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DRAFT

REPORT

BUSINESS PERFORMANCE IN 2019 AND BUSINESS PLAN FOR 2020

To: Annual General Meeting of PetroVietnam Oil Corporation

Board of Directors of PetroVietnam Oil Corporation (PVOIL) would like to report the results of the business operations in 2019 and the plan for 2020 as follows:

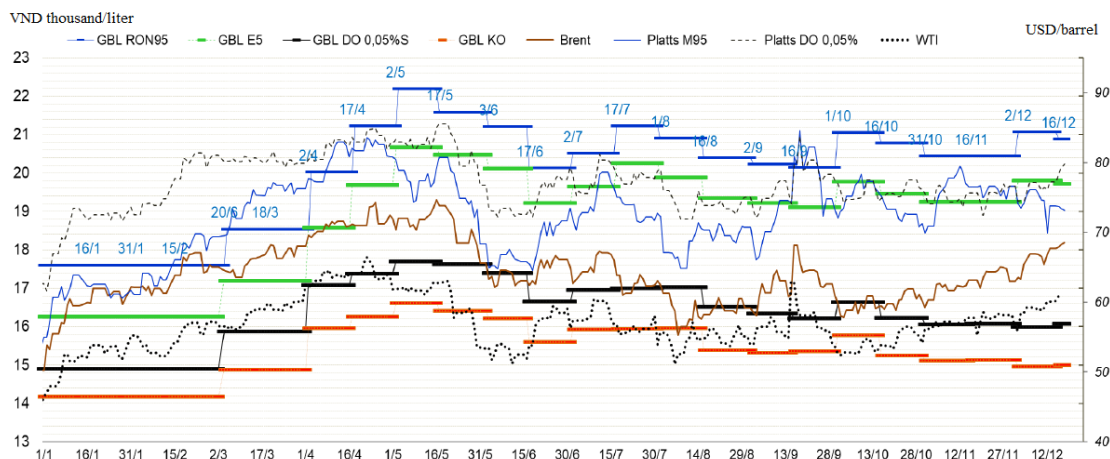
I. Business results in 2019

1. Economic background:

In 2019, global trade and investment have shown signs of decline due to the impact of the US – China trade war, Brexit process and worldwide geopolitical uncertainties. In addition, tensions between Iran and the US and Western countries, the attack on large oil refineries in Saudi Arabia and OPEC’s implementation of oil production cut agreement are the main reasons that lead to fluctuations with large amplitude in crude oil and petroleum prices worldwide in the past year. Dated Brent price reached an average of USD 64.3 per barrel, down 10% compared to the average price in 2018.

Vietnam’s macroeconomics was maintaining stability, economic growth rate decreased slightly compared to 2018 but still reached a high level – over 7%, inflation was controlled at an average of 3,5%.

For petroleum business activities, the government continued to operate under Decree 83/2014/ND-CP, maintaining a 15-day retail price adjustment in combination with deduction/use of the Price stabilization fund to regulate domestic retail price in order to stabilize the macro economy. Price management of the government has not kept up with market movements, at some points even deviated from global prices, caused many disadvantages for focal major distributors.



Graph of global oil price movements and domestic petroleum retail price

On Jan 1st 2019, the government directed a reduction in retail prices, combined with a reduction in the deduction of the stabilization fund and an increase in Environmental protection tax which made the focal major distributors suffer double negative impacts.¹

In the first quarter of 2019, global oil price unexpectedly reversed with a sharp increase of about 30%. However, in order to stabilize the market during the Lunar New Year, the government did not increase retail prices in most of the first quarter, and only used the stabilization fund at a very high level. As a result, the stabilization fund of PVOIL and most of the focal major distributors were negative, affecting their cash flows and financial costs. Many focal major distributors reduced purchasing, restricted sales resulting in a market discount that dropped to a very low level, making even retail channels generated losses.

