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Ho Chi Minh City, 2020

DRAFT

REPORT
ON MONITOR AND EXAMINATION RESULTS IN 2019,
AND OPERATING PLAN FOR 2020 OF THE BOARD OF SUPERVISORS

To: General Meeting of Shareholders of Petro Vietnam Oil Corporation - JSC

Pursuant to the Law on Enterprises No. 68/2014/QH13 dated November 26, 2014 of the National Assembly;

Pursuant to Decree No. 71/2017/ND-CP dated June 6, 2017 of the Government;

Pursuant to Circular No. 155/2015/TT-BTC of the Ministry of Finance dated October 6, 2015 guiding the disclosure of information on securities markets;

Pursuant to the Corporation Charter of Petro Vietnam Oil Corporation - JSC issued with the Resolution of the General Meeting of Shareholders No. 01/NQ-DHDCD dated July 30, 2018;

The Board of Supervisors of Petro Vietnam Oil Corporation - JSC respectfully reports to the General Meeting of Shareholders the operation situation in 2019 and the operation plan for 2020 as follows:

PART I

OPERATION REPORT OF THE BOARD OF SUPERVISORS IN 2019

I. THE IMPLEMENTATION OF THE OPERATION PLAN OF THE BOARD OF SUPERVISORS (BOS)

1. For The Board of Supervisors

1.1. Results of supervision of the operational and financial situation of the Corporation

Based on the provisions of the Law on Enterprises and the Corporation Charter, in 2019, the BOS has performed the tasks of monitoring and examining business, investment and financial activities at the Corporation, the main duties include:

- Monitoring and examining the compliance with regulations on petroleum trading;
- Monitoring and examining the investing, purchasing and managing of fixed assets and goods;
- Monitoring financial and capital management; external financial investment;

- Inspecting the compliance with the Charter and resolutions of the General Meeting of Shareholders (GMS), the implementation of regulations, resolutions, decisions and directives of higher management;
- Reviewing the implementation of proposals of the Minutes of the inspection, audit teams;
- Evaluating the financial monitoring reports of the Board of Management (BOM), the quarterly/annual financial statements of the Corporation and other inspection and supervision tasks according to the plan.

The supervision is carried out through the review of daily documents, periodic and irregular reports of the Corporation and its business units; through information provided by the competent authorities; examination and auditing results of state management agencies and higher management; directly coordinate in inspection at a number of depots, branches and business units.

On a quarterly basis, BOS has established a report on the results of the inspection and supervision of the Corporation's activities, including the following reports:

- Periodic examination report of BOS in Quarter 1/2019 in Document No. 125/BC-DVN dated April 5, 2019;
- Periodic examination report of BOS in Quarter 2/2019 in Document No. 252/BC-DVN dated July 5, 2019;
- Periodic examination report of BOS in Quarter 3/2019 in Document No. 388/BC-DVN dated October 7, 2019;
- Periodic examination report of BOS in Quarter 4/2019 in Document No. 12/BC-DVN dated January 8, 2020;
- Reporting the evaluation results of the financial supervision report for the first 6 months of 2019 of the BOM of the Corporation in Document No. 346/BC-DVN dated September 11, 2019;
- The evaluation report of the Financial Statement Quarter 1/2019 of the Holding Company and the consolidation of PVOIL in Document No. 180/BC-DVN dated May 17, 2019;
- The evaluation report of the Financial Statement Quarter 2/2019 of the Holding Company and the consolidation of PVOIL in Document No. 327/BC-DVN dated August 30, 2019;
- The evaluation report of the Financial Statement Quarter 3/2019 of the Holding Company and the consolidation of PVOIL in Document No. 450/BC-DVN dated November 19, 2019;
- In the process of conducting the evaluation of the Holding Company Financial Statements and PVOIL Consolidated Financial Statements for Quarter 4 and the full year of 2019.

In 2019, the BOS participated in 04 meetings of the BOM and other meetings of the BOD of the Corporation.

