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VIETNAM NATIONAL PETROLEUM GROUP

SOCIALIST REPUBLIC OF VIETNAM

Independence – Freedom – Happiness

Hanoi, 26th April 2024



(Draft)

REPORT ON 2023 BUSINESS PERFORMANCE AND 2024 PLAN OF THE BOARD OF DIRECTORS OF PETROLIMEX

Dear Shareholders, Ladies and Gentlemen!

On behalf of the Board of Directors (BOD), I would like to present the report on business performance in 2023, the orientation plan for 2024 of the Board of Directors of Petrolimex as follows:

I. ACTIVITIES OF THE BOARD OF DIRECTORS IN 2023

1. General situation:

2023 witnessed the global economy's various difficulties like high inflation, increased interest rate, slow economic growth, geopolitical instability and armed conflict. Trade investment trends are characterized by myriad of changes to well adapt with new situation, simultaneously, sustainable growth, transformation of green and clean energy as the increasingly clear and irreversible trend. Vietnam Economy was also impacted by the world economy's overall impacts, GDP growth rate in 2023 only obtained 5.05%, lower than that of planning objective, i.e., 6.5%.

The world's 2023 petroleum price was sharply increased and decreased with unforeseeable development, particularly in the last months of the year that the world's petroleum price was continuously subject to reduction trend. Petroleum businesses struggled with myriad of difficulties when it failed to access to the credit resources, many enterprises filed petition for dissolution and winding-up. The State management agencies enhanced the inspection and supervision for petroleum business activities, some focal enterprises were subject to license revocation and violation settlement, helping the petroleum market to be healthier. However, it was simultaneously faced with the increasingly cut-throat competition, particularly intermediate-based sales channels, meanwhile the infringement to brands and unknown and disqualified goods results in unfair competition activity, creating the interwoven challenges and opportunities incurred by Petrolimex.

In the context of more difficulties than disadvantages, thanks to the great concern, valuable directions and support of the Commission for the Management of State Capital at Enterprises, sound and timely orientation direction of the Group's

BOM as well as drastic, close and effective management of BOM, entire organization from the Group's Holding Company to member units was determined and agreed to drastically deploy a series of synchronous and flexible solutions and measures, quickly adapt to ensure the key roles in stabilizing the petroleum market, contributing to ensuring the national energy security, comprehensive and excellent fulfillment of the 2023 annual plan objectives approved by the General Meeting of Shareholders.

2. The Group's Business Results in 2023

2.1 Regarding the 2023 business and production results

No.	Items	Plan 2023	Implementation 2023	Comparison Plan/Fulfillment (%)
1	Total sales volume of petroleum of the Group. (m^3, ton)	12,950,000	14,395,011	111%
	<i>the Parent company</i>	9,939,480	10,649,876	107%
2	Consolidated Revenue (*) (billion VND)	190,000	273,979	144%
	<i>the Parent company</i>	130,000	184,837	142%
3	Consolidated profit before tax (*) (billion VND)	3,228	3,947	122%
	<i>the Parent company</i>	1,800	2,624	146%
4	Dividend	10%	GMS submission 15%	

In addition to excellent fulfillment of the targets assigned by the General Meeting of Shareholders, other fields embraced by the Group were recorded with good results. The highlights completed in the year were described as follows:

(1) The Group outperformed its State-owned Enterprise's key role in stabilizing petroleum market, ensuring petroleum supply in any circumstances, contributing to the national energy security guarantee.

(2) Petrolimex was also honor to be voted by the prestigious rating organizations such as Top 10 mid-cap companies with the best corporate governance; The best Vietnamese 50 Listed Companies; Top 100 Most Valuable Vietnamese Brands; TOP 3 Vietnamese companies by revenue; TOP largest Vietnamese tax payers.

(3) Pioneer to fulfill the regulations at the Decree No. 123/2020/ND-CP of the Government, which Petrolimex is the first Golive petroleum business to successfully launch the e-invoice application solution upon each sales since 1 July 2023 on the entire 2,700 petrol station network.

(4) Promulgate the Petrolimex Strategy on Digital Transformation in the period of 2021-2025 with vision to 2030. This was an important premise to launch the projects on modernization and advancement of the Group's physical and technical

facility systems such as Automation, automatic metering at petroleum terminals and stations; Non-cash payment, E-invoice, Automatic Payment powered by RFID and smart camera; Digital Office, Petrolimex version 2 APP, Digital Transformation and Training, etc.

