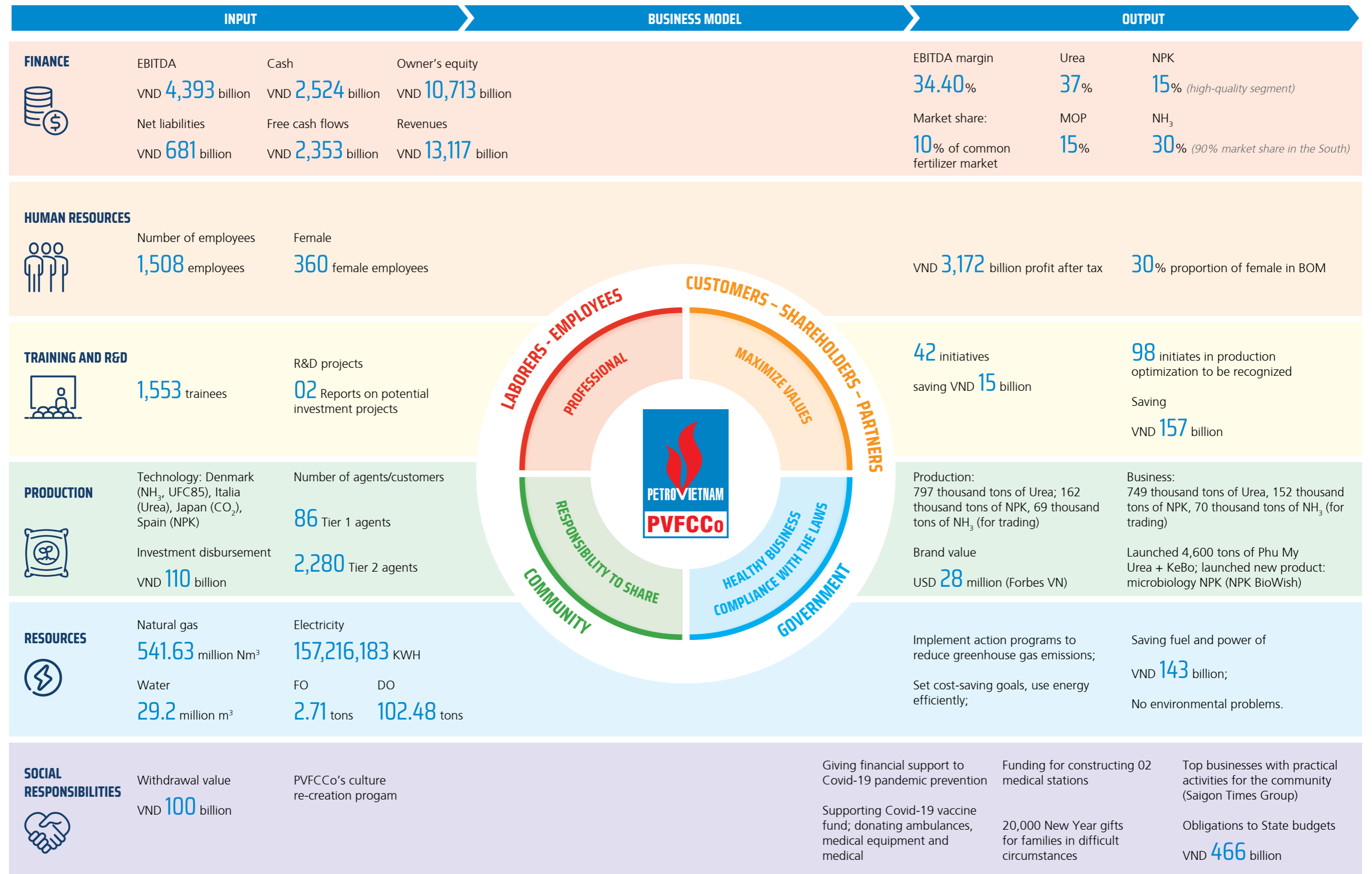
PVFCO's managements and employees remain committed to implementing policies and activity plans that will enable the Corporation to overcome obstacles, adapt to new circumstances, and quickly seize opportunities to accelerate and make a breakthrough in specific fields, including:



Being proud of our development history and accumulated experience, as well as the support and belief of shareholders and customers in our values and commitment to sustainable development over the last nearly two decades, the PVFCO's management and employees are adamant about the coming period's brighter and more sustainable future with the spirit “Go further, go together!”

President and CEO
LE CU TAN

VALUE CREATION MODEL BASED ON SUSTAINABLE DEVELOPMENT PRINCIPLES



PVFCCo'S SUSTAINABLE DEVELOPMENT OVERVIEW, TARGETS AND PRINCIPLES FOR SUSTAINABLE DEVELOPMENT

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In the past 20 years of developing, the business orientation “developing the enterprise integrated with environmental protection and social responsibility” has been preserved and developed by generations of employees as an asset and a cultural beauty of the enterprise.



The Corporation is a producer and distributor of fertilizer and chemicals. It is inextricably linked to agriculture, farmers, and rural Vietnam (the region accounts for 70 percent of the total population of Vietnam). In its development strategy, the Corporation considers sustainable development as its orientation, principle and core value. In the past 20 years of developing, the business orientation “developing the enterprise integrated with environmental protection and social responsibility” has been preserved and developed by generations of employees as an asset and a cultural beauty of the enterprise. The Corporation consistently pursues a balanced priority among goals and optimizes the execution thereof:



The Corporation has been acting in the interest of sustainable development, participating in society's activities in order to successfully implement Vietnam's strategic orientation toward sustainable development in particular, and the world's counterpart in general. The Corporation has recently implemented the following principles and activities:

Customers

The Corporation provided customers with high-quality products, effective solutions and services as mentioned below:

- ▶ Ensuring high quality products is a top priority. All Phu My fertilizer products, other fertilizers and chemicals are complied with registered standards.
- ▶ To help farmers optimize the ratio of fertilizer usage and crop yield, PVFCCo partners with local authorities and scientists to organize cultivation technique workshops at experimental gardens and sample fields to train farmers.
- ▶ PVFCCo maintains its warehouse and logistics management systems well nationwide, so that their products are delivered to farmers on time at reasonable prices.



- ▶ PVFCCo maintains a product quality management system in accordance with the international standard ISO 9001:2015 to ensure that the product's quality remains consistent with its claims.

Employees

PVFCCo has built a culture of “Professionalism - Efficiency; Dynamics - Creativity; Aspiration - Outreach; and Responsibility - Sharing”, through a positive and professional work environment, fair employee policy and a friendly workplace. In particular, the achievements of PVFCCo are as follows:

- ▶ PVFCCo has invested in a manufacturing plant system and an office building, which are well-designed, properly ventilated, well-lit and air-conditioned. The Corporation has achieved energy efficiency and provided good working conditions for its workers.
- ▶ PVFCCo introduced key performance indicators (KPI) and improved their reward system. The Corporation also set up a framework to ensure a fair and professional working environment. At the same time, PVFCCo improved its human resource policies to ensure its employees have the amicable working conditions and career advancement opportunities.
- ▶ Implementing the plan for human resource development and training for the parent company in 2021: 1,553 times for domestic training and 1,724 times for internal training at a cost of VND 2.1 billion, or more than VND 660 thousand per person/year on average.

HUMAN RESOURCE DEVELOPMENT AND TRAINING

1,553 times for domestic training

1,724 times for internal training

at a cost of VND **2.1** billion

- ▶ Building Corporate Culture: The first PVFCCo Culture Handbook was published in 2011, with the values and standards of conduct applicable for all employees. The Handbook was disseminated to all employees and posted on the corporate website.
- ▶ Assuring stable employment and income for the labor force. Fully implementing employee policies in accordance with national, Corporation, and labor agreements. Salary payments are made in accordance with the Corporation's regulations.

PVFCCo'S SUSTAINABLE DEVELOPMENT OVERVIEW, TARGETS AND PRINCIPLES FOR SUSTAINABLE DEVELOPMENT (Cont.)



Shareholders

In order to create products and services to maximize shareholder value, PVFCCo has carried out the following activities in 2021:

- ▶ PVFCCo implemented and completed targets and plans in production and business in 2021, especially the Profit before tax: VND 3,799 billion, reached 169% of the plan in 2021, a 348% increase from 2020. This was a new high record profit since the establishment of the Corporation.
- ▶ To ensure optimal use and control of its resources, PVFCCo has invested in IT such as business support software, document management software and other innovative approaches. The Corporation also invested and built its own resources planning application software such as ERP, STOP, 5S, APC, System 1, RBI, KPI, etc.
- ▶ The Corporation's Management is constantly concerned with and actively manages activities aimed at improving and rationalizing production and business. In 2021, 42 initiatives were approved, resulting in a profit of VND 15 billion; and 98 initiatives to rationalize production were approved, yet not be quantified profits.
- ▶ The science and technology, research and development activities have been taken into consideration. Despite the pandemic's objective difficulties and the "three on the spot" situation, units and author groups successfully completed ten science and technology topics per category, completed two reports on investment opportunities for potential projects, and successfully tested a new type of product... At the end of 2021, VND 20 billion was added to the Science and Technology Fund to ensure compliance with relevant laws and regulations, including those of the Corporation, and to meet the future demand for applying science and technology to initiatives, etc.
- ▶ The Corporation effectively reformed administrative procedures, conserved resources, and avoided waste in order to reduce management and product costs. The total savings in 2021 were VND 157 billion, or 330% of the year's budget, with approximately VND 143 billion in fuel and energy savings.

PROFIT BEFORE TAX

VND **3,799** billion

which reached 169% of the plan in 2021 a 348% increase from 2020

TOTAL SAVINGS IN 2021

VND **157** billion

330% of the year's budget

Government

PVFCCo has ensured that its business activities complied with the laws. PVFCCo has achieved the following results:

PVFCCO CONTRIBUTED TO THE STATE BUDGET

VND **466** billion
which reached 105% of the 2021 plan



Business partners

In working with strategic business partners, the principles and values applied were: Healthy competition, collaboration and advancing customer best interests.

Community and society

The Corporation is committed to carrying out its responsibilities to the community and society.

- ▶ Besides effective development and environmental protection, the Corporation was served both the employees and society.
- ▶ In 2021, the Corporation invested nearly VND 100 billion in numerous projects/programs (including additions) (details in the second part).

Environmental and global issues

PVFCCo is committed to environmental protection and globalization, such as reduction in greenhouse gas emissions, climate change, sea level rise, etc.

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PVFCCo is confident that sustainable development is most effective when embedded in the organizational policies and guidelines, corporate strategy and business decision making. The Corporation believes that it can overcome challenges to develop a sustainable and long-lasting enterprise, preserve the environment and carry out its corporate social responsibility.

In particular, PVFCCo has implemented and achieved the following results:

- ▶ Implementing projects/programs to reduce greenhouse gas emission.
- ▶ Developing, promulgating, and enforcing regulations, processes, and standards in manufacturing and business. The Corporation has continued to adhere to programs for safe technology management and maintenance in accordance with the advancement of nations worldwide in order to stabilize the operation of technological devices, reduce energy consumption and carbon dioxide emissions.
- ▶ Applying and effectively maintaining the system for managing quality-health safety-environment-energy according to the international standard ISO 9001:2015, ISO 45001:2018, ISO 14001: 2015 and ISO 50001:2011.
- ▶ For new projects, the Corporation has deployed only the most advanced production technologies to optimize effective usage of input materials, especially natural gas, and minimize carbon emissions.
- ▶ In 2021, the Corporation continued to integrate views and objectives related to sustainable development into its operating.

“

Due to the prolonged Covid-19 pandemic, 2021 was a difficult year for the Corporation’s Safety-Health-Environment (SHE) orientation. Additionally, implementing SHE was complicated by the fact that the equipment and devices at the Phu My Fertilizer Plant have been in operation for 18 years, which in itself contributes many potential risks. While the 2020 environmental law is not yet available, the promulgated Decrees and Circulars will necessitate a close examination of environmental management in order to promptly update/supplement to meet requirements.



However, the Corporation has managed to overcome difficulties to execute plans and goals; suggested resolutions, plans; Reinforced saving, reduced costs to complete tasks of SHE in 2021, specifically.

Maintenance and improvement of the health, safety, and environment (HSE) management system according to international standards

- PVFCCo continued to maintain, apply and ensure the tasks/requirements of managing system SHE according to standards: ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 in the difficult situation of Covid-19 pandemic.
- Each unit within the Corporation established and implemented SHE goals in accordance with the unit’s policy, which was in accordance with the unit’s production and business plans, as well as its reality. Each quarter, the results of SHE implementation were reviewed and assessed for completion; resolutions were issued for goals that were not met according to plan.
- The apparatus for HSE management in the Corporation and its subsidiaries was well maintained and had its operational efficiency promoted in 2021.

