

HOA TAM INDUSTRIAL ZONE:

Large potential, many advantages

Subject to further negotiations between the sponsors of Hoa Tam – Hiep Hoa Phat Joint Stock Company – and the owners of Vung Ro Petroleum, the refinery plant could be a very significant development for the Hoa Tam project.

MR. DOUG KINSELLA
(Partner – Strategic advisor)

AWR Lloyd is the lead strategic and financial advisor to raise capital and seek developers, investors and customers for the Hoa Tam Industrial Zone and Bai Goc deep water seaport being developed by Hiep Hoa Phat Joint Stock Company ("HHP"). Incorporated in Hong Kong with offices around the world, AWR Lloyd is an independent and specialized corporate finance firm with an exclusive focus on the energy, mining, metals and infrastructure industries in the Asia-Pacific region. AWR Lloyd has conducted strategic advisory assignments for many blue-chip resources groups including Banpu, Sojitz, Petronas, Toyota Tsusho, Chevron and Sumitomo Corporation. AWR Lloyd has also worked for many new ventures and smaller companies in Asia, with a particular focus on energy terminals in South East Asia.

Potential to become a multi-industrial cluster

AWR Lloyd has performed extensive research about the Hoa Tam industrial zone and Bai Goc deep seaport project. AWR Lloyd believes Hoa Tam presents a unique opportunity to develop a world-class fully integrated multi-industrial cluster and petroleum trading hub in the heart of Vietnam. The proximity to infrastructure, supporting industry, the right geography and government support are not always aligned. The mix of the 'right ingredients' for large scale infrastructure and energy investment is rare in Vietnam.

Hoa Tam is planned as a fully integrated, multi-industrial zone with special focus on energy production. It will be served by an on-site deep water seaport with a natural water depth of 17 meters and can accommodate carriers and tankers up to 300,000 DWT, creating the potential for high throughput in importing and exporting of finished goods and raw materials to serve the production in Hoa Tam industrial zone.

In the first phase of development, HHP will focus on building out the energy and petroleum complex, which may consist of a power generation and petrochemical plants, refinery, and oil and petrochemicals storage (both underground and tank farm). At the port facility, an SPM and liquid bulk and dry bulk terminals will be developed accordingly to support the growth of the energy and petroleum complex.

Many advantages to attract investment

Hoa Tam has many advantages to attract investors in heavy industries such as oil refining and petrochemical production. The site has excellent access to both existing and future transportation infrastructure including, railways, the national highway, national roads other seaports and is 15km from a major airport. Hoa Tam will be an integrated industrial zone



General view of Hoa Tam Industrial Zone and Bai Goc deep seaport

with deep seaport facilities that will become the natural logistics hub for the Vietnamese petroleum industry. More than 2,300 hectares of land have been set aside which is ready for development, the site is essentially flat requiring minimal site preparation prior to major construction. The area near Hoa Tam in Phu Yen is supported by abundant labor, fresh water and construction material such as granite rock.

AWR Lloyd's view is that there is strong upside potential in developing petroleum related business at Hoa Tam. Vietnam currently relies on imported refined products for 70% of its consumption. Consumption is expected to increase from 16.12 Mt in 2012 to at least 36 Mt by 2025 with a CAGR of 6-7%. Vietnam's strong macro-economic outlook will necessitate a more mature petrochemicals industry, boosting demand through knock-on effects, creating one of the great growth stories that exist in the world today.

Need a reliable and sustainable cooperation

Hoa Tam is an enormous development project that needs coordination and cooperation between different players. Despite its competitive advantages, in order for Hoa Tam to attract big players, it is incumbent for developers and local government to coordinate well with each other. Investment policies and the disposition of local government need to be friendly, reliable and professional.

Vung Ro Petroleum, a special purpose vehicle, set up by Technostar Management, is licensed to develop a 4Mtpa refinery plant in Vung Ro Bay. It has had its request to double their capacity to 8Mtpa and to move their project to Hoa Tam industrial zone approved by the Prime Minister. Subject to further negotiations between the sponsors of Hoa Tam – Hiep Hoa Phat Joint Stock Company – and the owners of Vung Ro Petroleum, this could be a very significant development for the Hoa Tam project.