The supply from domestic refineries increased significantly during the year when Nghi Son refinery started operating commercially, satisfying about 70-80% of domestic demand. However, the temporary discontinued operations of Nghi Son refinery due to incidents (from Feb 24th 2019 to the end of March 2019) and maintenance (45 days from Oct 22th 2019) affected the supply balance moderately and increased the cost of import, transfer of goods.

On Sep 16th 2019, the government adjusted the surcharge in the base price formula for petroleum products to manage the retail price, affecting the business performance of PVOIL in the last months of the year.

Petroleum production and processing activities continued to face many difficulties as condensate was bought at very high bidding prices because some customers secured the condensate to produce solvent products, greatly affecting the efficiency of petroleum manufacturing of PVOIL. Market demand for E5 RON92 bio-gasoline declined due psychological factors while the other focal major distributors, distributors were not interested in E5 gasoline.

Business expenses of PVOIL rose when transforming to a joint stock company due to the increased enterprise value upon revaluation (about VND 100 billion).

Competition of domestic petroleum market became more aggressive due to the continuous increase in the number of focal major distributors and distributors. By the end of 2019, there were 32 focal major distributors and 210 distributors, an increase of 9 focal firms and 10 distributors compared to 2018. Besides, illegal trading of petroleum products deteriorated despite many strong preventive measures of the government.

The aforementioned context has negatively affected the implementation of key strategic targets of PVOIL in 2019.

¹ From Jan 2nd 2019, the government has increased the Environment protection tax on petroleum products: A95 petrol increased by VND 1,000 per liter (to VND 4,000 per liter); E5 petrol increased by VND 950 per liter (to VND 3,800 per liter); Kerosene increased by VND 700 per liter (to VND 1,000 per liter).

2. Business performance

2.1. Production targets

Unit: 1000 m³/ton

No.	KPI	Result 2018	Plan 2019	Result 2019	Compare to	
					Result 2018	Plan 2019
1	Marketing and export/sales of crude oil as Marketing Agent	11.642	10.600	11.052	95%	104%
2	Supply crude oil for BSR (domestic and import)	7,691	6,700	7,603	99%	113%
3	Production of petroleum, lubricant	559	604	604	108%	100%
	<i>Of which: E5 petrol</i>	<i>535</i>	<i>600</i>	<i>567</i>	<i>106%</i>	<i>95%</i>
4	Trading petroleum	3,093	3,200	3,185	103%	100%
	<i>Retail percentage</i>	<i>25.6%</i>	<i>26%</i>	<i>26.4%</i>	<i>103%</i>	<i>102%</i>

Separate results for each segment are as follows:

2.1.1. Import and export of crude oil:

PVOIL has safely and effectively sold all crude oil, condensate of Vietnam Oil and Gas Group and other Principals with output reaching 104% of the target and 95% compared to the same period. PVOIL supplied fully and promptly 100% of input materials to Dung Quat refinery from domestic and imported crude oil with a volume of 113% of the annual plan and 99% compared to the same period of the year 2018.

2.1.2. Production of petroleum, lubricant

Production of petroleum and lubricant reached 100% of the annual target and 108% compared to the same period of the year 2018. In particular, E5 petrol volume growth was lower than expected due to market sentiment and other petroleum distributors that were hesitated in bio-fuel. In addition, the government has not had appropriate policies to advertise, propagate, as well as encourage and create favorable conditions for businesses and consumers in production, trading and consumption of this product.

2.1.3. Retailing and distribution of petroleum products

Total trading volume of petroleum products of the entire PVOIL system (including domestic sales and PVOIL Laos) for the year reached 3,185,000 m³, achieving 100% of the annual target and growing 3% compared to the same period of the previous year.