Safety - security, fire control, emergency response

- In 2021, there will be no serious industrial accidents, fires, or explosions that endanger people or property.
- Despite the challenges of social distance and executing “3 on the spot,” emergency response rehearsals were maintained. Quarterly firefighting drills were held at the Phu My Fertilizer Plant to ensure compliance with legal requirements. Several subsidiaries’ warehouses also conducted firefighting drills immediately following social distance.
- The Corporation consolidated the Occupational Safety and Health Council (OSH) and OSH-regulated activities within the Corporation, as well as strengthening the Corporation’s emergency response management board and supporting groups.
- PVFCCo documented workplace injuries at the grassroots level in 2021 and reported OSH violations to the Department of Labor, Invalids, and Social Affairs and the local Health Department in 2021.
- The Corporation notified the Ho Chi Minh City Fire and Rescue Police of its fire prevention, fighting, and rescue (FPF-R) activities. In six months and for the entire year, Phu My Fertilizer Plant and other units reported FPF-R to the local FPF police office as having been regulated.

- On 1 January 2021, at 0 o’clock, the Corporation took an inventory of rescue equipment. Inspection and maintenance activities on equipment in safety and fire prevention and fighting were carried out exactly as planned at the Phu My Fertilizer Plant. Meanwhile, at the unit, the firewater system and portable fire extinguishers were scheduled to be inspected on a regular basis and repaired or replaced as needed.
- PVFCCo implemented repairs to the system of FPF at the building on 43 Mac Dinh Chi street and the building on 27 Dinh Bo Linh street as approved.
- The Corporation conducted inspections of FPF activities in six of the first months and the fourth quarter of 2021, as planned, at the company’s buildings and regional warehouses.
- At the Phu My Fertilizer Plant, the Corporation continued to build the safety controlling system in PSM technology and to use controlling systems for equipment maintenance such as System 1, RBI, and so on.
- Statistics generation, reporting and detecting incidents were fully implemented in 2021. Every incident at Phu My Fertilizer Plant was analyzed to find causes and suggested solutions.
- Spreading safety information to employees was well maintained in the daily bulletin boards of the Corporation and of units.
- PVFCCo estimated that the cost of fire prevention and suppression, as well as emergency response activities (including insurance against fire and explosion risks, rehearsals, trainings, propagandizing, purchasing and maintaining FPF equipment...) would be approximately VND 12 billion in 2021.



PVFCCo ESTIMATED THAT THE COST OF FIRE PREVENTION AND SUPPRESSION, AS WELL AS EMERGENCY RESPONSE ACTIVITIES IN 2021

VND 12 billion



Activities to protect employees' health, prevent occupational diseases and the Covid-19 pandemic

Covid-19 prevention and fighting were the most profound among health-care activities in 2021. The Corporation held and synchronically executed pandemic-preventing resolutions with the orientation of seriously obeying the state's regulations, reinforced pandemic-preventing resolutions to complete the twin goals: ensuring employee health and disease prevention and maintaining continuous production and business activities of the Corporation. The following are the outcomes of Covid-19 prevention and fighting:

- Establishing a steering committee of the Corporation for pandemic prevention and fighting.
- Updating and implementing Covid-19 pandemic-preventing resolutions according to regulations, advice and guidance of the government, the Ministry of Health and Authorities about Covid-19 pandemic-preventing activities.
- Assessing, classifying risks, and the extent to which pandemic control has an effect on each production area in order to carry out appropriate employee work methods in accordance with the spirit of adapting safely and flexibly, controlling effectively, gradually returning to the new normal status, ensuring safety, and continuously operating the Plant's production activities in order to successfully accomplish production targets.
- The Corporation promptly issued and implemented resolutions to prevent and control the pandemic, reviewed and prepared sufficient necessary equipment to prevent and control the pandemic for the Corporation in accordance with local government regulations, advice, and guidance.



Apart from Covid-19 prevention activities, the Corporation continued to conduct health-related activities for its employees, including the following:

- Conduct periodic health checks on employees in accordance with applicable laws.
- As the financial support for employees in case of medical treatment and hospitalization, PVI Care, the employee insurance program, continued to be implemented and supplemented.

TOTAL ELECTRICITY CONSUMPTION FOR PRODUCTION

157,261,183 KWH

TOTAL FO CONSUMPTION

2.71 tons

TOTAL DO CONSUMPTION

102.48 tons

Environmental protection and waste control

- In 2021, there was no environmental pollution incident.
- The reality of resolving petitions of the environmental inspection team: In 2021, the Environmental Police Department - Police of Ba Ria - Vung Tau province conducted an inspection of the Chemical-mixing mill for environmental protection purposes (9 March 2021). Petitions were explained and resolved.
- In 2021, units accounted for the periodic environmental observation plan and submitted it to the local Departments of Natural Resources and Environment, where it was implemented in accordance with the requirements of the EIA report.
- Domestic waste, industrial waste, hazardous waste, and wastewater were all controlled in accordance with the law's requirements (signing contracts on transferring treatment of domestic waste and harmful waste with the responsible unit).
- According to Circular 42/2020/TT-BCT regulations, the Corporation reviewed and reported PVFCCo's accounts that were associated with periodically reported objects in the Industry and Trade Environment's database.
- PVFCCo implemented online inspection of environmental management at units.
- The Corporation conducted impact assessments and announced new environmental-related legal documents, including 2020 environmental protection law, Circular 42/2020/TT-BCT and Decree 155/2021/NĐ-CP.
- Responding to the world wetland day, the earth hour campaign, in the environmental action month in response to the world environment day and the international biodiversity day in 2021: The Corporation conducted activities, reviewed results, and communicated findings.
- PVFCCo implemented the Executive Decision No. 12/2021/QĐ-TTg dated 24 March 2021, of the Prime Minister on oil spill response.
- The Corporation continued the installation of online observation equipment at the Phu My Fertilizer Plant.
- Here are some of the environmental performance results from PVFCCo's product and business activities in 2021:

Resource management in 2021:

- Total natural gas consumption for production: 541.63 million Nm³.

Energy Consumption in 2021:

- Total electricity consumption for production: 157,261,183 KWH
- Total FO consumption: 2.71 tons
- Total DO consumption: 102.48 tons
- Water consumption in 2021 (including: tap water and underground water for production and business activities, river water to cool the plants and equipment): 29,164,994 m³

Assessment statistics, waste management situation

No.	Type of waste	Unit	Emissions	Amount of treatment	Level of treatment
1	Production wastewater	m ³ /year	121,927	121,927	Good
2	Domestic wastewater	m ³ /year	10,216	10,216	Good
3	Cooling water	m ³ /year	26,222,627	26,222,627	Good
4	Air emission	m ³ /quarter	5,960,297,320	5,960,297,320	Good
5	Domestic solid	Kg/year	141,120	141,120	Good
6	Industrial solid waste	Kg/year	777,404	777,404	Good
7	Hazardous waste	Kg/year	212,138	212,135	Good

Implementing energy-saving and climate-change-prevention projects

- ▶ Implementing projects/programs to reduce greenhouse gas emission in accordance with the list in Appendix 1 of Vietnam Oil Corporation's action plan to mitigate and adapt to climate change from 2018 to 2030.
- ▶ In 2021, the Corporation and subsidiaries established the cost-saving goal. All results were observed, reviewed, and compared to the KPI completion rate.
- ▶ At Phu My Fertilizer Plant, goals for energy conservation and efficient energy use have been established. PVFCCo completed reporting on energy savings and efficient energy use in 2021 and developed a plan for 2022 to submit to the Ministry of Industry and Trade.

Building a health, safety and environmental (HSE) culture

- ▶ Due to the difficulties caused by the Covid-19 pandemic, building the orientation of safety, health, and environment in 2021 was limited. Propaganda activities during Occupational Safety and Health Week, World Environment Day, Earth Hour, All Citizens Day for Fire Prevention and Fighting, and other events were only held on online news.
- ▶ However, each quarter, assessment and reward activities based on the safety-environment reward regulation were implemented to encourage employees to take an active role in safety and environmental protection.
- ▶ At Phu My Fertilizer Plant, the STOP and 5S programs were maintained and reviewed on a regular basis. In 2021, the Corporation established a plant to implement 5S for its offices in order to increase employee knowledge of the importance of maintaining a clean and orderly work environment, hence enhancing the PVFCCo's cultural image.



Main tasks of the safety, health and environment work in 2022

Works on safety – fire prevention and fighting

- ▶ Ensuring the safe and efficient operation of Phu My Fertilizer Plant to complete the production and business plan of 2022.
- ▶ Ensuring no fire and explosion at all construction work. Ensuring no fire and explosion incidents causing injury and damage to the Corporation's properties. Ensuring no serious or more serious work accidents at all construction works.
- ▶ Planning and conducting both scheduled and unscheduled safety-fire prevention-and-fighting inspections in compliance with applicable laws and regulations.
- ▶ The Corporation maintained to effectively apply the inspection and maintenance program on equipment at Phu My Fertilizer Plant. PVFCCo continued the implementation of the apply safety management system in PSM technology.
- ▶ Planning and training in safety fire prevention and suppression to assure worker competency.
- ▶ Reinforcing the Emergency Rescue team and improving the readiness to respond to storms and floods to prevent and minimize human and property damage during storms.
- ▶ Conducting activities aimed at spreading the word and increasing employee awareness about the importance of safety-fire and explosion prevention during the week of occupational safety and health and fire prevention, etc.

Environmental acts

- ▶ Ensuring no environmental incident and full compliance with legal regulations on environmental protection.
- ▶ Completing the installation of online observation systems at the Phu My Fertilizer Plant, as well as updating state agency guidelines on installing online emission observation systems at the granule-creating tower.
- ▶ Planning and inspecting environmental management work both periodically and randomly in accordance with requirements of the law and the Corporation.
- ▶ Bringing the construction of the new storage area of the water-supplying company into the Factory's 2022 plan.
- ▶ Employee health care and Covid-19 prevention
- ▶ Occupational hygiene and periodic medical checkup for occupational diseases were maintained for employees throughout the Corporation.
- ▶ PVFCCo continued to implement effective pandemic-prevention resolutions and developed pandemic-prevention plans to ensure fast response in the case of an outbreak.
- ▶ The Corporation updated promptly regulations on pandemic prevention of competent agencies/ local authorities to request and execute the Corporation's pandemic-preventing plan in accordance with each period.

“ In the national context, particularly when agriculture faced difficulties and challenges as a result of the spread of the Covid-19 pandemic and significant market fluctuations, the Corporation boosted social welfare and promoted the spirit of cultural responsibility towards the community and farmers through meaningful social security programs with a total value of approximately VND 100 billion.



ACTIVITIES SUPPORTING HEALTHCARE AND COVID-19 PREVENTION

VND **56** billion

PVFCO, with a sponsorship value of nearly VND 56 billion, implemented major social programs, particularly activities supporting healthcare and Covid-19 prevention, in a timely and practical manner. Typically, the Corporation contributed VND 5 billion to the vaccine fund, 20 ambulances to provinces, supported the program “Connection and computers for students,” donated medical equipment, masks, and protective suits to medical agencies and pandemic-fighting frontline forces, completed funding and handed over two medical stations...



THE TYPICAL YEAR-END PROGRAM WAS “SPRING OF LOVE, TET OF SHARING” WHICH TOOK PLACE AT MORE THAN

100 stations in nearly 50 provinces and cities nationwide

20,000 gifts worth more than VND 10 billion

The typical year-end program was “Spring of love, Tet of sharing” which took place at more than 100 stations in nearly 50 provinces and cities nationwide with about more than 20,000 gifts worth more than VND 10 billion. Gift recipients were low-income households (poor, near-poor, policy households, households with special needs, disadvantaged households, households seriously affected by the Covid-19 pandemic, orphans due to the untimely death of PVFCO to households in challenging circumstances throughout the country, particularly in remote places, rural areas, and areas badly impacted by the Covid-19 pandemic. Additionally, this was one of the social welfare programs offered by PVFCO in 2021 to aid underprivileged individuals in having a more comfortable and enjoyable Tet holiday.





MEASURING

progresses

Spectacular breakthroughs in business performance in 2021 are the firm foundation for PVFCCo to develop more and reach further.



Chapter 6.

FINANCIAL STATEMENTS



**PETROVIETNAM FERTILIZER AND
CHEMICALS CORPORATION – JSC**
(Incorporated in the Socialist Republic of Vietnam)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2021

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The Executive Board of PetroVietnam Fertilizer and Chemicals Corporation - JSC (the "Corporation") presents this report together with the Corporation's consolidated financial statements for the year ended 31 December 2021.