In the monitoring reports, appraisal reports and at meetings, the BOS had some opinions on the situation of business, investment, finance and some outstanding issues in the Holding Company - Corporation and business units.

For petroleum trading activities, due to some information not received timely, the evaluation and supervision of this activity by the BOS are limited.

Through regular, continuous and systematic inspection, both directly and indirectly, even though it is limited, BOS has basically grasped the operation business and finance of the Corporation and business units.

With the most careful level, after the discussion, the BOS made a number of consultations, warnings and proposals about the outstanding issues in the management and administration at the Corporation.

1.2. Meetings of the Board of Supervisors

During the year, the BOS organized 03 meetings, details as follows:

The 1st time: June 19, 2019

- Participants: Including 03/03 members of the BOS;
- Content: Amendment of the Board of Supervisors' assignment No. 06/BKS-DVN dated September 11, 2018 and related issues, including Supervisor disagreeing with the Chairman's assignment and actively handed over some of the work said Supervisor is monitoring.

The 2nd time: July 12, 2019

- Participants: Including 03/03 members of the BOS;
- Content: Reviewing and commenting on the selection of the auditing service provider for the financial statements in 2019, whereby all 3/3 members agree with the proposal of the BOD on the designation of the Deloitte Vietnam Company Limited is the auditor for the financial statements of 2019.

The 3rd time: November 28, 2019

- Participants: Including 03/03 members of the BOS;
- Content: Reviewing and commenting on the draft operation plan for 2020 of the BOS of Petro Vietnam Oil Corporation - JSC, whereby all 3/3 members agreed with the draft and the approved plan.

In addition, in the process of monitoring and making periodic reports, the Chairman and each Supervisor regularly discuss to identify the important contents that need to be focused or added, each Supervisor and Chairman discussed, clarified the contents that Supervisors review or recommend.

2. For members of the Board of Supervisors

2.1. Mr. Nguyen Duc Ken – Chairman of the Board of Supervisors

- Implementing the responsibilities, duties on the inspection and supervision of the management, administration of operation business, investment and finance activities at the Corporation, and the management of the Corporation's investment capital in other enterprises as prescribed;

- Organizing the operation plan in 2019; making and reporting the draft operating plan of the BOS for 2020 to submit to the competent authorities for promulgation to implement. Regularly researching, exchanging and commenting on professional fields, always

maximizing team strength and each member of the BOS to perform their best. Urging Supervisors to complete the tasks according to the approved plan;

- Assigning tasks for BOS members in Document No. 06/BKS-DVN dated September 11, 2018 and the Minutes of BOS meeting dated June 19, 2019; regularly maintaining activities and taking overall responsibility for the work of the Board. Preparing and issuing reports on the results of inspection, supervision and evaluation reports on financial supervision reports, quarterly/annual financial statements as prescribed and general appraisals and assessments other reports;

- Directly inspecting and supervising the fields of delegated agents selling crude oil, the export and import of crude oil and oil products; summing up the implementing of the resolutions of the GMS and the instructions of higher management; supervising a number of scopes that Supervisors do not do and hand over, including: Business, distribution of petroleum products; financial investment and efficiency of capital contribution to other businesses;

- Directly making a general report of the BOS on the inspection, supervision and evaluation report of quarterly/annual financial statements; Inquiring the BOM and the BOD for consultation before sending the official report to the competent authorities;

- Organizing discussions with the management of the Corporation and the management of the relevant functional departments about outstanding issues and solutions to overcome; Exchanging and summarizing opinions and recommendations of Supervisors; Directly making comments in the managing scopes, supplementing the proposals in the areas that each supervisor monitors if necessary. Reports and recommendations have been submitted to the competent authorities;

- Directly attending meetings of the BOM; Taking part in and assigning Supervisors to attend meetings hosted by the CEO and other related meetings.