In the context of unfavorable developments of the market and the inadequate management of the government, PVOIL had to balance appropriately the targets of consumption output and commercial efficiency. Simultaneously, PVOIL prioritized the development of direct consumption channels including retail and industrial clients. Retail sales through the petrol stations of PVOIL continued to achieve great growth, increasing 6% in volume and 1 basis point in proportion (reaching 26.4%) compared to the previous period. Sales of industrial customer channel was 17% in volume and 1.7 basis point in proportion (reaching 15.1%) compared to the prior period.

2.2. Financial performance

Unit: VND billion

No.	KPI	Result 2018	Plan 2019	Result 2019	Compare to	
					Result 2018	Plan 2019
I	Consolidated indicators					
1	Revenue	61,586	49,000	80,294	130%	164%
2	EBITDA	1,094		993	91%	
3	Profit before tax	589	440	412	70%	94%
4	Profit after tax	399	352	347	87%	99%
5	Payment to State Budget	9,219	7,100	11,557	125%	163%
II	Parent company					
1	Revenue	34,429	31,500	32,197	94%	102%
2	Profit before tax	442	340	342	77%	101%
3	Profit after tax	318	272	317	100%	117%

Consolidated revenue for the year reached VND 80,294 billion, achieving 164% of the annual target and equaled to 130% of the previous period. The growth mainly came from the segment of international crude oil trading of PVOIL Singapore, contributing VND 33,800 billion to total revenue.

Consolidated State budget contribution for the year reached VND 11,557 billion achieving 163% of the annual target and equaled to 125% of the previous period.

Consolidated Profit before tax was VND 412 billion, reaching 94% of the annual target and 70% of the previous period. Parent company profit arrived at 342 billion, fulfilling 101% of the annual target and 77% compared to the prior period. Profit of PVOIL decreased significantly compared to the previous period due to the following reasons:

- Unfavorable market movements, the prices of crude oil and petroleum fluctuated in large amplitudes. Meanwhile, Nghi Son refinery supply was unstable due to incidents, which made enterprises lacked supplies and increased the cost of unexpected import costs.

- Price regulation of the government with the aim of stabilizing the macro economy, in many cases, was in the opposite direction of the global price. In order to keep prices stable, during periods of increasing global prices (especially in the first quarter of 2019), the government demanded that the Price stabilization fund was used maximally which in turn made the fund constantly negative, damaged and increased expenses of enterprises. When the prices dropped, firms had to bear inventory losses.

- Expenses of PVOIL rose when transforming to a joint stock company due to an increase of enterprise value upon revaluation (increasing of about VND 100 billion in depreciation expenses and competitive advantages).

3. Investment activities

In 2019, investment of the whole network reached VND 320 billion, equaled to 82% of the annual target because some projects were delayed or discontinued.

The main investment projects include:

- Expansion of the retail network: during the year, PVOIL invested in developing 26 new petrol stations, reaching 68% of the annual target.

- Finalization of phase 1 of the Nghi Son petroleum storage project and investment in expanding the capacity 2,100 m³ (to 12,100 m³).

Details are as follows:

No.	Investment item	Plan 2019	Result 2019	% Result/Plan
1	Build and renovate storages and ports	103	58	56%
2	Build and renovate petrol stations	184	179	97%
3	Other purchases	103	83	81%
	TOTAL	390	320	82%
	<i>In which: - Parent company</i>	156	131	84%
	<i>- Subsidiaries</i>	235	189	81%
	Invest from equity	257	262	102%

The investment in petrol stations was implemented slowly, thus, PVOIL missed some good opportunities in merger and acquisition companies because the mechanism was complicated since the government still held the controlling interest.

4. Development of new business programs, application of 4.0 technology to diversify payment solutions

PVOIL is the leading enterprise in the petroleum market in creating new business programs, applying 4.0 technology to diversify payment solutions.

4.1. PVOIL Easy program

PVOIL Easy is a digital card application that reads QR codes to build a centralized management system, allowing customers of business unit to buy petroleum at any petrol stations of PVOIL and be fully supervised via transaction control application and non-cash, no credit card payments. PVOIL Easy program is also a management tool, providing customer care services, promotions to increase benefits for customers who are companies with many vehicles operating on freeways and inter-provincial roads.