THE BOARD OF DIRECTORS AND EXECUTIVE BOARD

The members of the Board of Directors and the Executive Board of the Corporation who held office during the year and to the date of this report are as follows:

Board of Directors

Mr. Hoang Trong Dung	Chairman (appointed on 27 April 2021)
Mr. Nguyen Tien Vinh	Chairman (resigned on 28 April 2021)
Mr. Le Cu Tan	Member
Mr. Louis T.Nguyen	Member
Mr. Duong Tri Hoi	Member
Mr. Trinh Van Khiem	Member
Mr. Ta Quang Huy	Member (resigned on 27 April 2021)

Executive Board

Mr. Le Cu Tan	Chief Executive Officer
Ms. Tran Thi Phuong Thao	Executive Officer
Mr. Cao Trung Kien	Executive Officer
Mr. Le Van Quoc Viet	Executive Officer
Ms. Le Thi Thu Huong	Executive Officer
Mr. Dao Van Ngoc	Executive Officer
Mr. Ta Quang Huy	Executive Officer (appointed on 28 April 2021)

THE EXECUTIVE BOARD'S STATEMENT OF RESPONSIBILITY

The Executive Board of the Corporation is responsible for preparing the consolidated financial statements, which give a true and fair view of the consolidated financial position of the Corporation as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting. In preparing these consolidated financial statements, the Executive Board is required to:

- » select suitable accounting policies and then apply them consistently;
- » make judgments and estimates that are reasonable and prudent;
- » state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- » prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Corporation will continue in business; and
- » design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimize errors and frauds.

The Executive Board of the Corporation is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the consolidated financial position of the Corporation and that the consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting. The Executive Board is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Executive Board confirms that the Corporation has complied with the above requirements in preparing these consolidated financial statements.

APPROVAL FOR CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been approved by the Board of Directors on 17 March 2022.

For and on behalf of the Executive Board,

Le Cu Tan
Chief Executive Officer/Member of the Board of Directors

17 March 2022
Ho Chi Minh City, S.R. Vietnam

TO: THE SHAREHOLDERS THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC

We have audited the accompanying consolidated financial statements of PetroVietnam Fertilizer and Chemicals Corporation - JSC (the "Corporation") prepared on 17 March 2022, as set out from page 112 to page 150, which comprise the consolidated balance sheet as at 31 December 2021, the consolidated statement of income, the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Corporation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting.

Tran Xuan Anh
Deputy General Director
Audit Practising Registration Certificate
No. 0723-2018-001-1

DELOITTE VIETNAM COMPANY LIMITED

17 March 2022
Hanoi, S.R. Vietnam

Luong Tuan Dat
Auditor
Audit Practising Registration Certificate
No. 4370-2018-001-1

CONSOLIDATED BALANCE SHEET

As at 31 December 2021

FORM B 01-DN/HN
Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		9,519,579,701,251	6,314,163,032,937
I. Cash and cash equivalents	110	4	2,524,115,312,966	2,029,198,585,342
1. Cash	111		567,149,383,517	265,139,502,295
2. Cash equivalents	112		1,956,965,929,449	1,764,059,083,047
II. Short-term financial investments	120		3,455,000,000,000	2,185,000,000,000
1. Held-to-maturity investments	123	5	3,455,000,000,000	2,185,000,000,000
III. Short-term receivables	130		488,926,629,172	340,731,443,856
1. Short-term trade receivables	131	6	262,942,321,240	223,032,121,230
2. Short-term advances to suppliers	132	7	137,517,046,753	58,161,771,022
3. Other short-term receivables	136	8	321,676,658,968	292,846,621,763
4. Provision for short-term doubtful debts	137	9	(233,476,873,759)	(233,576,422,659)
5. Deficits in assets awaiting solution	139		267,475,970	267,352,500
IV. Inventories	140	10	2,775,533,988,246	1,468,360,373,620
1. Inventories	141		2,778,813,854,584	1,494,665,449,780
2. Provision for devaluation of inventories	149		(3,279,866,338)	(26,305,076,160)
V. Other short-term assets	150		276,003,770,867	290,872,630,119
1. Short-term prepayments	151	11	15,329,149,739	27,025,250,532
2. Value added tax deductibles	152		257,422,886,104	256,938,273,841
3. Taxes and other receivables from the State budget	153	15	3,251,735,024	6,909,105,746
B. NON-CURRENT ASSETS	200		4,398,350,543,150	4,985,778,272,458
I. Long-term receivables	210		849,874,000	698,374,000
1. Other long-term receivables	216	8	849,874,000	698,374,000
II. Fixed assets	220		3,716,965,004,749	4,282,892,453,351
1. Tangible fixed assets	221	12	2,883,489,798,863	3,438,870,887,385
- Cost	222		11,546,905,383,342	11,646,460,047,004
- Accumulated depreciation	223		(8,663,415,584,479)	(8,207,589,159,619)
2. Intangible assets	227	13	833,475,205,886	844,021,565,966
- Cost	228		1,155,791,328,193	1,153,056,314,593
- Accumulated amortisation	229		(322,316,122,307)	(309,034,748,627)
III. Investment property	230	14	209,845,313,863	219,743,745,413
- Cost	231		317,953,542,202	317,953,542,202
- Accumulated depreciation	232		(108,108,228,339)	(98,209,796,789)
IV. Long-term assets in progress	240		174,082,187,941	153,441,224,477
1. Construction in progress	242	16	174,082,187,941	153,441,224,477
V. Long-term financial investments	250		44,656,956,639	44,245,603,945
1. Investments in joint-ventures, associates	252	17	28,619,663,470	27,991,375,327
2. Equity investments in other entities	253	5	20,502,000,000	20,502,000,000
3. Provision for impairment of long-term financial investments	254	5	(4,464,706,831)	(4,247,771,382)
VI. Other long-term assets	260		251,951,205,958	284,756,871,272
1. Long-term prepayments	261	11	25,697,331,132	30,448,054,378
2. Deferred tax assets	262	18	79,187,651,840	101,730,355,972
3. Long-term reserved spare parts	263	10	124,128,741,854	139,786,369,885
4. Other long-term assets	268		22,937,481,132	12,792,091,037
TOTAL ASSETS (270=100+200)	270		13,917,930,244,401	11,299,941,305,395

The accompanying notes are an integral part of these consolidated financial statements

FORM B 01-DN/HN
Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

CONSOLIDATED BALANCE SHEET (Cont.)

As at 31 December 2021

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		3,204,770,523,758	3,052,441,964,507
I. Current liabilities	310		2,151,651,816,461	2,026,034,102,655
1. Short-term trade payables	311	19	771,382,083,149	452,877,108,896
2. Short-term advances from customers	312	20	124,292,938,370	122,950,516,714
3. Taxes and amounts payable to the State budget	313	15	389,655,826,646	58,813,917,687
4. Payables to employees	314		173,860,882,277	133,671,272,818
5. Short-term accrued expenses	315	21	337,883,833,828	456,822,960,695
6. Short-term unearned revenue	318		18,181,819	16,363,638
7. Other current payables	319	22	74,252,202,749	64,799,698,649
8. Short-term loans and obligations under finance leases	320	23	200,133,810,219	190,871,758,751
9. Short-term provisions	321	24	20,327,222,568	467,511,021,812
10. Bonus and welfare funds	322		59,844,834,836	77,699,482,995
II. Long-term liabilities	330		1,053,118,707,297	1,026,407,861,852
1. Other long-term payables	337	22	8,526,946,700	1,866,870,000
2. Long-term loans and obligations under finance leases	338	25	700,468,329,150	858,922,907,882
3. Deferred tax liabilities	341		132,540,000,000	132,540,000,000
4. Long-term provisions	342	24	165,486,270,110	-
5. Scientific and technological development fund	343		46,097,161,337	33,078,083,970
D. EQUITY	400		10,713,159,720,643	8,247,499,340,888
I. Owners' equity	410	26	10,713,159,720,643	8,247,499,340,888
1. Owners' contributed capital	411		3,914,000,000,000	3,914,000,000,000
- Ordinary shares carrying voting rights	411a		3,914,000,000,000	3,914,000,000,000
2. Share premium	412		21,179,913,858	21,179,913,858
3. Treasury shares	415		(2,296,824,120)	(2,296,824,120)
4. Investment and development fund	418		3,497,039,984,859	3,497,039,984,859
5. Retained earnings	421		3,085,566,955,137	654,776,859,274
- Retained earnings accumulated to the prior year end	421a		53,257,339,727	54,215,294,040
- Retained earnings of the current year	421b		3,032,309,615,410	600,561,565,234
6. Non-controlling interests	429		197,669,690,909	162,799,407,017
TOTAL RESOURCES (440=300+400)	440		13,917,930,244,401	11,299,941,305,395





Tran Xuan Thao
Preparer

Vo Ngoc Phuong
Chief Accountant

Le Cu Tan
Chief Executive Officer

17 March 2022

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

FORM B 02-DN/HN
Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01		12,881,680,840,632	7,867,574,305,211
2. Deductions	02		95,539,647,280	105,755,700,648
3. Net revenue from goods sold and services rendered (10=01-02)	10	29	12,786,141,193,352	7,761,818,604,563
4. Cost of sales	11	29	8,000,602,438,317	6,032,014,990,990
5. Gross profit from goods sold and services rendered (20=10-11)	20	29	4,785,538,755,035	1,729,803,613,573
6. Financial income	21	31	175,513,945,627	179,636,016,847
7. Financial expenses	22	32	74,648,067,031	94,847,103,094
- In which: Interest expense	23		69,266,472,919	88,463,426,175
8. Share of net profit from joint-ventures, associates	24		2,503,197,142	2,437,351,362
9. Selling expenses	25	33	817,762,955,253	654,617,057,501
10. General and administration expenses	26	33	424,973,596,372	409,071,818,150
11. Operating profit (30=20+(21-22)+24-(25+26))	30		3,646,171,279,148	753,341,003,037
12. Other income	31	34	155,255,174,993	96,475,936,092
13. Other expenses	32	35	1,955,231,521	1,926,168,341
14. Profit from other activities (40=31-32)	40		153,299,943,472	94,549,767,751
15. Accounting profit before tax (50=30+40)	50		3,799,471,222,620	847,890,770,788
16. Current corporate income tax expense	51	36	605,412,217,929	166,619,580,888
17. Deferred corporate tax expense/(income)	52	36	22,542,704,132	(20,348,488,902)
18. Net profit after corporate income tax (60=50-51-52)	60		3,171,516,300,559	701,619,678,802
18.1 Profit after tax attributable to Parent Company	61		3,117,133,794,101	691,307,691,848
18.2 Profit after tax attributable to non-controlling shareholders	62		54,382,506,458	10,311,986,954
19. Basic earnings per share	70	37	7,749	1,413


 Tran Xuan Thao
Preparer


 Vo Ngoc Phuong
Chief Accountant


 Le Cu Tan
Chief Executive Officer

17 March 2022

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2021

FORM B 03-DN/HN
Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	3,799,471,222,620	847,890,770,788
2. Adjustments for:			
Depreciation and amortisation of fixed assets and investment properties	02	536,986,110,692	549,648,417,025
Provisions	03	36,040,728,360	194,437,765,308
Foreign exchange gain arising from translating foreign currency items	04	(4,822,786,402)	(1,687,283,663)
Gain from investing activities	05	(168,460,157,280)	(177,401,927,532)
Interest expense	06	69,266,472,919	88,463,426,175
Other adjustments	07	20,000,000,000	20,000,000,000
3. Operating profit before movements in working capital	08	4,288,481,590,909	1,521,351,168,101
Changes in receivables	09	(149,969,462,576)	(12,019,853,115)
Changes in inventories	10	(1,278,636,166,868)	(114,561,989,431)
Changes in payables (excluding accrued loan interest and corporate income tax payable)	11	189,583,186,815	(215,723,205,282)
Changes in prepaid expenses	12	16,446,824,039	3,189,814,566
Interest paid	14	(73,836,553,165)	(101,010,428,297)
Corporate income tax paid	15	(302,161,819,901)	(178,220,066,598)
Other cash outflows	17	(173,836,027,596)	(115,732,025,947)
Net cash generated by operating activities	20	2,516,071,571,657	787,273,413,997
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(221,937,019,045)	(81,740,330,467)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	298,617,437	-
3. Cash outflow for lending, buying debt instruments of other entities	23	(5,640,000,000,000)	(2,940,000,000,000)
4. Cash recovered from lending, selling debt instruments of other entities	24	4,370,000,000,000	1,790,000,000,000
5. Interest earned, dividends and profits received	27	172,717,516,126	165,742,209,214
Net cash used in investing activities	30	(1,318,920,885,482)	(1,065,998,121,253)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	724,557,695,286	381,719,552,000
2. Repayment of borrowings	34	(869,427,255,390)	(571,448,728,652)
3. Dividends and profits paid	36	(557,564,743,740)	(479,315,340,540)
Net cash used in financing activities	40	(702,434,303,844)	(669,044,517,192)
Net increase/(decrease) in cash (50=20+30+40)	50	494,716,382,331	(947,769,224,448)
Cash and cash equivalents at the beginning of the year	60	2,029,198,585,342	2,976,952,450,033
Effects of changes in foreign exchange rates	61	200,345,293	15,359,757
Cash and cash equivalents at the end of the year (70=50+60+61)	70	2,524,115,312,966	2,029,198,585,342


 Tran Xuan Thao
Preparer


 Vo Ngoc Phuong
Chief Accountant


 Le Cu Tan
Chief Executive Officer

17 March 2022

The accompanying notes are an integral part of these consolidated financial statements

These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

1. GENERAL INFORMATION

Structure of ownership

PetroVietnam Fertilizer and Chemicals Corporation - JSC (hereinafter referred to as the "Corporation"), formerly known as PetroVietnam Fertilizer and Chemicals Joint Stock Company, was established under Business Registration Certificate No. 4103007696 dated 31 August 2007 and the 14th amendment dated 16 January 2019 issued by the Department of Planning and Investment of Ho Chi Minh City. On 01 September 2008, the Corporation officially transformed its operation into parent-subsidiary model in accordance with Resolution No. 01/NQ-DHDCD passed at the Shareholders' General Meeting. Accordingly, the Holding Company - PetroVietnam Fertilizer and Chemicals Corporation - JSC was established from functional departments of PetroVietnam Fertilizer and Chemicals Joint Stock Company, project management units and Phu My Fertilizer Plant.