2.2. Ms. Tran Thi Phuong - Supervisor

- Monitoring, evaluating, writing reports on capital management in cash, debt management, including monitoring the handling and recovery of outstanding debts, bad debts; Overseeing the expense management, cost-effective practice and anti-wastefulness, writing reports on results of business activities of the Holding Company and the companies that are contributed capital; Monitoring the equitization finalization of PVOIL and Petec and supervising the overcoming of recommendations stated in the inspection records of the competent authorities.

- Quarterly making draft reports on inspection, supervision and evaluation reports of financial statements according to the monitoring; proposing to strengthen the management and collection of outstanding debts at the Holding Company and the business units; underwriting for PVOIL Laos; the implementation of the proposal of additional payment of environmental protection tax in 2015 at the request of the State Audit Office, tax management authorities. Supervisor's reports sending to the Chairman were recorded in the

official documents to be archived and to record for comments, then sent to the Chairman to sum up and prepare general reports.

- Making the draft operation plan for 2020 for the members of the BOS.

2.3. Mr. Pham Thanh Son - Supervisor

- Collecting information, creating a report on construction investment, purchasing, management of goods - assets; petroleum transportation costs; labor and salary and organizing resolutions, decisions, regulations and internal protocols.

- Quarterly, preparing a report on inspection, supervision and evaluation report of financial statements in accordance with the assigned tasks; Drafting evaluation report of the Holding Company's salary and remuneration fund. However, in the draft reports, Supervisors almost had no comments of summary, feedback or recommendations on the management and administration of the Corporation.

- The Supervisor's reports sending to the Chairman were recorded in the official documents to be archived and to record, then sent to the Chairman to summarize and prepare general reports.

- Cooperating with the inspection team of the Corporation to directly inspect PVOIL Ba Ria Vung Tau, PVOIL Mien Dong; PVOIL Dinh Vu and PVOIL Quang Ngai;

II. REMUNERATION, OPERATING EXPENSE AND OTHER BENEFITS OF THE BOS AND EACH MEMBER

- Based on the provisions of Decree 53/2016/ND-CP dated June 13, 2016, Circular 28/2016/TT-BLDTBXH dated September 1, 2016 and related instructions, the BOM of the Corporation issued Decision No. 180/QD-DVN dated March 7, 2019 promulgating the Regulations on salaries, job-specific allowances, remuneration and bonuses for Managers as the basis for implementation. Salaries and bonuses of the BOS in 2019 were as follows:

Unit: VND Million

No.	Title	Numbers	The total planned salary fund in 2019 approved by GMS	Total actual salary fund in 2019
1	Chairman of the BOS	1	900	899
2	Supervisor member	2	1,525	1,521
Total			2,425	2,420

- The operating costs of the BOS: Supervisors worked regularly at the Corporation, using the working room, utilities, equipment, tools and expenses according to quota were applied in the internal regulations of the Corporation. Expenses recognized and accounted into operating expenses of the Corporation according to current regulations.

III. BUSINESS PERFORMANCE OF THE CORPORATION

During the year, the Corporation followed the approved plan, implemented with effort business activities and achieved performance as follows:

- Exporting/selling safely and effectively the entire volume of crude oil/condensate extracted at home and abroad; Sufficient supply of crude oil for Dung Quat Oil Refinery. The outputs of crude oil distribution for export/sale were over **4.45 million tons**, provided crude oil for Dung Quat oil refinery over **7.60 million tons**.

- Maintaining a stable market share, distribution system, promoting petroleum business, focusing on the increase in the proportion of selling direct-to-customer channels; Petroleum business volume reached **3.19 million m³/ton**, in which retail proportion was **26.4%**.

- Supply guarantee: During the year, the Holding Company imported petroleum products of **2,701.02 thousand m³** worth **VND 32,041.03 billion**.

- Distribution: During the year, the Holding Company delivered for business units/customers **2,715.86 thousand m³**, worth **VND 32,164.13 billion**.

- Production of petroleum, lubricant reached **604 thousand m³/ton**, of which mainly E5RON 92 petrol reached **567 thousand m³**.