Currently, PVOIL Easy program has been applied to the entire network including Corporation, subsidiaries, all affiliated petrol stations, and 36 petrol stations of company COMECO. Sales volume of 2019 was above 4 times more than in 2018, an average more than of 4,000 m³ per month, equivalent to the average sales volume of 35 petrol stations of PVOIL. On average, a transaction of PVOIL Easy is recorded on the system every minute.

The PVOIL Easy program promotes an increase in petroleum retail sales, saves management costs, operating costs of petrol stations, improves sales efficiency, confirms the outstanding potential of the new business program of the Corporation.

In 2019, PVOIL has continued to develop and expand the PVOIL Easy program, add more functions and integrate various electronic payment methods targeting retail customers such as GotIt, ViettelPay, MoMo, VCB and other banks.

4.2. PVOIL Mobile project

PVOIL Mobile is a dispensing tank truck equipped with a pump head with the goal of supplying petroleum to customers in industrial zones, construction sites, mines, transportation/logistics..., at the same time can be operated as a normal tank truck, transporting petroleum to petrol stations. This is a breakthrough sales method with low

initial investment (about VND 1 billion per vehicle) and high efficiency. Sales volume of PVOL Mobile averaged 59 m³/vehicle/month (the highest was 140 m³/vehicle/month), an increase of 20% compared to 2018.

4.3. Electronic Invoice project

The electronic invoice system project has been officially operated since July 1st 2019, satisfying the management requirements of the government, quickly and safely serving the need for petrol invoices of customers. As of January 2020, PVOIL system has issued more than 350,000 electronic invoices at 80 places of issuance with different tax codes. On average, 2,000 electronic invoices are issued every day.

5. Improving service quality, corporate governance

Determining to improve the competitive ability of the enterprise through improving governance and management capabilities, service quality is vital to the business, a priority and long-standing mission of PVOIL in order to build a solid foundation for development goals in the coming period.

5.1. Improving service quality at petrol depots, petrol stations

Starting from 2016, PVOIL has drastically and consistently implemented the improvement of service quality in petrol stations and petrol depots in order to create a competitive advantage against rivals, through 2 projects: Project 1114 of improving service quality at petrol stations, Project 808 of improving service quality at petrol depots. These two projects have made positive changes in the landscape, environmental sanitation, brand awareness, employee attitude, record keeping activities... at the units and are highly appreciated by customers and partners, raising the brand reputation of PVOIL.

In 2019, PVOIL continued to implement projects 1114 and 808 through the development of KPI and regular/random organizational assessment, linking the evaluation results to contest prizes and bonus commission review; regularly organizing contests such as: contest “Commanding and deploying the firefighting squad at petrol depot”; competition “Good operating team” ...

5.2. Enhancing corporate governance

The management of cash flow and liabilities continues to be implemented primarily through the central account, ensuring payment safety and optimizing the use of corporate capital. PVOIL is controlling liabilities efficiently, prevents bad debts from happening and actively recovers old debts.

Fire safety at warehouses and petrol stations are always focused. In 2019, there were not any incidents that could damage property or personnel throughout the network.

Integrated management system is in accordance with ISO 9001:2015, ISO 14001:2015, ISO 45001:2019 and the implementation of performance evaluation through KPIs has gradually enhanced corporate governance and improved productivity, work efficiency and professionalism of PVOIL team.

5.3. Communication and branding

Communication and branding are prioritized through recurring activities such as: renovating petrol stations according to brand standards, advertising at petrol stations in various formats, participating in sponsorship for Vietnam Off-road PVOIL Cup 2019. During the year, PVOIL cooperated with MOMO e-wallet to implement multiple petrol refund programs to create a viral media effect promoting the brand.