As at 31 December 2021, the Corporation's charter capital was VND 3,914,000,000,000, equivalent to 391,400,000 ordinary shares, each share has par value of VND 10,000. The Corporation's shares are listed on Ho Chi Minh City Stock Exchange from 05 November 2007 with the stock symbol "DPM".

The parent company of the Corporation is Vietnam Oil and Gas Group (the "Group" or "PVN") who holds 59.58% of its charter capital as at 31 December 2021.

Operating industries and principal activities

The business activities of the Corporation include:

- » Production and trade of fertilizer, liquid ammonia, industrial gas, other chemicals;
- » Provision of technical services relating to production and trade of fertilizer and other related chemicals (excluding heavily toxic chemicals);
- » Architectural activities and related technical consultancy;
- » Production, transmission and distribution of electricity;
- » Trade of real estates, land use rights held as owner, user or lessor;
- » Wholesale of agricultural and forestry products (excluding wood, bamboo) and living animals;
- » Goods transport services by road and by inbound waterway, processing of oil and gas-related products and minerals;
- » Vocational training;
- » Supporting services for waterway transportation; loading and unloading goods at seaports and inland terminals;
- » Acting as vessel agent and shipping agency and providing warehousing services.

The principal activities of the Corporation are production and trade of fertilizers used in agriculture.

Normal production and business cycle

The Corporation's normal production and business cycle is carried out for a time period of 12 months or less.

Characteristics of the business activities in the fiscal year which have impact on the consolidated financial statements

Due to the wide-ranging impacts of the COVID-19 pandemic, challenges have arisen for all economic sectors. Such significant changes may dramatically affect economic benefits and obligations of the Corporation. At present, the Board of Directors and Executive Board have carefully monitored and evaluated the possible impacts of this matter on the Corporation's operation. Therefore, the Board of Directors and Executive Board also believe that COVID-19 will not have impacts on the Corporation's production and business activities in the following 12 months.

The Corporation's structure

As at 31 December 2021, the Corporation's dependent units are as follows:

No	Name	Address
1	Phu My Fertilizer Plant	Phu My 1 Industrial Park, Phu My Town, Ba Ria – Vung Tau Province, Vietnam
2	Ho Chi Minh City Branch	PVFCo Tower, 43 Mac Dinh Chi Street, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam
3	Cambodia Branch (i)	Phnom Penh, Cambodia
4	Fertilizer and Petrochemical Project Management Unit	Phu My 1 Industrial Zone, Phu My Town, Ba Ria – Vung Tau Province, Vietnam

- (i) According to Decision of the Board of Directors No. 313/QD-PBHC dated 26 June 2014, the Corporation's Board of Directors approved the plan to liquidate the Corporation's branch in Cambodia. As at the date of these consolidated financial statements, the Corporation is in process of liquidating its branch in Cambodia.

The general information about subsidiaries and associates of the Corporation as at 31 December 2021 is as follows:

Subsidiary/associate	Location	Proportion of ownership interest (%)	Proportion of voting power held (%)	Main business
Subsidiaries				
1. Central PetroVietnam Fertilizer and Chemicals JSC	Binh Dinh Province	75.00	75.00	Trading of fertilizer and chemicals
2. SouthWest PetroVietnam Fertilizer and Chemicals JSC	Can Tho City	75.00	75.00	Trading of fertilizer and chemicals
3. SouthEast PetroVietnam Fertilizer and Chemicals JSC	Ho Chi Minh City	75.00	75.00	Trading of fertilizer and chemicals
4. Northern PetroVietnam Fertilizer and Chemicals JSC	Hanoi	75.00	75.00	Trading of fertilizer and chemicals
Associates				
1. Dam Phu My Packaging JSC	Ba Ria - Vung Tau Province	43.34	43.34	Production of packages
2. PetroVietnam Urban Development JSC	Can Tho City	35.63	35.63	Construction and installation of civil and industrial works and services provision
3. Vietnam Petrochemical and Textile Fiber JSC	Hai Phong City	25.99	25.99	Production and sale of polyester fibers

Disclosure of information comparability in the consolidated financial statements

Comparative figures are the figures of the Corporation's audited consolidated financial statements for the year ended 31 December 2020.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**Accounting convention**

The accompanying consolidated financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting.

The Corporation's Branch in Cambodia uses United States Dollar (USD) as currency unit in accounting. The Corporation has translated all remaining balances of its branch in Cambodia for the year ended 31 December 2021 into VND under Vietnamese Accounting Standards, accounting regime for enterprises and related legal regulations.

The accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Financial year

The Corporation's financial year begins on 01 January and ends on 31 December.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Corporation in the preparation of these consolidated financial statements, are as follows:

Accounting estimates

The preparation of the consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting requires the Executive Board to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the Executive Board's best knowledge, actual results may differ from those estimates.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and enterprises controlled by the Corporation (its subsidiaries) up to 31 December 2021. This control is achieved where the Corporation has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Corporation.

All significant inter-company transactions and balances between the Corporation and its subsidiaries and among subsidiaries are eliminated on consolidation.

Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination (see below) and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business combinations

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the period of acquisition.

The non-controlling interests are initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Investments in associates

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Interests in associates are carried in the consolidated balance sheet at cost as adjusted by post-acquisition changes in the Corporation's share of the net assets of the associate. Losses of an associate in excess of the Corporation's interest in that associate (which includes any long-term interests that, in substance, form part of the Corporation's net investment in the associate) are not recognised.

Where a group entity transacts with an associate of the Corporation, unrealised profits and losses are eliminated to the extent of the Corporation's interest in the relevant associate.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial investments**Held-to-maturity investments**

Held-to-maturity investments comprise investments that the Corporation has the positive intent or ability to hold to maturity, including term deposits at banks held to maturity to earn periodic interest.

Held-to-maturity investments are recognised on a trade date basis and are initially measured at acquisition price plus directly attributable transaction costs. Post-acquisition interest income from held-to-maturity investments is recognised in the consolidated income statement on accrual basis. Pre-acquisition interest is deducted from the cost of such investments at the acquisition date.

Held-to-maturity investments are measured at cost less provision for doubtful debts (if any).

Provision for impairment of investment in held-to-maturity investments is made in accordance with prevailing accounting regulations.

Equity investments in other entities

Equity investments in other entities represent the Corporation’s investments in ordinary shares of the entities over which the Corporation has no control, joint control or significant influence.

Equity investments in other entities are carried at cost less provision for impairment of such investments.

Provisions for impairment of investments in other entities are made in accordance with prevailing accounting regulations.

Receivables

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

Inventories

Inventories are recorded under the perpetual method. Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Issue cost is calculated using the weighted average method, except for issue cost of materials that is calculated using the FIFO method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the consolidated balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working conditions and locations for their intended use. The costs of tangible fixed assets formed from construction investment by contractual mode or self-construction or self-generating process are the settled costs of the invested construction projects in accordance with the prevailing State’s regulations on investment and construction management, directly-related expenses and registration fee (if any). In the event the construction project has been completed and put into use but the settled costs thereof have not been approved, the cost of tangible fixed assets is recognized at the estimated cost based on the actual cost incurred. The estimated cost will be adjusted according to the settled costs approved by competent authorities.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives, as follows:

	Years
Buildings, structures	3 - 25
Machinery, equipment	3 - 15
Motor vehicles	5 - 10
Office equipment	3 - 9
Others	3 - 15

Loss or gain resulting from sales and disposals of tangible fixed assets is the difference between profit from sales or disposals of assets and their residual values and is recognised in the consolidated income statement.

Operating leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Corporation as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

The Corporation as lessee

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivables as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Intangible assets and amortization

Land use rights

Intangible assets represent land use rights which are stated at cost less accumulated amortization. Land use rights are amortised using the straight-line method over the duration of the right to use the land, indefinite-term land use rights are not amortized.

	Years
Indefinite land use rights	No amortization
Definite land use rights	32 - 50

Copyrights

The copyrights are initially recognized at purchase price and amortised using the straight-line basis over their estimated useful lives.

Computer software and other intangible assets

Computer software and other intangible assets are initially recognized at purchase price and amortised using the straight-line basis from 3 to 6 years.

Investment properties

Investment properties are composed of land use rights, buildings and structures held by the Corporation to earn rentals. Investment properties held to earn rentals are stated at cost less accumulated depreciation. The costs of purchased investment properties comprise their purchase prices and any directly attributable expenditures, such as professional fees for legal services, property transfer taxes and other related transaction costs. The costs of self-constructed investment properties are the finally accounted construction or directly attributable costs of the properties.

Land use rights

Investment properties represent land use rights which are stated at cost less accumulated amortization. Land use rights are amortized using the straight-line method over the duration of the right to use the land.

Buildings and structures

Investment properties are composed of buildings and structures held by the Corporation to earn rentals and are stated at cost less accumulated depreciation. These investment properties are depreciated using the straight-line method over their estimated useful lives.

	Years
Land use right	50
Buildings, structures	7 - 25

Construction in progress

Properties in the course of construction for production, rental and administrative purposes or for other purposes are carried at cost. The cost includes any costs that are necessary to form the asset including construction cost, equipment cost, interest expense and other related costs in accordance with the Corporation's accounting policy. Such costs will be included in the estimated costs of the fixed assets (if settled costs have not been approved) when they are put into use.

According to the State's regulations on investment and construction management, the settled costs of completed construction projects are subject to approval by appropriate level of competent authorities. The final costs of these completed construction projects may vary depending on the final approval by competent authorities.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods, including property insurance premium, land and office rentals, tools and supplies, catalytic cost of CO and H2S and other types of prepayments.

Property insurance premium and catalytic cost of CO and H2S are recognized at contract purchase price and charged to the consolidated income statement on the straight-line basis over the contractual term.

Land and office rentals represent rentals that have been paid in advance. Prepaid land and office rentals are charged to the consolidated income statement on the straight-line basis over the rental term.

The costs of tools and supplies allocated comprise costs of small tools, supplies and spare parts issued for consumption which are expected to provide future economic benefits to the Corporation and are charged to the consolidated income statement on the straight-line basis in accordance with the current prevailing accounting regulations.

Other types of prepayments comprise of expenses for supporting services and other prepaid expenses which are expected to provide future economic benefits to the Corporation. These prepaid expenses are charged to the consolidated income statement on the straight-line basis in accordance with the current prevailing accounting regulations.

Payable provisions

Payable provisions are recognized when the Corporation has a present obligation as a result of a past event, and it is probable that the Corporation will be required to settle that obligation.

Phu My Fertilizer Plant accrued the estimated repair cost to annual expense for fixed assets which have annual overhaul. If actual amount is higher than accrued amount, the difference is included in reasonable cost. If actual amount is lower than the accrued amount, the difference is recorded as a decrease in expense during the year.

Scientific and technological development fund

Scientific and technological development fund is made in order to finance science and technology activities of the Corporation. This fund was formed on the basis of the Corporation's demand for research and development and technology innovation and is recognized in the consolidated income statement according to Joint Circular No.12/2016/TTLT-BKHCHN-BTC issued by Minister of Science and Technology on 28 June 2016. Accordingly, the Corporation bases on the capital demand for scientific and technological activities to appropriate a maximum of 10% of the taxable profit for this fund.

Revenue recognition

Revenue from sale of goods

Revenue from the sale of goods is recognised when all five (5) following conditions are satisfied:

- (a) the Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Corporation; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from services

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several years, revenue is recognised in each year by reference to the percentage of completion of the transaction at the consolidated balance sheet date of that year. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the Corporation;
- (c) the percentage of completion of the transaction at the consolidated balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue from leasing investment properties

Revenue from leasing investment properties is recognized in profit or loss on the straight-line basis over the lease term.