- The Holding Company's operating revenue in 2019 reached **VND 31,773.53 billion**, profit before tax of the Holding Company was **VND 341.65 billion**; in which:

- + From petroleum products business, loss of **VND 51.67 billion** (of which the largest losses were DO oil and RON95 petrol, E5RON92 petrol business was effective);

- + Profit from service of the distribution of selling crude oil and entrusted import was **VND 63.95 billion**;

- + Profit from other services (depot leasing, petrol stations ...) reached **VND 51.47 billion**;

- + From financial activities, the profit was **VND 253.95 billion**;

- + External investment was **VND 21.50 billion**.

At the Holding company, ROE was 3.1% and ROA was 1.4%.

- Corporation's consolidated revenue in 2019 reached **VND 79,860.99 billion**, consolidated profit before tax of **VND 412.29 billion**. ROE was 3.2%, ROA was 1.3%, earnings per share was **VND 223/share**.

IV. EVALUATION RESULTS OF FINANCIAL STATEMENTS IN 2019

Based on the audited separate and consolidated financial statements for the operating period from January 1, 2019 to December 31, 2019, issued by Petrol Vietnam Oil Corporation - JSC dated March 25, 2020, the BOS noticed:

- + **Capital management in cash:** During the year, the Holding Company promptly recorded and reflected cash receipts, payments, cash at bank; conducted cash on hand counting, reconciled the balance of deposits at banks to prepare financial statements as prescribed. Term deposits arising before 2017 of the Holding company and its business units

at Ocean Bank were restricted from transactions, Ocean Bank would pay lower interest rates than deposit rate. At the Holding company, it incurred term deposits (mainly 6 months), demand deposits and bank loans to finance working capital and investment activities.

+ **Management of the receivables:** The Corporation recorded financial transactions, tracked in detail each item and classified each account receivable according to regulations. The term of debt and customer debt ceiling were implemented by the Corporation in accordance with the provisions of the Debt management regulation, the Sales policy and other internal management documents.

At the Holding company, the receivables exceeded the limit, some customers arose limitless debts and no collaterals. The Holding Company provided a credit line of non-collateral debt to the Subsidiaries based on revenue and inventories. Bad debts at the Holding Company as of December 31, 2019 were **VND 91.56 billion**, a decrease compared with 2018, in which provision was **VND 87.28 billion**, equivalent to 95.3% of total bad debts.

At Subsidiaries, during the year, there was an increase in bad debts in 05 business units including: Petromekong, PVOIL Laos Trading, PVOIL Thai Binh, PVOIL Phu Tho and PVOIL Tay Ninh of **VND 19.22 billion**. Total bad debts at business units were **VND 817.5 billion**, mainly arose at Petec (83%) and from before 2017.

+ **Liabilities:** In the liabilities structure, liabilities were **VND 62.2 billion** for the State related to the equitization of the Holding Company PVOIL. Other payables were mainly related to the cash collection of crude oil and the purchase of petroleum products of Binh Son Refining and Petrochemical JSC (BSR) and Nghi Son Petroleum Products Distribution Branch - PetroVietnam (PVNDB).

+ **Inventory management:** The Corporation managed inventory according to Decision No. 20/QD-DVN dated January 10, 2019, goods checking and handling of excess/missing goods after checking were implemented according to the regulations. The actual losses of goods were within the standard. The inventories at the Holding Company at the end of 2019 were **89,849 m³**, equivalent to **VND 1,272.29 billion**. The actual losses in 2019 were **3,059 m³**, equaled to 54.15% of the standard. In the whole system, the volume of petroleum inventories at the end of 2019 was **113,088 m³**, equivalent to **VND 2,447.63 billion**.

During the year, the reversal of provision for devaluation of inventories was **VND 106.16 billion**.