Thanks to tireless efforts over the years, the PVOIL brand becomes more familiar, increases its reputation in the market for its products and service quality. PVOIL was ranked in the top 50 leading brands in Vietnam in 2019 (ranked 41th) according to Forbes magazine – a leading American business magazine.

6. Corporate restructuring and innovating

6.1. Corporate organizing, innovating

PVOIL continues to execute the restructuring plan for the period 2016 – 2020 in accordance with the guidance of the Parent company – Vietnam Oil and Gas Group which was announced in the prospectus upon equitization. Results of 2019 are as follows:

- PVOIL has reorganized PVOIL Laos into 2 companies (import and export company and petrol trading company) in accordance with Decree 331/PM of the Laos government to keep the operation of PVOIL Laos stable, creating opportunities for development and maintaining the presence of PVOIL brand in Laos market.
- Continue to restructure the business units that operate inefficiently.

6.2. Result of solving difficulties in bio-fuel projects

PVOIL continues to handle bio-fuel plants in compliance with the Project of fixing problems of various projects and companies that are behind schedule and inefficiently operated in the Industry and Trade sector declared in Decision No. 1468/QD-TTg dated September 29th 2017 by the Prime Minister, the Action plan to implement the Project issued with Decision No. 4269/QD-BCDADNCT dated November 14th 2017 of the Command Committee. Solutions to be implemented include:

- Binh Phuoc bio-fuel plant (OBF): Prioritize re-operating the plant before divesting from the project; in case of being unsuccessful, consider the plan of financial leasing, selling assets.
- Binh Son bio-fuel plant (BSR-BF): Prioritize re-operating the plant before divesting from the project.
- Phu Tho bio-fuel plant (PVB): Prioritize divesting from the project. If it is unsuccessful, consider options of continuing the project or filing for bankruptcy.

After more than 2 years of implementation, the situation has not positively changed, the restructuring of projects has not generated the expected results. The main reason was the price of cassava has increased sharply in recent years, while the price of Ethanol (E100) has not increased accordingly, so it was not operated effectively and difficult to find business partners or transfer ownership. Results to date are as follows:

i. Petro Vietnam bio-fuel JSC (PVB)

Based on instruction of Deputy Prime Minister Vuong Dinh Hue in Announcement of Conclusion No. 385/TB-VPCP dated October 2nd 2018, PVOIL reported and proposed to Vietnam Oil and Gas Group and the Commission for the Management of State Capital at Enterprises to approve the suspension of PVB because PVB was unable to maintain operation in accordance with the Law on Enterprises 2014 (regarding the number of personnel of the Board of Management and the Board of Supervisors) and conduct bankruptcy procedures of PVB under the regulations of the Law of Bankruptcy 2014.

Currently, PVB does not have any funding to maintain the minimum operation and PVOIL – as a major shareholder, is paying the security expense of 3 employees in 1 year is

VND 960 million (about VND 80 million/month) to protect the property of shareholders, preserve documents, records while awaiting decisions of competent authorities.

ii. Orient bio-fuel JSC (OBF)

Due to the suspension in the recent years and the inability to operate in the near future, the lending banks have sent written documents to OBF notifying the liquidation of collaterals to recover part of OBF's debt and demanded OBF to hand over collaterals, transfer ownership to the banks unconditionally.

PVOIL has reported and petitioned to the Vietnam Oil and Gas Group, the Commission for the Management of State Capital at Enterprises to approve the suspension of divestment plan and transfer assets to the banks with other members in accordance with credit contracts and collateral contracts since this is the best option for OBF and other shareholders in current circumstances and conditions.

Currently, the banks are paying the security expenses for the assets of the factory and OBF leases some other assets to cover minimum operating expenses while awaiting decisions of competent authorities.

iii. Vietnam central bio-fuel JSC(BSR-BF)

BSR-BF has actively implemented the restart and operation of the plant through partnership selection for E100 production. After selecting a partner, BSR-BF arranged repair and maintenance of the plant and carried out 2 phases of E100 production, include: i) Phase 1: From October 14th 2018 to October 31th 2018, producing 1,439 m³ of E100 product; ii) Phase 2: From April 7th 2019 to April 13th 2019, producing 436 m³ of E100 product up to quality standards. However, the operation of the plant has been suspended due to the partner not ordering products as planned. Because the operating period was not enough to satisfy the acceptance procedures, the shareholders and BSR-BF could not carry out the next steps.