Financial income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Dividend income from investments is recognised when the Corporation's right to receive payment has been established.

Foreign currencies

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the consolidated income statement.

Under the guidance of Official Letter No. 4360/DKVN-TCKT dated 31 December 2015 and Official Letter No. 3124/DKVN-TCKT dated 13 May 2015 issued by Vietnam Oil and Gas Group, the Corporation applied the buying rate announced by the Joint Stock Commercial Bank for Foreign Trade of Vietnam to translate monetary items denominated in foreign currencies as at 31 December 2021. The above mentioned rate differs from that stated in Circular No. 200/2014/TT-BTC issued on 22 December 2014 by the Ministry of Finance guiding the accounting regime for enterprises ("Circular 200"). However, such difference has no material influence on the Corporation's consolidated financial statements for the year ended 31 December 2021.

Borrowing costs

Borrowing costs are recognised in the income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is under 12 months.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

4. CASH AND CASH EQUIVALENTS

	Closing balance VND	Opening balance VND
Cash on hand	2,852,493,739	2,115,941,846
Bank demand deposits	564,296,889,778	258,862,950,449
Cash in transit	-	4,160,610,000
Cash equivalents (i)	1,956,965,929,449	1,764,059,083,047
	2,524,115,312,966	2,029,198,585,342

(i) As at 31 December 2021, cash equivalents represent the time deposits with original terms from 01 to 03 months at commercial banks with the interest rates ranging from 3.0% to 3.7% per annum (as at 31 December 2020: interest rates ranging from 0.1% to 4.0% per annum).

As at 31 December 2021, the Corporation's deposits with term under three months at Ocean Commercial One Member Limited Liability Bank (previously known as Ocean Commercial Joint Stock Bank) amounting to VND 284 billion are restricted. According to Official Letter No.5351/2016/CV-OCEANBANK dated 04 October 2016, Official Letter No.60/2018/CV-OCEANBANK dated 28 December 2018 and Official Letter No.76/2020/CV-OJB-CNHCM dated 12 August 2020, Ocean Commercial One Member Limited Liability Bank ensured the return of deposits held by its clients following the restructuring plan which has been submitted to the State Bank of Vietnam and the Government for approval. Interest income from these deposits has been paid by Ocean Commercial One Member Limited Liability Bank from 01 October 2015 to present. The Executive Board assessed that the Corporation's deposits will be recovered as committed by Ocean Commercial One Member Limited Liability Bank.

5. FINANCIAL INVESTMENTS

	Closing balance		Opening balance	
	Cost	VND Carrying amount	Cost	VND Carrying amount
a. Held-to-maturity investments				
Term deposits (i)	3,455,000,000,000	3,455,000,000,000	2,185,000,000,000	2,185,000,000,000
	3,455,000,000,000	3,455,000,000,000	2,185,000,000,000	2,185,000,000,000

(i) Held-to-maturity investments as at 31 December 2021 represent time deposits with original terms of more than 3 months and remaining terms of less than 12 months from the consolidated balance sheet date at commercial banks with interest rates ranging from 3.0% to 5.0% per annum (as at 31 December 2020: interest rates ranging from 3.6% to 5.8% per annum).

	Closing balance		Opening balance	
	Cost	VND Fair value	Provision	VND Fair value
b. Investments in other entities				
Petroleum Information Technology Telecom and Automation JSC	3,600,000,000	(ii)	-	(ii)
Ut Xi Aquatic Products Processing JSC	16,902,000,000	(ii)	(4,464,706,831)	(ii)
	20,502,000,000	(4,464,706,831)	(4,464,706,831)	(4,464,706,831)

(ii) For the investments in other entities, these companies have not had their shares listed on a stock exchange yet and the Corporation was unable to determine their fair values as at the balance sheet date since there is no comprehensive guidance of relevant prevailing regulations on determination of fair value on these financial investments. Long-term provisions for financial investments on these companies were estimated according to these companies' financial statements for the year ended 31 December 2021.

6. SHORT-TERM TRADE RECEIVABLES

	Closing balance VND	Opening balance VND
a. Short-term trade receivables		
Nam Du Gia Lai Company Limited	52,698,813,348	3,075,024,000
Liven Agrichem Pte. Ltd.	36,377,540,000	-
F.A Joint Stock Company	34,003,455,213	1,532,390,309
Hung Thanh Agricultural Materials Company Limited	767,212,532	9,516,571,121
Tuan Vu Fertilizer Commercial Services Company Limited	-	22,273,315,663
Others	119,150,479,839	159,489,940,272
	242,997,500,932	195,887,241,365
b. Receivables from related parties (Details stated in Note 39)	19,944,820,308	27,144,879,865
	19,944,820,308	27,144,879,865
Total	262,942,321,240	223,032,121,230

7. SHORT-TERM ADVANCES TO SUPPLIERS

	Closing balance VND	Opening balance VND
a. Short-term advances to suppliers		
Tuong Nguyen Import-Export Trading Service Company Limited	44,000,000,000	-
Hung Thanh Agricultural Materials Company Limited	27,216,000,000	-
Ngoc Lan Production Trade Company Limited	9,153,800,000	9,153,800,000
Others	20,396,510,752	21,000,129,605
	100,766,310,752	30,153,929,605
b. Advances to related parties (Details stated in Note 39)	36,750,736,001	28,007,841,417
	36,750,736,001	28,007,841,417
Total	137,517,046,753	58,161,771,022

8. OTHER RECEIVABLES

	Closing balance VND	Opening balance VND
a. Other short-term receivables		
PetroVietnam Petrochemical and Textile Fiber Joint Stock Company (i)	115,630,049,443	114,509,081,543
PetroVietnam Trade Union Finance Investment Corporation (PVFI) (ii)	110,143,267,289	110,143,267,289
PVI Insurance Corporation	30,191,259,625	-
Accrued interest income from term deposits	23,928,462,200	28,150,317,836
Short-term deposits	15,000,000	85,134,000
Other short-term receivables	41,768,620,411	39,958,821,095
	321,676,658,968	292,846,621,763
b. Other long-term receivables		
Long-term deposits	849,874,000	698,374,000
	849,874,000	698,374,000
In which:		
Other receivables from related parties (Details stated in Note 39)	225,802,905,773	229,113,222,693

(i) The balance of the other short-term receivable from PetroVietnam Petrochemical and Textile Fiber Joint Stock Company (“VNPOLY”) as at 31 December 2021 represents a payment under the reciprocal guarantee commitment for medium-term and long-term loans of VNPOLY and other supports to VNPOLY. Payment obligations arose from the fact that the Corporation signed two reciprocal guarantee commitments with PVN relating to the guarantee obligations of PVN for medium-term and long-term loans of VNPOLY.

According to the Memorandum among PVN, VNPOLY and the Corporation, PVN shall be responsible for collecting the principal of and interest on the guarantees having paid by parties on behalf of VNPOLY. Within 07 days from when PVN receives debt payments from VNPOLY (including both the principal and interest), PVN will return an amount which is calculated based on the Corporation’s capital proportion in VNPOLY to the Corporation. The interest rate is determined at the rate equal to demand deposit interest rate announced by Joint Stock Commercial Bank for Foreign Trade of Vietnam. The interest calculation period starts from when the Corporation pays the reciprocal guarantee amount to PVN.

As at 31 December 2021, the Executive Board assessed the recoverability of this receivable at low level as the accumulated losses of VNPOLY had exceeded its equity, and VNPOLY is unable to meet its financial obligations as and when they fall due.

(ii) The balance of the other short-term receivables from PetroVietnam Trade Union Finance Investment Corporation (“PVFI”) as at 31 December 2021 represents an investment trust amount of VND 101,597,868,000 and VND 8,545,399,289 respectively. The Executive Board assessed the recoverability of this receivable at low level due to the difficult situation of PVFI.

9. BAD DEBTS

	Closing balance		Opening balance	
	Cost	Recoverable amount	Cost	Recoverable amount
				VND
				Overdue time
PetroVietnam Trade Union Finance Investment Corporation	110,143,267,289	-	110,143,267,289	-
				Over 3 years
Ngoc Lan Production Trade Company Limited	9,153,800,000	-	9,153,800,000	-
				Over 3 years
PetroVietnam Petrochemical and Textile Fiber JSC	115,725,753,648	1,545,947,178	114,704,334,648	424,979,278
				From 6 months to 3 years and longer
- Receivables relating to reciprocal guarantee commitments	107,786,937,303	-	107,786,937,303	-
				Over 3 years
- Other receivables	7,938,816,345	1,545,947,178	6,917,397,345	424,979,278
				From 6 months to 3 years and longer
	235,022,820,937	1,545,947,178	234,001,401,937	424,979,278

The recoverable amount is determined at cost less the provisions for doubtful debts made.

10. INVENTORIES

	Closing balance		Opening balance	
	Cost	VND Provision	Cost	VND Provision
a. Inventory				
Goods in transit	137,303,973,626	-	216,065,135,493	-
Raw materials	557,871,471,999	(480,008,618)	493,736,178,079	(10,062,946,217)
Tools and supplies	8,671,907,245	-	6,405,456,011	-
Work in progress	215,990,588,117	-	48,035,018,676	(4,918,599,333)
Finished goods	821,955,029,260	(2,799,857,720)	637,316,947,620	(10,024,654,470)
Merchandise	1,037,020,884,337	-	93,106,713,901	(1,298,876,140)
	2,778,813,854,584	(3,279,866,338)	1,494,665,449,780	(26,305,076,160)
b. Long-term reserved spare parts	124,128,741,854	-	139,786,369,885	-

In the year, the Corporation reversed the provision for devaluation of inventories with the amount of VND 23,025,209,822 for items sold during the year (2020: an provision of VND 6,648,141,430 was made).

11. PREPAYMENTS

	Closing balance VND	Opening balance VND
a. Current		
Cost of hardware and software support services	8,764,839,132	10,211,830,362
Tools and supplies	1,774,165,242	916,491,306
Property insurance premium	-	13,953,824,829
Others	4,790,145,365	1,943,104,035
	15,329,149,739	27,025,250,532
b. Non-current		
Tools and supplies	12,053,362,959	7,267,251,723
Land and office rentals	3,547,395,469	11,199,860,794
Catalytic cost of CO and H2S	963,815,857	8,061,248,728
Others	9,132,756,847	3,919,693,133
	25,697,331,132	30,448,054,378

12. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
COST						
Opening balance	2,364,872,583,781	8,243,076,932,348	90,135,588,984	310,390,452,387	637,984,489,504	11,646,460,047,004
Additions	48,913,000	5,814,321,427	2,930,081,744	12,105,982,330	-	20,899,298,501
Finalisation adjustment	(28,157,966,588)	(72,551,395,723)	-	-	(15,966,987,306)	(116,676,349,617)
Disposals	-	(3,069,000,000)	(331,712,728)	(376,899,818)	-	(3,777,612,546)
Closing balance	2,336,763,530,193	8,173,270,858,052	92,733,958,000	322,119,534,899	622,017,502,198	11,546,905,383,342
ACCUMULATED DEPRECIATION						
Opening balance	1,410,097,203,690	6,174,931,758,577	76,470,495,016	254,812,298,038	291,277,404,298	8,207,589,159,619
Charge for the year	128,507,595,855	260,232,108,957	3,753,022,399	27,149,419,941	94,095,878,310	513,738,025,462
Finalisation adjustment	(11,510,147,371)	(27,714,762,840)	-	(2,040,105)	(15,196,217,547)	(54,423,167,863)
Disposals	-	(2,790,609,836)	(320,923,085)	(376,899,818)	-	(3,488,432,739)
Closing balance	1,527,094,652,174	6,404,658,494,858	79,902,594,330	281,582,778,056	370,177,065,061	8,663,415,584,479
NET BOOK VALUE						
Opening balance	954,775,380,091	2,068,145,173,771	13,665,093,968	55,578,154,349	346,707,085,206	3,438,870,887,385
Closing balance	809,668,878,019	1,768,612,363,194	12,831,363,670	40,536,756,843	251,840,437,137	2,883,489,798,863

As stated in Note 25, the Corporation has pledged all the factories, machinery and equipment under the project on productivity enhancement of NH₃ workshop of Phu My Fertilizer Plant and construction of NPK Fertilizer Production Plant by applying chemical technology, which have the carrying value as at 31 December 2021 of VND 2,079,267,047,450 (31 December 2020: VND 2,397,837,594,191) to secure bank loans.

The cost of the Corporation's tangible fixed assets as at 31 December 2021 includes VND 6,377,667,352,749 (31 December 2020: VND 6,217,712,574,240) of tangible fixed assets which have been fully depreciated but are still in use.

13. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights VND	Patent VND	Computer software VND	Others VND	Total VND
COST					
Opening balance	863,853,207,162	159,315,893,074	114,067,581,203	15,819,633,154	1,153,056,314,593
Additions	-	-	2,803,293,600	-	2,803,293,600
Disposals	-	-	-	(68,280,000)	(68,280,000)
Closing balance	863,853,207,162	159,315,893,074	116,870,874,803	15,751,353,154	1,155,791,328,193
ACCUMULATED AMORTISATION					
Opening balance	46,412,979,919	159,315,893,074	91,839,785,818	11,466,089,816	309,034,748,627
Charge for the year	3,316,305,309	-	9,552,984,611	480,363,760	13,349,653,680
Disposals	-	-	-	(68,280,000)	(68,280,000)
Closing balance	49,729,285,228	159,315,893,074	101,392,770,429	11,878,173,576	322,316,122,307
NET BOOK VALUE					
Opening balance	817,440,227,243	-	22,227,795,385	4,353,543,338	844,021,565,966
Closing balance	814,123,921,934	-	15,478,104,374	3,873,179,578	833,475,205,886

The cost of the Corporation's intangible assets as at 31 December 2021 includes VND 238,161,541,728 (31 December 2020: VND 235,520,885,339) of intangible assets which have been fully amortized but are still in use.

14. INCREASES, DECREASES IN INVESTMENT PROPERTIES

	Land use rights VND	Buildings and structures VND	Total VND
COST			
Opening balance	99,499,152,000	218,454,390,202	317,953,542,202
Closing balance	99,499,152,000	218,454,390,202	317,953,542,202
ACCUMULATED DEPRECIATION			
Opening balance	10,664,026,413	87,545,770,376	98,209,796,789
Charge for the year	1,005,683,040	8,892,748,510	9,898,431,550
Closing balance	11,669,709,453	96,438,518,886	108,108,228,339
NET BOOK VALUE			
Opening balance	88,835,125,587	130,908,619,826	219,743,745,413
Closing balance	87,829,442,547	122,015,871,316	209,845,313,863
List of investment properties			
	Closing balance		Opening balance
	Cost	Accumulated Depreciation	Net Book Value
	VND	VND	VND
Dong Tay Building at 27 Dinh Bo Linh Street, Ho Chi Minh City	90,358,442,144	20,905,536,273	69,452,905,871
Cuu Long Supermarket and Office Building in Ca Mau Province	157,460,134,120	61,716,488,602	95,743,645,518
PVFCo Building at 43 Mac Dinh Chi Street, Ho Chi Minh City	70,134,965,938	25,486,203,464	44,648,762,474
	317,953,542,202	108,108,228,339	209,845,313,863
	90,358,442,144	19,105,225,680	71,253,216,464
	157,460,134,120	56,423,766,282	101,036,367,838
	70,134,965,938	22,680,804,827	47,454,161,111
	317,953,542,202	98,209,796,789	219,743,745,413

Fair value of investment properties

According to VAS No. 05 - Investment Properties, fair value of investment properties at the consolidated balance sheet date is required to be disclosed. However, the Corporation has not determined the fair value as at 31 December 2021; therefore, no information about the fair value of investment properties is stated at the Notes to the consolidated financial statements. In order to determine the fair value, the Corporation would require an independent consultancy company to perform the valuation. At present, the Corporation has not found a suitable consultancy company yet.

15. TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

	Opening balance VND	Receivable/ Payable during the year VND	Received/Paid during the year VND	Closing balance VND
a. Receivables				
Corporate income tax	3,152,818,774	-	-	3,152,818,774
Personal income tax	3,756,286,972	3,756,286,972	-	-
Other taxes	-	-	98,916,250	98,916,250
	6,909,105,746	3,756,286,972	98,916,250	3,251,735,024
b. Payables				
Value added tax	4,675,902,225	64,980,965,807	60,205,079,041	9,451,788,991
- VAT on domestic goods	4,675,902,225	61,104,497,861	56,328,611,095	9,451,788,991
- VAT on imports	-	3,876,467,946	3,876,467,946	-
Import-export duties	361,848,690	69,317,882,613	52,039,159,103	17,640,572,200
Corporate income tax	49,041,452,607	605,412,217,929	302,161,819,901	352,291,850,635
Personal income tax	4,159,502,675	49,135,293,407	43,540,778,356	9,754,017,726
Natural resource tax	325,833,240	3,479,668,012	3,468,486,058	337,015,194
Environmental protection tax and other taxes	249,378,250	4,774,037,611	4,842,833,961	180,581,900
- Environmental protection tax	249,378,250	556,102,900	624,899,250	180,581,900
- License tax	-	18,000,000	18,000,000	-
- Foreign contractor tax	-	2,399,999,230	2,399,999,230	-
- Other taxes	-	1,799,935,481	1,799,935,481	-
	58,813,917,687	797,100,065,379	466,258,156,420	389,655,826,646

16. CONSTRUCTION IN PROGRESS

	Closing balance VND	Opening balance VND
NH3 and NPK project (i)	83,279,615,900	62,778,770,433
Apartment buildings for employees	36,342,070,618	36,342,070,618
Tay Ninh warehouse	29,120,068,273	29,120,068,273
Other projects	25,340,433,150	25,200,315,153
	174,082,187,941	153,441,224,477

(i) As presented in Note 25, as at 31 December 2021, the Corporation mortgaged the entire value of construction works and machinery and equipment of the NH3 and NPK project with the amount of VND 83,279,615,900 (31 December 2020: VND 62,778,770,433) to secure a long-term loan at the Bank Vietnam Public Trade Joint Stock Company - Ho Chi Minh City branch.

17. INVESTMENTS IN ASSOCIATES

	Closing balance VND	Opening balance VND
Cost of investments in associates	680,903,000,000	680,903,000,000
Share of post-acquisition losses, net of dividends received	(652,283,336,530)	(652,911,624,673)
	28,619,663,470	27,991,375,327

18. DEFERRED TAX ASSETS

	Closing balance VND	Opening balance VND
Accrued expenses not yet billed	56,852,312,353	89,724,283,272
Unearned revenue	13,139,221,914	3,346,748,789
Others	9,196,117,573	8,659,323,911
	79,187,651,840	101,730,355,972

19. SHORT-TERM TRADE PAYABLES

	Closing balance		Opening balance	
	Amount	VND Amount able to be paid of	Amount	VND Amount able to be paid off
a. Short-term trade payables				
Baconco Company Limited	75,059,625,444	75,059,625,444	-	-
Duc Giang Lao Cai Chemical Co., Ltd	71,326,012,800	71,326,012,800	-	-
Uralkali Trading SIA	-	-	48,839,480,801	48,839,480,801
Others	258,795,349,852	258,795,349,852	120,485,475,809	120,485,475,809
	405,180,988,096	405,180,988,096	169,324,956,610	169,324,956,610
b. Trade payables to related parties (Details stated in Note 39)	366,201,095,053	366,201,095,053	283,552,152,286	283,552,152,286
	366,201,095,053	366,201,095,053	283,552,152,286	283,552,152,286
Total	771,382,083,149	771,382,083,149	452,877,108,896	452,877,108,896

20. SHORT-TERM ADVANCES FROM CUSTOMERS

	Closing balance VND	Opening balance VND
a. Short-term advances from customers		
Viet My Company Limited	21,187,500,000	4,400,621,750
Minh Dung Trade and Services One Member Limited Liability Company	18,124,074,799	-
Tuan Vu Fertilizer Commercial Services Company Limited	-	40,040,650,500
Kim Ngoan Trade & Services Limited Company	6,415,272,954	27,415,175,000
Others	77,878,822,233	51,094,069,464
	123,605,669,986	122,950,516,714
b. Advances from related parties (Details stated in Note 39)	687,268,384	-
	687,268,384	-
Total	124,292,938,370	122,950,516,714

21. SHORT-TERM ACCRUED EXPENSES

	Closing balance VND	Opening balance VND
Accruals for construction in progress (i)	157,710,578,386	332,737,066,914
Accrued interest	25,870,992,080	30,441,072,326
Accruals for urea freight and loading expenses	24,214,172,784	24,402,535,602
Gas transportation expenses	1,516,548,821	-
Accruals for repair and maintenance costs for Phu My Fertilizer Plant	105,037,530	5,299,433,146
Other accruals	128,466,504,227	63,942,852,707
	337,883,833,828	456,822,960,695
In which:		
Short-term accruals with related parties (Details stated in Note 39)	138,139,721,334	191,064,067,514

(i) Accruals for construction in progress represent expenses relating to unfinalised projects on productivity enhancement of NH3 workshop of Phu My Fertilizer Plant and construction of NPK Fertilizer Production Plant.

22. OTHER PAYABLES

	Closing balance VND	Opening balance VND
a. Current		
Dividend payables	26,650,909,709	27,360,189,449
Short-term deposits received	7,366,977,144	7,042,996,101
Trade discount payable	-	7,106,672,714
Others	40,234,315,896	23,289,840,385
	74,252,202,749	64,799,698,649
b. Non-current		
Long-term deposits received	8,526,946,700	1,866,870,000
	8,526,946,700	1,866,870,000

23. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	Opening balance		In the year		Closing balance	
	Amount	VND Amount able to be paid off	Increases	VND Decreases	Amount	VND Amount able to be paid off
Short-term loans	-	-	674,769,950,000	674,769,950,000	-	-
Joint Stock Commercial Bank for Investment and Development of Vietnam - Binh Dinh Branch	-	-	287,419,950,000	287,419,950,000	-	-
Joint Stock Commercial Bank for Industry and Trade of Vietnam - Binh Dinh Branch	-	-	58,000,000,000	58,000,000,000	-	-
Vietnam Bank for Agriculture and Rural Development - Binh Dinh Branch	-	-	10,000,000,000	10,000,000,000	-	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Quy Nhon Branch	-	-	10,000,000,000	10,000,000,000	-	-
Joint Stock Commercial Bank for Industry and Trade of Vietnam - Dong Anh Branch	-	-	44,850,000,000	44,850,000,000	-	-
Joint Stock Commercial Bank for Investment and Development of Vietnam - Ngoc Khanh Branch	-	-	68,000,000,000	68,000,000,000	-	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Bai Dinh Branch	-	-	196,500,000,000	196,500,000,000	-	-
Current portion of long-term loans	190,871,758,751	190,871,758,751	203,919,356,859	194,657,305,391	200,133,810,219	200,133,810,219
(see Note 25)	190,871,758,751	190,871,758,751	878,689,306,859	869,427,255,391	200,133,810,219	200,133,810,219

24. PROVISIONS

	Provision for repair and maintenance cost
Opening balance	VND
Additional provision for the year	467,511,021,812
Utilisation of provisions	58,948,551,633
Closing balance	VND
	(340,646,080,767)
	185,813,492,678

In which:

	Closing balance	Opening balance
Short-term provision	VND	VND
	20,327,222,568	467,511,021,812
Long-term provision	165,486,270,110	-
	185,813,492,678	467,511,021,812

25. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	Opening balance		In the year		Opening balance	
	Amount	VND Amount able to be paid off	Increases	VND Decreases	Amount	VND Amount able to be paid off
Long-term loans	-	-	-	-	-	-
In which:						
<i>Payables for related parties (Details stated in Note 39)</i>						
Vietnam Public Joint Stock Commercial Bank - Ho Chi Minh Branch (i)	1,049,794,666,633	1,049,794,666,633	49,787,745,286	194,657,305,390	900,602,139,369	900,602,139,369
	1,049,794,666,633	1,049,794,666,633	49,787,745,286	194,657,305,390	900,602,139,369	900,602,139,369
In which:						
- Amount due for settlement within 12 months	190,871,758,751	190,871,758,751	-	-	200,133,810,219	200,133,810,219
- Amount due for settlement after 12 months	858,922,907,882	858,922,907,882	-	-	700,468,329,150	700,468,329,150

The balances of loans and obligations under finance leases as at 31 December 2021 represent the loan under Loan Agreement No.639/2016/PVFCo-PVB/HTG dated 25 October 2016 between Vietnam Public Joint Stock Commercial Bank - Ho Chi Minh City Branch and the Corporation with the credit limit of VND 1,752,000,000,000 or USD equivalent at the exchange rate at the time of disbursement. The purpose of the loan is to finance the Corporation's projects on productivity enhancement of NH3 workshop of Phu My Fertilizer Plant and construction of NPK Fertilizer Production Plant applying chemical technology. The disbursement term is until June 2020 inclusive. The maximum loan term is 108 months, the grace period is 24 months the first disbursement date (09 February 2017) or an earlier date as determined by the lender when these projects are completed and start generating revenue. The interest rate is determined by the reference interest rate plus the margin interest rate (2.5% per annum). The interest is calculated based on the actual outstanding balance and payable every 6 months. As at 31 December 2021, the total loan amounts that have been disbursed were VND 925,471,418,166 VND and USD 15,532,217. The Corporation has pledged the entire value of factories and machinery and equipment under the projects on productivity enhancement of NH3 workshop of Phu My Fertilizer Plant and construction of NPK Fertilizer Production Plant applying chemical technology to secure the loans as presented in Note 12 and Note 16.