+ **Asset purchasing and investment:** In 2019, the Corporation has developed **26** petrol stations, bringing the total number of operating petrol stations in the system to **565**, particularly at Holding Company developed **7** stations. The actual investment of the Holding Company in 2019 was **VND 76.22 billion**, accumulated to December 31, 2019 was **VND 112.82 billion**, of which completed and put into operation was **VND 50.69 billion**. The value of construction in progress of the Holding Company as of December 31, 2019 was **VND 62.69 billion**, in the whole system was **VND 197.67 billion**. The value of fixed assets as of December 31, 2019 of the Holding Company was **VND 1,351.49 billion**, of which the

value of land use rights was **VND 281.93 billion**; the net value of fixed assets of the whole system was **VND 4,304.77 billion**, of which the value of land use rights was **VND 1,617.18 billion**.

+ ***External financial investment:*** In 2019, the Corporation did not generate any increase/decrease in capital contribution or capital divestment from other businesses. As of December 31, 2019, the balance of capital contribution to other enterprises of the Holding Company was **VND 4,424.03 billion**, accounting for 42.8% of the charter capital. The Holding Company made a provision for financial investments of **VND 297.87 billion**, accounting for 6.7% of the invested capital.

+ ***Cost management:*** In 2019, the Holding Company spent **VND 1.92 billion** for the PVB, OBF and BSR-BF bio-fuel projects and accounted them in the administrative expenses, incurred more non-deductible expenses when determining taxable income; other expenses should continue to improve internal regulations to strengthen management.

+ ***Labor and salary:*** In 2019, the Corporation has implemented management of labor, salaries and policies for employees in accordance with the current provisions of Law, the Labor agreement and internal regulations on salaries, allowances, remuneration and bonuses for employees and managers.

The total actual salary fund in 2019 was **VND 180.61 billion**, of which for employees were **VND 166.38 billion** and for managers were **VND 14.23 billion**, within the scope of the plan approved by GMS in 2019.

+ ***Preservation of owner's equity:*** In 2019, the Holding company's performance was profitable, equity increased by 1% compared to the charter capital, owners' contributed capital was preserved.

+ ***Regarding the Basis for Qualified Opinion, Emphasis of Matter of the independent auditor:*** In the separate financial statements of the Holding Company, there were *the Basis for Qualified Opinion* of the independent auditors related to the investment of the Holding Company into Petrochemical and Biofuel JSC (PVB) with a value of **VND 285.5 billion** and the Holding Company made a provision of **VND 6.01 billion**.

In the consolidated financial statements, there were Basis for Qualified Opinion, Emphasis of Matter related to the financial conduct when the Petec's equitization finalization and the value of the land lots at PVOIL Saigon have not been granted certificates of land use rights yet, land use rights have not been transferred or land use period has not been extended yet.

Based on remarks on some of the above areas, the BOS believed that:

- The annual financial statements ended on December 31, 2019 reasonably reflected the financial situation as well as the business performance of the Corporation. The preparation and presentation of financial statements were in accordance with the provisions of Vietnamese Accounting Standards and Accounting System.

- The separate and consolidated financial statements for the operating period from January 1, 2019 to December 31, 2019 were audited by Deloitte Vietnam Co., Ltd. in accordance with the Corporation Charter and resolution of GMS.

- The Corporation has prepared and submitted financial statements in accordance with the provisions of the State; made reports and published periodic information to the State Securities Commission and Stock Exchange as prescribed.

The BOS agreed with the audited separate financial statements, the audited consolidated financial statements for the year ended on December 31, 2019 of the Corporation and the Basis for Qualified Opinion, Emphasis of Matter of the independent auditor.

V. SUPERVISION RESULTS OF THE IMPLEMENTATION OF THE MANAGEMENT TASKS OF THE BOARD OF MANAGEMENT AND CEO

In 2019, the management of business activities of Board of Management, the Board of Directors of the Corporation was implemented in accordance with the Law on Enterprises, the Corporate Charter, Resolutions of the General Meeting of Shareholders and the provisions of law. During the year, the Holding company has completed the financial targets assigned by the General Meeting of Shareholders, except the consolidated profit target of the Corporation was not met due to various reasons. Detailed observations of the management of the BOM and CEO are as follows:

1. Activities of the Board of Management

- The Board of Management has implemented the contents approved by the General Meeting of Shareholders, ensuring the sustainable and continuous operating activities of the Corporation. The Board of Management has conducted 4 meetings, issued 81 resolutions, decisions, and directives to manage/direct activities of the Corporation in all aspects: Organization – Human resources – Labor and salary (27 resolutions); Operation business (19 resolutions); Restructure – divestment (8 resolutions); Finance (6 resolutions); Investment – Asset transfer (3 resolutions); Issuing documents directing the annual/unexpected meetings of Board of members/Board of Management/General meeting of Shareholders (18 resolutions).