(5) Successfully organize the 2023 Petrolimex Innovation and Technology Conference on 16 October 2023, the 2023 Business - Finance - Risk Management Meeting on 1 December 2023; Promulgate 25 Post-Meeting Action Programs to launch the work orientations and solutions for entire system in 2024 onwards.

(6) Successfully complete a series of important contents in the Group Restructuring Project in the period of 2021-2025 with vision to 2035, including: Entire divestment at PG Bank; Upgrade 05 subsidiaries as 05 Petroleum Companies, including Vinh Phuc, Bac Ninh, Hung Yen, Hai Duong and Quang Nam; Convert subordinate Petroleum Enterprises at the Petroleum Companies into Petroleum Subsidiaries; Rearrangement of petrol stations at some areas; increase in charter capital at Petroleum Companies, etc.

(7) Besides main pivot of petroleum business, the Group also actively organized the activities related to Green Energy Transformation study such as Promotion to work with the international energy organizations to understand the Green Energy Transformation Strategy; Conduct GHG Inventory; Report the Ministry of National Resources and Environment for comment of supervision and assessment framework; assign to perform the policy action and propose the priority projects for JETP 2024 implementation, etc.

2.2 Regarding the activities of the Board of Directors of the Group

- In 2023, Petrolimex held a total of 10 BOD meetings, in accordance with the requirements stipulated in the Law on Enterprises, Petrolimex's Charter, and the Operating Regulations of the BOD.

- The BOD meetings have focused on solving the following key issues: direction and fulfillment of resolutions approved by the 2023 Annual General Meeting of Shareholders; design and development of the 2023 production and business plan; leading the Group's effective production and business activities, fund preservation and development; direction to amend, develop and perfect the internal governance regulations and rules of Holding Company - Group to be well matched with the new model of listed company; direct the HR management, assume deploying Petrolimex Restructuring Project as prescribed by the Government and Commission for the Management of State Capital at Enterprises; conduct a drastic direction in investment, cost reduction, good market organization, review and redevelopment of business mechanism to be close to the demand of each market segment, especially organizing the assessment of physical and technical facility system to have investment strategy, enhancing the monitoring, management and re-promulgation of techno-economic norms: loss norms, warehousing fee, freight; direction and assignment of the Group's Capital Representative at the Corporations/Joint Stock Companies and multi-member liability companies to design the solutions to enhance the capital use efficiency management and improvement, etc. The BOM resolutions were known as the critical

orientations to help the Management to complete the Group's 2023 production and business plan.

In addition to periodic meeting sessions, the decisions were approved through written consultation of BOM members to direct and address 333 problems related to big orientations on business administration and issues under the BOM's authority, also direct, manage and supervise the operation of Board of CEOs in executing the resolutions of the General Meeting of Shareholders and BOM.

2.3 Regarding the 2022 profit distribution plan and dividend payout

The dividend payout rate for the year 2022 is 7%, according to the profit distribution plan approved at the 2023 Annual General Meeting of Shareholders. In accordance with the law, the Group's BOD has provided complete guidance for its implementation beginning in October 2023.

2.4 Remuneration and operating expenses of the BOD

- The salaries, remuneration, and operating expenses of the BOD are implemented in accordance with the Group's Charter and the resolutions of the Annual General Meeting of Shareholders in 2023. Total salary and remuneration of the members of the BOD in 2023: **VND 7,670,217,016**.

- Regarding the operating expenses of the BOD in 2023: Compliance with the Operating Regulations of the BOD and the Internal Expenditure Regulations of Petrolimex.

2.5 Operations of committees under the BOD

In 2023, the committees under the BOD outperformed the consultation and assistance to BOD operation in accordance with the assigned functions and missions; advised the BOD in reviewing, designing, amending the Group's Charter, Group's internal governance rules and regulations in accordance with the new laws and practice of Petrolimex; appraised the projects, plans and solutions submitted to the BOD for approval under the authority, etc.

2.6 Supervision of General Manager and Managers.

- The BOD always closely followed up the operations initiated by the Chief Executive Officer, directed, monitored and timely handled the problems under the authority of the BOD to facilitate the General Director's management.