Since BSR-BF is in a financial imbalance, during the time that the plant was not operated, the shareholders of BSR and PVOIL had to fund the required expenses for asset preservation, ensuring fire safety and security for Dung Quat bio-fuel plant in accordance with actual costs and capital contribution ratio of shareholders (in 2019 PVOIL supported about VND 1.57 billion).

Currently, BSR-BF, with the support of other shareholders BSR and PVOIL, is conducting the review and evaluation of the plan to find partners or in-house production in 2020 and implement the next steps. In case BSR-BF cannot operate the plant in 2020, shareholders PVOIL and BSR will have to continue supporting the required expenses of asset preservation, security, fire safety for Dung Quat bio-fuel plant according to actual costs and capital contribution ratio of the shareholders.

6.3. Equitization finalization

Immediately after completing transform from One-member limited liability Company to a joint-stock company, finishing legal procedures for a joint-stock company and organizing the first annual general meeting, completing audit of financial statements at transformation period, PVOIL has prepared a set of documents for equitization finalization and submitted to the Committee for equitization of PVOIL in accordance with official letter 211/DVN-TCKT dated December 10th 2018.

Although PVOIL regularly updated the Vietnam Oil and Gas Group (PVN)/Ministry of Industry and Trade/Commission for the Management of State Capital at Enterprises about the situation, reported/explained information as required, until now, the equitization finalization of PVOIL has not been completed due to the following reasons:

- In the course of equitization, PVN is the owner of PVOIL and under the Ministry of Industry and Trade, regarding the decision authority: PVOIL submitted the finalization documents to PVN; PVN submitted to the Committee for equitization of PVOIL for approval after consulting the Ministry of Industry and Trade; When executing equitization finalization, the ownership of PVOIL has been transferred to the Commission for the Management of State Capital at Enterprises for management;

- When being approved the equitization plan, PVOIL was regulated in accordance with Decree No. 59/2011/ND-CP dated July 18th 2011 of the government on transforming 100% state-owned enterprises to joint-stock companies. However, when finalizing equitization, PVOIL was regulated according to Decree No. 126/2017/ND-CP dated November 16th 2017 on transforming state-owned enterprises and one-member limited liability companies with 100% state capital invested, including changing the structure of the Committee for equitization.

- The authority to approve plans of house and land disposition has also changed according to state regulations;

- Has not approved the equitization finalization of PETEC.

- Financial managing losses of PVOIL of bio-fuel projects.

7. Results evaluation

7.1. Results

After a year of many fluctuations and extremely difficult for focal petroleum enterprises, the entire PVOIL personnel made great efforts to achieve most of the annual targets, at the same time continued to gradually accomplish the long-term strategic goals to develop steadily and sustainably the company. Achievements during the year are as follows:

- ***Delegating crude oil import and export:*** Safely and effectively exporting all crude oil of Vietnam; providing sufficiently and timely crude oil for the operation of Dung Quat refinery.

- ***Manufacturing petroleum:*** ensuring sufficient supply of E5 RON 92 petrol to meet market demand with reliable quality.

- ***Petroleum distribution business:*** Keeping the distribution network stable; focusing on the development of retail channel – a channel of sustainability and efficiency (through promoting the development of petrol stations, improving service quality under projects 1114 and 808, diversifying services, payment methods through PVOIL Mobile, PVOIL Easy...); seeking more industrial clients to increase production; building stable customers network for retail channel, working with the company through PVOIL Easy program.