- The Board of Management has implemented the functions and duties; supervised and monitored the implementation of resolutions/decisions/minutes of the General Meeting of Shareholders.

- The Board of Management has worked with a sense of responsibility, completely organized periodic meetings according to regulations and collected written ballots to make decisions. Resolutions, decisions of the Board of Management were issued based on the written ballots of the majority of members, in compliance with the provisions of the Corporation Charter and the Law on Enterprises.

- The Board of Management has regularly supported and created favorable conditions for the Board of Supervisors to perform their duties as authorized.

2. Activities of the Board of Directors

- The Board of Directors has issued documents directing the functional boards/affiliates and member units to implement the contents according to the internal protocols, the Charter of the Corporation, the Resolutions/Decisions of the Board of Management, of the General Meeting of Shareholders and related laws.

- The Chief Executive Officer has regularly worked with the key officials of the Holding company and the member units to promptly guide the production and business activities; actively seeking solutions to remove difficulties and problems in production, business and investment of each unit. The CEO actively directed the implementation of programs to apply information technology to business activities in order to create new business methods and at the same time improve administrative capability; promote the search of business partners.

- Actively directed the review and supervision of backlog of investment projects (at PVOIL Saigon, the splitting of Laos' PVOIL, bio-fuel projects ...), regularly conducted the review of reducing costs, especially those that do not make a profit; actively directing the completion of the plan to continue restructuring the inefficient member units and the overall restructuring plan of the Corporation, and reporting to the competent authorities.

- Wrote documents of explanation and implementation of recommendations in the Minutes of the State Audit, the General Department of Taxation, and the Customs Office to carry out inspection in 2019.

- The CEO has regularly supported and created favorable conditions for the Board of Supervisors to perform their duties as prescribed.

The report on the operational performance in 2019 and the direction and tasks of the Board of Management in 2020, the report on the production performance and business activities in 2019 and the plan for 2020 of the CEO of the Corporation which were presented to the General Meeting of Shareholders, the Board of Supervisors for review and approval with the content of the reports.

VI. EVALUATION REPORT ON COOPERATION BETWEEN THE BOARD OF SUPERVISORS WITH THE BOARD OF MANAGEMENT, THE BOARD OF DIRECTORS AND SHAREHOLDERS

The Board of Supervisors has worked closely with the BOM and BOD in performing the assigned functions and duties. Regularly discussing with relevant departments to find out and clarify the necessary content before giving official warnings and recommendations. Supervisory reports, periodic reports on financial statements and other reports of the Board of Supervisors were consulted by the BOM and BOD before being officially submitted. The BOM and BOD have created favorable conditions for the Board of Supervisors to perform their duties.

In addition to inviting the Board of Supervisors to attend official meetings and directing to provide sufficient information, members of the Board of Management also frequently discussed difficulties and problems to find cautious, appropriate, legal and reasonable solutions for the Corporation. The Board of Management has directed functional

departments to work closely with the BOS in providing information and documents related to decision making and internal control.

The Chief Executive Officer regularly invited the BOS to attend monthly briefings, meetings to handle important matters of the Corporation; regularly discussed difficulties and obstacles to find out careful, reasonable and legal solutions for the Corporation. The CEO has directed the functional departments to coordinate, provide information and documents to the BOS, basically the functional departments have coordinated in providing and clarifying related, periodic information, financial information being fully provided to the BOS, information on management of business operation of the petroleum product distribution has gradually provided.