- In 2023, the Management outperformed the roles and missions in managing the Group's business in accordance with the Resolutions approved by the General Meeting of Shareholders, directions and instructions of the BOD. The General Director and managers fully deployed and strictly adhered to the resolutions and decisions approved by the BOD. During management, the General Director and BOD members strictly adhered to the decentralization and regulations of the Charter and the Group's internal management regulations.

- The Board of Directors launched a series of synchronous, flexible and quickly adaptive solutions and measures to be well matched with the BOD's guidelines and orientations and market development, thence, the Group successfully warranted its key roles in stabilizing the petroleum market, ensuring the national energy security, comprehensively and successfully fulfilling the 2023 annual plan objectives assigned by the General Meeting of Shareholders.

By overall assessment, in 2023, the Board and the managers outperformed, responsibly and successfully fulfilled the resolutions and decisions approved by the General Meeting of Shareholders and the BOD.

2.7 Report of independent member on BOD activities

The operation of the BOD of Petrolimex in 2023 were organized and carried out in accordance with Petrolimex's Charter, internal regulations on governance, the Board of Directors's operating rules, and applicable legal provisions, and the resolutions of the Annual General Meeting of Shareholders were fully implemented.

(Detailed assessment report of BOD independent member is appended as Appendix 01).

II. BUSINESS PRODUCTION PLAN AND OPERATIONAL DIRECTIONS OF THE BOARD OF DIRECTORS IN 2024

1. Business and production plan for 2024

2024 is recognized with the post-COVID-19 recovery of the world's economy and forecast to have a series of instabilities, risks and challenges such as the global economic growth is being restricted by the epidemic's persistent impacts, strategic cut-throat competition between powerful countries, Russia-Ukraine armed conflict having no ending sign, Red Sea tensions, tighten monetary policy, prolong interest rate increase, resulting in the global depression risk, reduction in consumption demand in many countries. Risk on the financial and monetary markets, increase in the international properties; challenges in climate changes, Acts of God, epidemics, energy and foods security, increasingly high poverty and increasingly adverse impacts on the residents.

For the Group, 2024 is forecast with a series of disadvantages, requiring the Group to make great efforts, drastically deploying and strictly supervise the practice to strive to fulfill the 2024 production and business targets. By evaluating the 2023 fulfillment results and the 2024 forecast, the 2024 production and business targets are expected to be setup by the Group's BOM as follows:

No.	Items	The 2024 plan	Compared to the 2023 fulfillment
1	Consolidated volume of petroleum sold (m3, ton)	13,033,200	91%
	<i>The Parent company</i>	10,277,200	97%
2	Consolidated Revenue (billion VND)	188,000	68%
	<i>The Parent company</i>	128,000	68%
3	Consolidated profit before tax (billion VND)	2,900	74%
	<i>The Parent company</i>	1,800	69%
4	Dividend	10%	

2. Operational directions of the Board of Directors in 2024

In 2024, the BOM shall closely follow the targets to ensure absolute safety during production and business and continue fulfilling the solutions to improve the

Group's governance quality. According to the Group's actual practice, the Resolutions shall be issued through the plan objectives, i.e., maintaining the stability and sustainable development, improving the business performance. The 2024 dividend distribution is expected to at least 10%; the measures are taken to fulfill the assigned tasks, focusing on key issues as follows:

1. Continue improvement of the Group's governance quality to be proximity to OECD criteria. Review all internal regulations and rules to supplement and perfect in accordance with the applicable regulations of the Party and the State.

2. Direct to organize the 2024 Annual General Meeting of Shareholders as prescribed; successfully implement the items specified at the GMS's Resolutions.

3. Continue launching the action plans and projects approved by the Commission for the Management of State Capital at Enterprises and adopted on 6 December 2022 by the 2022 Extraordinary GMS such as the Restructuring Project in the period of 2021-2030; the Plan on Production and Business and development investment in the period of 2021-2025; the Petrolimex Development Strategy in the period of 2021-2030 with vision to 2035; Report and submit the contents related to the aforesaid projects for approval under the authority of the Commission (such as increase in the Group's charter capital, establishment of petroleum companies, divestment at PGCC; restructuring of Petrolimex Laos, PTC, etc.).

5. Drastically deploy the Digital Transformation Strategy in close association with optimal exploitation of automation equipment system at petrol stations and terminals owned by Petrolimex; concentrate on prioritize utilization of automation data and data synchronization in the management and accounting procedures to increase the overall performance.