Long-term loans are repayable as follows:

	Closing balance	Opening balance
On demand or within one year	VND	VND
In the second year	200,133,810,219	190,871,758,751
In the third to fifth year inclusive	200,133,810,219	190,871,758,751
After five years	500,334,518,931	572,615,276,252
	-	95,435,872,879
	900,602,139,369	1,049,794,666,633
Less: Amount due for settlement within 12 months (shown under current liabilities)	200,133,810,219	190,871,758,751
Amount due for settlement after 12 months	700,468,329,150	858,922,907,882

26. OWNERS' EQUITY

Changes in owners' equity

	Owners' contributed capita VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Retained earnings VND	Subtotal VND	Non-controlling interests VND	Total VND
Prior year's opening balance	3,914,000,000,000	21,179,913,858	(2,296,824,120)	3,497,039,984,859	566,144,654,027	7,996,067,728,624	165,367,715,959	8,161,435,444,583
Profit for the year	-	-	-	-	691,307,691,848	691,307,691,848	10,311,986,954	701,619,678,802
Distributions to bonus and welfare funds	-	-	-	-	(133,677,476,418)	(133,677,476,418)	(2,255,295,896)	(135,932,772,314)
Dividends paid by cash	-	-	-	-	(469,601,112,000)	(469,601,112,000)	(10,625,000,000)	(480,226,112,000)
Other increases	-	-	-	-	603,101,817	603,101,817	-	603,101,817
Prior year's closing balance	3,914,000,000,000	21,179,913,858	(2,296,824,120)	3,497,039,984,859	654,776,859,274	8,084,699,933,871	162,799,407,017	8,247,499,340,888
Current year's opening balance	3,914,000,000,000	21,179,913,858	(2,296,824,120)	3,497,039,984,859	654,776,859,274	8,084,699,933,871	162,799,407,017	8,247,499,340,888
Profit for the year	-	-	-	-	3,117,133,794,101	3,117,133,794,101	54,382,506,458	3,171,516,300,559
Distributions to bonus and welfare funds (i)	-	-	-	-	(138,475,734,238)	(138,475,734,238)	(10,524,722,566)	(149,000,456,804)
Dividends paid by cash (ii)	-	-	-	-	(547,867,964,000)	(547,867,964,000)	(8,987,500,000)	(556,855,464,000)
Current year's closing balance	3,914,000,000,000	21,179,913,858	(2,296,824,120)	3,497,039,984,859	3,085,566,955,137	10,515,490,029,734	197,669,690,909	10,713,159,720,643

(i) Under Resolution No. 47/NQ-DHDCD dated 27 April 2021 of the General Shareholders' Meeting, the Corporation made additional accruals of VND 53,651,555,547 to the Bonus and welfare funds from 2020 retained earnings. In addition, the Corporation also accrued the amount of VND 84,824,167,691 from 2021 retained earnings according to planned profit distribution of this Resolution.

(ii) According to Resolution No. 43/NQ-DHDCD dated 16 June 2020 of the General Shareholders' Meeting and Resolution No. 01/NQ-PBHC dated 05 January 2021 of the Board of Directors, the Corporation made an advance payment of the first dividend from profit after tax in 2020 with the amount of VND 273,933,982,000 (VND 700 per share), the ex-dividend date is 26 January 2021 and the dividend payment time is 19 February 2021.

According to Resolution No. 47/NQ-DHDCD dated 27 April 2021 of the General Shareholders' Meeting, the Corporation made cash payment of the remaining dividend from profit after tax in 2020 with the amount of VND 273,933,982,000 (VND 700 per share), the ex-dividend date is 06 July 2021 and the dividend payment time is 30 July 2021.

Shares	Closing balance	Opening balance
Number of shares issued to the public	391,400,000	391,400,000
Ordinary shares	391,400,000	391,400,000
Number of treasury shares	65,740	65,740
Ordinary shares	65,740	65,740
Number of outstanding shares in circulation	391,334,260	391,334,260
Ordinary shares	391,334,260	391,334,260

A common share has par value of VND 10,000 per share.

Charter capital

According to Business Registration Certificate No. 4103007696 dated 31 August 2007 and its latest amendment dated 16 January 2019 issued by the Department of Planning and Investment of Ho Chi Minh City, the Corporation's charter capital is VND 3,914,000,000,000. The charter capital was fully contributed by the shareholders as at 31 December 2021 as follows:

Shareholders	Contributed capital			
	Closing balance		Opening balance	
	Number of shares	%	Number of shares	%
Vietnam Oil and Gas Group	233,204,253	59.58	233,204,253	59.58
Others	158,130,007	40.42	158,130,007	40.42
	391,334,260	100.00	391,334,260	100.00
Treasury shares	65,740	0.00	65,740	0.00
	391,400,000	100.00	391,400,000	100.00

27. OFF BALANCE SHEET ITEMS

Operating lease assets

	Closing balance VND	Opening balance VND
Minimum lease payment in the future under non-cancellable operating lease under the following terms:		
Within one year	17,835,785,541	18,936,612,070
In the second to fifth year inclusive	48,905,330,606	65,519,786,674
After five years	354,378,668,490	358,362,115,566
	421,119,784,637	442,818,514,310

Operating lease commitment of the Corporation is land and office rentals. On 03 September 2005, the Corporation was handed over Land-subleasing contract No. 178/HD/TLD/UDEC.2001 dated 01 June 2001 signed between the Project Management Unit (PMU) of Phu My Fertilizer Plant and Ba Ria-Vung Tau Urban Development and Construction Company for the long-term lease of land and infrastructure in Phu My I Industrial Zone, Tan Thanh district, Ba Ria - Vung Tau province. The contract is valid for 17 years from 03 September 2004. According to land re-rental contract No. 46/HD/TLD/IZICO-PVFCCo signed on 23 December 2021, from 2022 onwards, the Corporation has to pay the annual fee for leasing land and using infrastructure in VND amount equivalent to USD 634,066 on every 15 February.

The office rentals represent the monthly amount of VND 296,235/m², VND 171,235/m² and VND 200,000 VND/m² to rent 568 m² of office, 55 m² of WC area and 31 m² of warehouse area at the 4th Floor, Institute of Petroleum Building, respectively. The lease contract is signed for a period of 3 years from 01 July 2020.

Foreign currencies

	Closing balance	Opening balance
United States Dollar (USD)	46,494	1,171,026
Euro (EUR)	32,505	32,516

28. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Corporation's principal activities are production and trade of fertilizers and other chemical products used in agriculture. Accordingly, the information as presented in the consolidated balance sheet as at 31 December 2021 and the revenue, expenses as presented in the consolidated income statement for the year ended 31 December 2021 relate only to the trade of fertilizers and chemicals. Revenue and cost of sales by product line and business are presented in Note 29.

The Corporation distributes fertilizer, chemicals, packages, and provides related services nationwide via its subsidiaries in each region, including the North, Central Region - Central Highlands, Southeast, Southwest and Ho Chi Minh City. During the year, the Corporation exported products with the revenue of approximately VND 883 billion, accounting for less than 10 percent of gross revenue from goods sold and services rendered of the Corporation. Thus, no business segment report has been prepared.

29. NET REVENUE AND COST OF SALES

	Locally-produced products VND	Imported goods VND	Total VND
Current year			
Net revenue	10,595,786,311,886	2,190,354,881,466	12,786,141,193,352
Cost of sales	(6,102,891,278,027)	(1,897,711,160,290)	(8,000,602,438,317)
Gross profit	4,492,895,033,859	292,643,721,176	4,785,538,755,035
Prior year			
Net revenue	6,433,122,269,006	1,328,696,335,557	7,761,818,604,563
Cost of sales	(4,766,429,506,840)	(1,265,585,484,150)	(6,032,014,990,990)
Gross profit	1,666,692,762,166	63,110,851,407	1,729,803,613,573

Details of revenue from trading locally-produced products are as follows:

	Current year VND	Prior year VND
Sales of merchandise and services		
Sales of fertilizers	9,575,520,809,220	5,970,265,581,515
Sales of chemicals	1,068,134,565,808	536,558,632,218
Others	45,282,776,050	31,677,464,721
	10,688,938,151,078	6,538,501,678,454
Deductions		
Sales discount	93,151,839,192	90,090,875,148
Sales return	-	15,288,534,300
	93,151,839,192	105,379,409,448
In which:		
Revenue from related parties (Details stated in Note 39)	156,571,745,401	140,435,740,050
	156,571,745,401	140,435,740,050

Details of cost of sales with regard to trade of locally-produced products are as follows:

	Current year VND	Prior year VND
Cost of fertilizers	5,531,111,056,410	4,344,054,439,131
Cost of chemicals	549,154,589,045	400,560,139,795
Others	22,625,632,572	21,814,927,914
	6,102,891,278,027	4,766,429,506,840

30. PRODUCTION COST BY NATURE

	Current year VND	Prior year VND
Raw materials and consumables	4,822,494,783,618	3,440,011,327,380
Labour	620,039,872,457	526,951,502,661
Depreciation and amortisation	536,986,110,692	549,648,417,025
Provision expenses	36,040,728,360	192,296,324,427
Out-sourced services	1,023,945,659,632	869,303,780,172
Other monetary expenses	746,629,271,362	494,411,077,643
	7,786,136,426,121	6,072,622,429,308

31. FINANCIAL INCOME

	Current year VND	Prior year VND
Bank interest	160,830,978,066	171,655,655,211
Foreign exchange gain	8,239,945,682	4,603,051,174
Dividends and profits received	5,415,161,879	3,377,310,462
Others	1,027,860,000	-
	175,513,945,627	179,636,016,847

32. FINANCIAL EXPENSES

	Current year VND	Prior year VND
Interest expense	69,266,472,919	88,463,426,175
Foreign exchange loss	4,537,158,664	4,242,236,038
Payment discount	627,500,000	-
Additional provision for impairment of long-term investments	216,935,448	2,141,440,881
	74,648,067,031	94,847,103,094

33. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	Current year VND	Prior year VND
Selling expenses		
Transportation, loading, unloading and storages	279,574,552,884	140,039,457,792
Social security, advertisement and marketing	265,893,628,629	272,411,032,690
Salary and other benefits for sale staff	99,456,986,942	86,060,082,281
Others	172,837,786,798	156,106,484,738
	817,762,955,253	654,617,057,501
General and administration expenses		
Administration staff costs	165,684,583,410	150,223,169,513
Depreciation and amortisation	67,155,587,397	69,849,095,972
Others	192,133,425,565	188,999,552,665
	424,973,596,372	409,071,818,150

34. OTHER INCOME

	Current year VND	Prior year VND
Compensation from insurance	144,411,317,112	80,921,415,358
Sales, disposals of fixed assets	307,935,619	-
Others	10,535,922,262	15,554,520,734
	155,255,174,993	96,475,936,092

35. OTHER EXPENSES

	Current year VND	Prior year VND
Sales, disposals of fixed assets	10,789,645	68,389,503
Others	1,944,441,876	1,857,778,838
	1,955,231,521	1,926,168,341

36. CURRENT CORPORATE INCOME TAX EXPENSE

	Current year VND	Prior year VND
Current corporate income tax expense		
Corporate income tax expense based on taxable profit in the current year	605,412,217,929	166,619,580,888
Total current corporate income tax expense	605,412,217,929	166,619,580,888
Deferred corporate tax expense/(income)		
Taxable temporary differences	473,600,394	568,381,361
Deductible temporary differences	22,069,103,738	(20,916,870,263)
Total deferred corporate tax expense/(income)	22,542,704,132	(20,348,488,902)

37. BASIC EARNINGS PER SHARE

	Current year	Prior year (Restated)
Profit after corporate income tax (VND)	3,117,133,794,101	691,307,691,848
Increasing or decreasing adjustments to accounting profit to determine profit or loss attributable to ordinary shareholders:		
<i>Distributions to bonus and welfare fund (VND)</i>	<i>(84,824,178,691)</i>	<i>(138,261,538,370)</i>
Profit attributable to ordinary shareholders (VND)	3,032,309,615,410	553,046,153,478
Average ordinary shares in circulation for the year (shares)	391,334,260	391,334,260
Basic earnings per share (VND/share)	7,749	1,413

The bonus and welfare fund was accrued based on estimation basis, therefore, basic earnings per shares for the year ended 31 December 2021 can be changed according to the Resolution of the General Meeting of Shareholders about distribution of 2021 profit.