- ***Communication and brand promotion activities*** has been implemented in various forms, enhancing the reputation and brand value of PVOIL.

- ***Corporate governance capabilities*** continued to be focused, creating a solid foundation for long-term development goals.

7.2. Limitations

Aside from the achieved results, there are still some limitations:

- The finalization of equitization was delayed, PVOIL could not divest State capital as planned.
- Investment and development of petrol stations was behind schedule.
- Consolidated profit has not met the target and decreased compared to prior period.
- The restructuring of bio-fuel plants has not achieved the desired results.

II. Business plan for 2020

1. Forecasting

In 2020, the prices of crude oil and petroleum are projected to be unpredictable, depending on the global geopolitical factors.

In just a short time, due to the negative impact of the Corona – Covid 19 pandemic, crude oil price continued to plummet, falling by more than 60% compared to the beginning of the year, to the lowest level in the past 4 years.

The global and domestic economy are forecast to be difficult to achieve the expected growth at the beginning of the year (the government set a target of 6.8% GDP growth in 2020) because many activities have been delayed for a long time due to effects of the pandemic. The demand for petroleum consumption plummeted (around 20%).

In term of petroleum business operation, the government continued to maintain the 15-day price adjustment period and through tax, price stabilization fund, and efforts to control the market with various methods. Decree 83/2014/CP is likely to be revised towards a more restrictive and unfavorable trend for focal petroleum business enterprises.

The domestic market is becoming more competitive due to new licensed focal businesses and distributors, while the illegal trading situation is still complicated.

Dung Quat refinery will be shut down for turn-around for about 50 days from beginning of August 2020 and Nghi Son refinery has not been operated stably, which will make it more difficult for businesses in the year.

2. Main missions

Crude oil segment: Ensuring export/sale of all volume of crude oil/condensate extracted domestic and abroad safely and efficiently; providing sufficient domestic crude oil for Dung Quat refinery.

Petroleum production: Manufacturing E5 RON 92, lubricant of PVOIL brand with the goal of increasing production combined with quality assurance and mixing efficiency, to meet the demand of the network and other focal businesses.

Petroleum trading: Maintaining market share, distribution network, promoting petroleum trading activities, ensuring safety and efficiency; Focus on increasing the proportion of sales to direct consumption channels.

Restructuring and innovating business: Accelerating the restructuring and reorganizing the network of petroleum trading units to optimize performance and efficiency; Continuing to support asset security at bio-fuel plants while implementing restructuring solutions; Completing equitization finalization of PVOIL and divestment of state capital thereafter.

Investing in network development: Promoting development of petrol stations in various methods. Implementing non-oil services at petrol stations.

Administrating system: Enhancing the efficiency of cash flow and debt management, cost reduction; improving customer service quality at petrol stations and depots; promoting scientific research and application of information technology in management.

3. Major objectives

Based on long-term goals and medium-term market forecasts at the beginning of the year (excluding the effects of the Covid-19 pandemic and the decline in oil prices), the Corporation constructed the major objectives for 2020 as follows:

3.1. Volume and finance targets:

No.	KPI	Unit	Plan 2020	Compare to Result 2019
I	Volume targets			
1	Export/sale volume of crude oil (including supply to Dung Quat refinery)	1000 tons	8,890	80%
2	Produce petroleum, lubricant	1000 m ³ /ton	604	100%
3	Petroleum trading volume	1000 m ³ /ton	3,250	102%
	- Retail weight	%	27%	<i>Increase 0.6 bps</i>
II	Financial targets			
II.1	Consolidated targets			
1	Revenue (**)	VND billion	52,200	65%
2	Profit before tax	VND billion	470	114%
3	Profit after tax		376	108%
4	Payment to State Budget	VND billion	8,260	71%
II.2	Holding company			
1	Revenue (**)	VND billion	32,200	100%
2	Profit before tax	VND billion	350	102%
3	Profit after tax		280	88%
4	Dividend	%	2% of charter capital	