The Board of Supervisors regularly and carefully implemented the operation plan as approved by the General Meeting of Shareholders; abided by the regulations and directives of the major shareholder being Vietnam Oil and Gas Group under the Regulation on management of representatives and the Regulation on management of investment capital in other enterprises; was always ready to carry out the inspection and reporting on issues as requested by a shareholder or group of shareholders as prescribed in Clause 2, Article 114 of the Law on Enterprises. At the General Meeting of Shareholders, all members of the Board of Supervisors attend, fully report the contents as prescribed and always comment, evaluate and propose to the General Meeting of Shareholders to continuously improve its administration, inspection and supervision at the Corporation.

VII. RECOMMENDATIONS

Based on the results of monitoring and examining in 2019 and forecast of challenges for production and business activities due to falling oil prices and production output as a result of the Covid-19 pandemic and the relationship between countries with large oil reserve in 2020, in order to assist the Corporation overcome difficulties, the Board of Supervisors has recommendations to the Corporation as follows:

1. Doing business of petroleum products is the core activity of the Corporation, in 2019 partly due to the development of oil prices which are influenced by international economic - political factors and economic – social factors in the price management policy of the Government, the profit of both the Holding Company and the whole system have reduced in general. However, in addition to the business of petroleum product distribution, the Corporation is also active in other business areas such as delegated agents of selling crude oil, leasing capacity, assets, optimizing operations... Therefore, the Holding company's profit has reached the level set by the General Meeting of Shareholders.

The Board of Supervisors recommends that the Corporation continue to drastically manage the activities of petroleum business, producing supply and managing the distribution reasonably, in parallel with the continuation of inventing new business methods, applying cost management solutions... to further improve the performance of this core business, contributing to the achievement of the Holding Company and the Corporation's profit targets set by the General Meeting of Shareholders for 2020.

2. Regarding the business and production activities of companies with contributed capital, the Board of Supervisors proposes to continue directing the capital representatives to implement the important measures, including deciding on selling prices and cost controlling with guaranteed efficiency. The Corporation carried out special financial supervision for companies with negative business results as prescribed, preventing the risk of not recovering the full value of invested capital, minimizing the financial investment provisions; implementing dividend payment policy, ensuring investment efficiency of the Holding company.

3. Continuing to implement drastic solutions with other parties that are taking advantage of purchase payments; identify responsibilities related to the occurrence and responsibility to recovery outstanding debts. Regularly reviewing and evaluating the granting of lines of credit and thoroughly implementing measures to ensure financial security for debts and limitation of new bad debts. Because the subsidiaries of the Corporation are mainly joint-stock companies, the interests of the Holding Company shareholders are affected by the interests of minority shareholders in the Subsidiaries, due to the imbalance of capital in some units, the Board of Supervisors proposes to continue the application of the calculation of penalty interests on late payment for the Subsidiaries.

4. Continuing to strictly control the loss of petroleum in the system. Regularly reviewing and re-evaluating the suitability of the consumption standards to ensure the actual loss level at the Corporation, taking into account the characteristics of each stage, each depot and each product.

5. Enhancing the quality of revenue and expenditure forecasting to balance the Holding Company cash flow effectively, further enhancing the efficiency of using the idle funds, only maintaining the sufficient amount for regular payment needs in the checking account. Only providing working capital financing in case idle funds cannot be balanced.

For the idle funds after meeting the needs of regular working capital, the Board of Supervisors recommends that the Corporation has the optimal plan to deposit maximum term deposits and that the interest rate is competitive in each bank (according to the policy and interest rates announced by each bank each period) and between banks when entering into a contract at the time the Corporation deposits idle funds. At the same time, regularly updating solvency and evaluation, ranking of banks, including when signing new/extend term deposit contracts and depositing money into checking accounts...

6. Strengthening the search and research of effective investment opportunities in the core business to take advantage of the available capital that can be invested based on the capital structure of owners' equity in the Holding Company. Continuing to deal with/report to the competent authorities on approval/execution of decisions for ineffective investment assets and projects at the Holding Company and its member units; finding solutions for issues of the Basis for Qualified Opinion, Emphasis of Matter in the independent audit reports.