The basic earnings per share for the year ended at 31 December 2020 were restated due to the effect of the distribution of 2020 after-tax profit under Resolution No. 47/NQ-DHDCD dated 27 April 2021 of the Corporation's General Shareholders' Meetings. Accordingly, the distribution to bonus and welfare funds for the year ended 31 December 2020 were recalculated and distributed are as follows:

	Reported amount	Restated amount
Profit after corporate income tax (VND)	691,307,691,848	691,307,691,848
Increasing or decreasing adjustments to accounting profit to determine profit or loss attributable to ordinary shareholders:		
<i>Distributions to bonus and welfare fund (VND)</i>	<i>(90,746,126,615)</i>	<i>(138,261,538,370)</i>
Profit attributable to ordinary shareholders (VND)	600,561,565,233	553,046,153,478
Average ordinary shares in circulation for the year (shares)	391,334,260	391,334,260
Basic earnings per share (VND/share)	1,535	1,413

38. CONTINGENT LIABILITIES

Land use fee and other costs of the 0.6ha road area which has been invested and built by the Corporation in Ca Mau province

As at 31 December 2021, the Corporation is in the process of working with the People's Committee of Ca Mau Province to determine obligations to pay land use fees and other costs that may arise related to the determination of land use purpose of the 0.6 ha road area which has been invested and built by the Corporation in Ca Mau province.

39. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties with significant transactions and balances during the year:

Related parties	Relationship
Vietnam Oil and Gas Group	Parent Company
Dam Phu My Packaging Joint Stock Company	Associate
PetroVietnam Petrochemical and Textile Fiber JSC (VNPOLY)	Associate
PetroVietnam Urban Development Joint Stock Company	Associate
PetroVietnam Ca Mau Fertilizer Joint Stock Company	Company under Vietnam Oil and Gas Group
PetroVietnam Gas Joint Stock Company	Company under Vietnam Oil and Gas Group
Vietsovetro	Company under Vietnam Oil and Gas Group
PTSC Phu My Port Joint Stock Company	Company under Vietnam Oil and Gas Group
PetroVietnam Exploration Production Corporation	Company under Vietnam Oil and Gas Group
Vietnam LPG Trade Company Limited	Company under Vietnam Oil and Gas Group
PetroVietnam Insurance Corporation	Company under Vietnam Oil and Gas Group
Vietnam Petroleum Institute	Company under Vietnam Oil and Gas Group
PetroVietnam Security Service Corporation	Company under Vietnam Oil and Gas Group
PetroVietnam Transportation Corporation	Company under Vietnam Oil and Gas Group
PetroVietnam Technical Services Corporation	Company under Vietnam Oil and Gas Group
PetroVietnam Oil Corporation - JSC	Company under Vietnam Oil and Gas Group
PetroVietnam Technical Safety Registration Company Limited	Company under Vietnam Oil and Gas Group
PVD Technical Training and Certification JSC	Company under Vietnam Oil and Gas Group
PetroVietnam Maintenance and Repair Corporation	Company under Vietnam Oil and Gas Group
PetroVietnam General Services Joint Stock Corporation	Company under Vietnam Oil and Gas Group
Binh Son Refining and Petrochemical JSC	Company under Vietnam Oil and Gas Group
PTSC Thanh Hoa Port JSC	Company under Vietnam Oil and Gas Group
PetroVietnam Trade Union Finance Investment Corporation (PVFI)	Company under Vietnam Oil and Gas Group
PVI Insurance - Ho Chi Minh City	Company under Vietnam Oil and Gas Group
Vietnam Public Joint Stock Commercial Bank - Ho Chi Minh Branch	Company under Vietnam Oil and Gas Group
PetroVietnam Finance Corporation	Company under Vietnam Oil and Gas Group
Petroleum Well Logging Company Limited	Company under Vietnam Oil and Gas Group
PetroVietnam Securities Incorporated - Ho Chi Minh Branch	Company under Vietnam Oil and Gas Group
PTSC Thanh Hoa Port Joint Stock Company	Company under Vietnam Oil and Gas Group
Vietnam National Union of Oil and Gas Workers	Company under Vietnam Oil and Gas Group

During the year, the Corporation entered into the following significant transactions with its related parties:

	Current year VND	Prior year VND
Sales		
PetroVietnam Ca Mau Fertilizer Joint Stock Company	131,028,122,949	119,699,693,580
PetroVietnam Gas Joint Stock Company	8,279,396,000	12,991,968,000
PetroVietnam Transportation Corporation	7,539,656,448	-
Vietsovetro	5,918,518,983	7,496,046,295
Petroleum Well Logging Company Limited	1,231,147,143	-
PetroVietnam Securities Incorporated - Ho Chi Minh Branch	1,128,371,616	-
PTSC Thanh Hoa Port Joint Stock Company	781,560,450	-
PetroVietnam Finance Corporation	664,971,812	-
PTSC Phu My Port Joint Stock Company	-	248,032,175
	156,571,745,401	140,435,740,050
Purchases		
PetroVietnam Gas Joint Stock Company	3,469,114,467,696	2,653,400,478,506
Vietnam Oil and Gas Group	75,915,511,814	9,655,852,554
Dam Phu My Packaging Joint Stock Company	74,780,207,370	185,516,765,500
Vietnam National Union of Oil and Gas Workers	17,640,000,000	-
PTSC Phu My Port Joint Stock Company	17,560,335,352	20,721,303,109
PetroVietnam Insurance Corporation	13,953,048,824	33,226,091,193
PetroVietnam Security Service Corporation	12,260,249,561	9,822,456,780
PetroVietnam Technical Services Corporation	8,330,024,691	6,249,317,193
PetroVietnam Transportation Corporation	3,309,512,235	9,571,532,300
PetroVietnam Petrochemical and Textile Fiber JSC (VNPOLY)	1,462,314,427	-
PetroVietnam General Services Joint Stock Corporation	1,100,000,000	-
PVD Technical Training and Certification JSC	602,484,415	260,409,813
Vietnam Petroleum Institute	312,980,705	10,450,119,689
PetroVietnam Technical Safety Registration Company Limited	45,257,000	1,062,510,977
PetroVietnam Oil Corporation - JSC	-	4,306,246,344
PetroVietnam Maintenance and Repair Corporation	-	185,657,240
	3,696,386,394,090	2,944,428,741,198
Loans paid		
Vietnam Public Joint Stock Commercial Bank - Ho Chi Minh Branch	194,657,305,391	90,386,573,373
Loans received		
Vietnam Public Joint Stock Commercial Bank - Ho Chi Minh Branch	49,787,745,286	-
Dividends paid		
Vietnam Oil and Gas Group	326,485,954,200	279,845,103,600
Interest expenses		
Vietnam Public Joint Stock Commercial Bank - Ho Chi Minh Branch	68,232,608,348	86,967,787,022

Related party balances as at 31 December 2021 were as follows:

	Closing balance VND	Opening balance VND
Short-term trade receivables		
PetroVietnam Ca Mau Fertilizer Joint Stock Company	19,672,314,273	23,999,917,671
PTSC Thanh Hoa Port JSC	108,900,000	99,000,000
PetroVietnam Petrochemical and Textile Fiber JSC (VNPOLY)	95,704,205	195,253,105
Vietsovetro	45,893,100	2,275,223,087
PetroVietnam Transportation Corporation	19,533,730	-
Binh Son Refining and Petrochemical JSC	-	556,886,002
PTSC Phu My Port Joint Stock Company	-	18,600,000
PetroVietnam Finance Corporation	2,475,000	-
	19,944,820,308	27,144,879,865
Short-term advances to suppliers		
Dam Phu My Packaging Joint Stock Company	31,783,021,069	23,147,234,000
PetroVietnam Urban Development Joint Stock Company	4,860,607,417	4,860,607,417
PetroVietnam Securities Incorporated - Ho Chi Minh Branch	107,107,515	-
	36,750,736,001	28,007,841,417
Other short-term receivables		
PetroVietnam Petrochemical and Textile Fiber JSC (VNPOLY)	115,630,049,443	114,509,081,543
PetroVietnam Trade Union Finance Investment Corporation (PVFI)	110,143,267,289	110,143,267,289
PetroVietnam Finance Corporation	29,589,041	-
PetroVietnam Gas Joint Stock Company	-	4,460,873,861
	225,802,905,773	229,113,222,693
Short-term trade payables		
PetroVietnam Gas Joint Stock Company	330,013,157,891	236,962,736,585
PetroVietnam Technical Services Corporation	15,728,559,939	23,240,985,361
Dam Phu My Packaging Joint Stock Company	10,407,772,890	15,572,141,400
PTSC Phu My Port Joint Stock Company	4,853,381,597	3,362,291,993
PetroVietnam Urban Development Joint Stock Company	2,719,205,271	2,719,205,271
PVI Insurance - Ho Chi Minh City	1,400,992,856	54,090,381
PetroVietnam Petrochemical and Textile Fiber JSC (VNPOLY)	727,925,000	-
PetroVietnam Transportation Corporation	304,105,995	1,598,635,420
Vietnam Petroleum Institute	34,993,614	42,065,875
PetroVietnam Securities Incorporated - Ho Chi Minh Branch	11,000,000	-
	366,201,095,053	283,552,152,286

	Closing balance VND	Opening balance VND
Short-term advances from customers		
PVI Insurance - Ho Chi Minh City	448,586,028	-
PetroVietnam Finance Corporation	238,682,356	-
	687,268,384	-
Short-term accruals		
Vietnam Oil and Gas Group	66,436,088,191	4,670,756,490
PetroVietnam Technical Services Corporation	45,559,641,063	155,952,238,698
Vietnam Public Joint Stock Commercial Bank - Ho Chi Minh Branch	25,870,992,080	30,441,072,326
PetroVietnam Petrochemical and Textile Fiber JSC (VNPOLY)	273,000,000	-
	138,139,721,334	191,064,067,514
Loans and obligations under finance leases		
Vietnam Public Joint Stock Commercial Bank - Ho Chi Minh Branch	900,602,139,369	1,049,794,666,633

Remuneration paid to the Company's Board of Directors and Executive Board during the year was as follows:

	Current year VND	Prior year VND
Salaries, bonus and benefits in kind	17,379,234,302	12,616,254,269

40. GUARANTEE COMMITMENT

Guarantee commitment obligations for medium and long-term loans of PetroVietnam Petrochemical and Textile Fiber Joint Stock Company ("VNPOLY")

As at 31 December 2021, the Corporation has reciprocal guarantee commitments with Vietnam Oil and Gas Group ("PVN") relating to the guarantee obligations for medium and long-term loans of PetroVietnam Petrochemical and Textile Fiber Joint Stock Company ("VNPOLY") - the Corporation's associate.

41. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Supplemental non-cash disclosures

Interest paid during the year excludes VND 25,870,992,080 (in 2020: VND 30,441,072,326), representing the unpaid interest amount of the long-term loan for the year. Consequently, changes in payables have been adjusted by the same amount.

Dividends and profits paid to shareholders during the year exclude VND 26,650,909,709 (in 2020: VND 27,360,189,449), representing the amount of dividends declared but not yet paid to shareholders. Consequently, changes in payables have been adjusted by the same amount.

Cash outflows for purchases of fixed assets and construction in progress during the year exclude an amount of VND 29,350,148,949 (in 2020: VND VND 29,476,148,949), representing an addition in fixed assets and construction in progress during the year that has not yet been paid. Consequently, changes in payables have been adjusted by the same amount.

Unused cash and cash equivalents held by the Corporation

As at 31 December 2021, the Corporation’s deposits with term under three months at Ocean Commercial One Member Limited Liability Bank (previously known as Ocean Commercial Joint Stock Bank) amounting to VND 284 billion are restricted. According to Official Letter No.5351/2016/CV-OCEANBANK dated 04 October 2016, Official Letter No.60/2018/CV-OCEANBANK dated 28 December 2018 and Official Letter No.76/2020/CV-OJB-CNHCM dated 12 August 2020, Ocean Commercial One Member Limited Liability Bank ensured the return of deposits held by its clients following the restructuring plan which has been submitted to the State Bank of Vietnam and the Government for approval. Interest income from these deposits has been paid by Ocean Commercial One Member Limited Liability Bank from 01 October 2015 to present. The Executive Board assessed that the Corporation’s deposits will be recovered as committed by Ocean Commercial One Member Limited Liability Bank.

42. SUBSEQUENT EVENTS

On 20 January 2022, the Corporation announced that the first dividend advance payment from 2021 profit after tax was VND 391,400,000,000 (VND 1,000 per share) according to the Resolution No. 47/NQ-DHDCD dated 27 April 2021 of the General Shareholders’ Meetings and Resolution No. 25/NQ-PBHC of the Corporation’s Board of Directors dated 17 January 2022, the ex-dividend date is 28 January 2022 and the dividends have been paid since 16 February 2022.



Tran Xuan Thao
Preparer



Vo Ngoc Phuong
Chief Accountant



Le Cu Tan
Chief Executive Officer

17 March 2022



The separated financial statements and the digital version of Annual Report are available at the website: www.dpm.vn



PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION

[🏠] Address: 43 Mac Dinh Chi, Da Kao Ward, District 1, Ho Chi Minh City

[☎] Tel: (84.028) 3825 6258

[📠] Fax: (84.028) 3825 6269

[🌐] Website: www.dpm.vn