(**) Projected revenue at crude oil price of USD 60 per barrel

3.2. Capital construction investment plan

PVOIL continues to focus on investing in the network of retail petrol stations and upgrading, renovating facilities for petroleum business in 2020 with the following targets:

No.	Investment item	Quantity	Value (VND billion)	Compare to result 2019
1	Build and renovate storages and ports		96	165%
2	Build and renovate petrol stations	39 stations	99	55%
3	Other purchases		110	133%
	TOTAL		305	95%
	<i>In which: - Parent company</i>		111	85%
	<i>- Subsidiaries</i>		194	103%
	Invest from equity		203	77%

The Corporation's targets for 2020 are built on the basis of oil price of USD 60/barrel and no significant volatility of market indicators.

However, since the end of January 2020, the pandemic of acute respiratory infections Covid-19 broke out and spread quickly, and has continued to negatively affect all aspects of socio-economic life on the globe. Crude oil price dropped sharply, from the average of USD 63.5/barrel in January to USD 18.55/barrel in April. For the first time in history, WTI futures oil price in May collapsed to the negative level USD (37.63)/barrel on April 20, 2020. Brent oil price dropped to the lowest level on April 21, 2020 at USD 13.2/barrel - 80% loss of value compared to January 1, 2020, the lowest level in 18 years.

Influenced by the Covid-19 pandemic, global and domestic petroleum demand fell sharply due to blockade measures, limited travel on a large scale and stalled production.

In the context of the double impact of the crisis caused by the Covid-19 pandemic and the decline in oil prices, the output of petroleum business in the first 5 months of PVOIL plummeted (down 14% compared to the plan), particularly 20% reduction in April when the Government implemented the measure of social isolation.

The impact of the pandemic is expected to be prolonged, and the price of oil is also difficult to recover to the forecast level (USD 60/barrel), which will certainly continue to negatively affect the business performance of the Corporation in 2020, at the present time there is not enough basis to fully assess the extent of damage.

Therefore, PVOIL proposes the General Meeting of Shareholders to authorize the Corporation's Board of Management to decide to adjust the operation plan for 2020 in the appropriate time based on the actual situation, report the results at the following General Meeting of Shareholders and disclose information to shareholders in accordance with regulations.

4. Implementation solutions

4.1. Comprehensive restructuring resources of the Corporation

- Restructuring and rearranging the network of petroleum business subsidiaries; proceeding to transform the organizational structure and operation of the Corporation;
- Capital restructuring: continue divesting in associated companies operating non-core business activities. Divesting at PETEC and thoroughly solving issues related to bio-fuel plants.
- Restructuring assets of the whole system on the basis of matching the demand to increase asset efficiency.

4.2. Solutions for market and products

- Closely monitoring the development of market, management of the government to be flexible in the stages of creating/supplying resources, maintaining rational inventory.
- Continuing to focus on increase of volume output and proportion of sales into direct consumption channels (petrol stations and industrial customers) through the implementation of projects 1114, 808, programs PVOIL Easy, PVOIL Mobile, ...
- Promoting creative research, diversify business and payment methods by applying 4.0 technology ... to create competitive advantage.
- Deploying non-oil business activities at petrol stations.

4.3. Improvement of corporate governance

- Continuing to transform towards a modern, transparent, and professional governance in accordance with international standards and apply science and technology,

digitalization, automation in production and customer service.

- Strengthening management and supervision through the completion of the system of internal protocols and direct inspection and supervision of the operation of the system; Promoting the practice of cost-saving, combat wastefulness and expense reduction.

- Focusing on training and developing high quality human resources to meet the long-term goals of PVOIL.

PetroVietnam Oil Corporation reported the business performance in 2019 and business plan for 2020 to the General Meeting of Shareholders for consideration and approval.

We would like to sincerely thank and wish the delegates, guests, and shareholders health, happiness and success./.

CEO & PRESIDENT

Cao Hoai Duong