7. Swiftly completing and submitting to the Group a plan to restructure its member units to implement radical solutions for the lack of long-term capital of some subsidiaries

and to end internal competition. Promptly finalizing legal documents on housing and land and continuing to report to competent authorities to solve problems related to equitization finalization of PVOIL and Petec; Continuing to have plans for divestment in units that cannot operate effectively, operating outside the core production and business activities.

8. Regularly directing the preservation of favorable environment, especially to ensure transparent information on the management of petroleum and oil trading activities so that the Board of supervisors can carry out the inspection and examination activities according to protocols of the Corporate Charter and related regulations.

9. Reviewing and completing internal protocols and processes applied in the entire system of the Corporation on the business of non-petrol products and the calculation, declaration and payment of taxes and obligations to the State budget (domestic and foreign); assigning responsibilities in each stage when late tax payment arisen in the system.

PART II

OPERATION PLAN FOR 2020 OF THE BOARD OF SUPERVISORS

To strictly comply with the functions, authorities and responsibilities of the Board of Supervisors according to the provisions of the Law on Enterprises and the Corporate Charter, the Board of Supervisors establishes the plan for 2020 as follows:

- Monitoring and evaluating the implementation of the Resolution of the Annual General Meeting of Shareholders in 2020; the Corporate Charter, Law on Enterprises and other legal documents;

- Monitoring and supervising the implementation and compliance with the Guidelines, Resolutions, Decisions, and Instruction related to the representative of PVN's capital;

- Managing and evaluating the implementation of the production and business plan and the efficiency of production and business activities of the Holding Company and its subsidiaries;

- Monitoring and evaluating the compliance with regulations in the following areas: (i) petroleum business activities; (ii) management of products and petroleum engineering; (iii) finance and capital management; (iv) external financial investment; (v) business restructuring and innovation;

- Supervising and evaluating the implementation, progress according to the approved plans and the efficiency of capital construction investment projects, new development investment projects, improvement and maintenance of petrol stations; investing in new construction, upgrading and expanding petroleum depots and other capital construction investment projects at the Corporation, its affiliated units and member units;

- Inspecting and evaluating the construction and implementation of the economic and technical standards of the Corporation; measures to reduce management costs and cost of goods sold;

- Coordinating with the functional departments of PVOIL, the Internal Control Board and the representative of the capital of PVOIL to inspect/supervise the situation of

production and business activities and the preservation of capital in affiliates and subsidiaries with controlling capital contribution (if any);

- Evaluating the operation of the internal control system of the Corporation and recommendations, proposals to amend and improve the performance of the internal control system (if any);

- Coordinating with the functional agencies of the State, inspectors, and internal auditors of the Group and the Corporation in examining and supervising the management and administration of production and business activities at the Corporation;

- Supervising and examining the situation of solving problems from the recommendations in the inspection records of the inspection teams of the Group and the inspection teams of the competent state agencies;

- Reporting periodic inspection and supervision results according to PVN's guidelines. Appraising quarterly/annual financial statements, appraising the finalization reports of salary fund and other reports according to PVN's protocols and the Corporate Charter;

- Supervising the formulation and implementation of production and business plans according to the development strategy set by the General Meeting of Shareholders;

- Attending the thematic, periodic and irregular meetings to grasp the situation of operation activities, promptly making observations and recommendations to the Corporation;

- Performing other tasks when requested by the General Meeting of Shareholders, groups of shareholders or Vietnam Oil and Gas Group.

Above is the report of the Board of Supervisors of Petro Vietnam Oil Corporation - JSC on the operation performance in 2019 and operation plan in 2020.

Respectfully proposing to the General Meeting of Shareholders of Petro Vietnam Oil Corporation - JSC for consideration and approval.

Sincerely./.

**ON BEHALF OF
THE BOARD OF SUPERVISORS
CHAIRMAN**

Nguyen Duc Ken