6. Continue deploying the contents of land re-arrangement and settlement as prescribed at the Decree No. 67/2021/ND-CP of the Government on amending and supplementing a number of Articles of the Decree No. 167/2017/ND-CP of the Government dated 31 December 2017 on disposition of public property as directed by the Commission.

7. Recommend the relevant Ministries and Industries to considered to amend and supplement the legal regulations for the investment into Vietnam-based petroleum production, business and distribution fields.

III. KEY TASKS AND SOLUTIONS OF THE EXECUTIVE BOARD IN 2024:

In order to successfully fulfill the 2024 production and business plan as set forth, the BOM shall enhance to direct the Board of Directors to implement the key tasks and flexible production & business management solutions to be well matched with the market conditions, focusing on critical tasks and solutions as follows:

1. Some key tasks:

(1) Strictly adhere to the directions of the Government, the Prime Minister, the Ministry of Industry and Trade and the Commission for the Management of State Capital at Enterprises; Outperform the sourcing, sales, closely follow the market development to ensure timely satisfy the social consumption demand to serve for economic development, facilitating to ensure the national energy security in each area.

(2) Guarantee the absolute production and business safety as the top target, including fire safety, finance, legislation, environmental protection and enhancing the security and safety inspection and supervision at the Group's petroleum works and structures.

(3) Launch the Plan on 2024 Production and Business & Development Investment, the working plan of the Group and its member units; closely follow the 05-year Plan of Production and Business & Development Orientation in the period of 2021-2025; the Group's restructuring project in the period of 2021-2025 with vision to 2035; the Group's Development Strategy in the period of 2021-2025 with vision to 2035 approved by the Commission for the Management of State Capital at Enterprises and the General Meeting of Shareholders.

(4) The solution groups shall focus on main columns, including improvement of customer experience, goods management efficiency and business administration by launching the Group's Comprehensive Digital Transformation Strategy.

(5) Maintain, enhance, refresh, modernize and advance the traditional petroleum business advantages, the physical and technical facility system of petroleum terminals, tanks, pipelines, petrol stations, and vehicles, etc. Also, well adopt and adapt, transform and shift successfully to the trends of green, clean and environmental protection fuel and energy products.

(6) For other business fields: continue successfully upholding and exploiting the overall strength of the non-petroleum ecosystem, including traditional fields and business lines such as Gas, Lubricant, Insurance, Transportation, Mechanical Assembly, etc., deploy the business restructuring in accordance with the Group's Restructuring Project in the period of 2021-2025 with vision to 2035.

2. Some key priority solutions to be launched in 2024

(1) Sourcing guarantee

- Ensure the import quota fulfillment as assigned by the Ministry of Industry and Trade, negotiate the term contract from 02 domestic oil refineries: target to negotiate to purchase at most supplies from 02 domestic oil refineries as it is judged that this source may be advantageous in terms of price, logistic time and payment currency, etc.

- Negotiate the import term contract for items which cannot be domestically produced by 02 domestic oil refineries to well prepare a partial supply source. Expand the relationship with the partners to look for more effective and active sourcing cooperation opportunities.

- Continue closely following the market development and the world oil price to manage the proper inventory, make provision for devaluation of inventories in accordance with due diligence principles; Organize the business and sales activities, ensuring sufficient supplies for the Group's business demand.

(2) Business and business support

- Focus on investment to develop the distribution system, including Franchise Trader, Distributor, wholesalers, retail petrol station network, considering it as the critical business solutions to improve the retail output and business performance.

- Improve the competitiveness and temporary import- reexport sales volume. Study the review regulations and procedures; pilot the cross-border sales forms to increase the market-based competitiveness.

- Uphold Petrolimex value chains from exploitation to lease of petroleum terminals without prejudice to or harm to business competitiveness capacity of Petrolimex and its member units under Petrolimex ecosystem.

- Concentrate and enhance marketing activities, improve the competitiveness and market-based features from the Holding Company to its member units.

- Design and develop the pilot exploitation plan for advertisement lease and supporting services for production and business activities at qualified sites to increase the revenue, exploit and uphold the advantages from the special gaps at petrol stations.

(3) Investment into the physical and technical facilities

- Concentrate on successfully fulfill the new brand identification at petrol station network for phase 2 to ensure the consistency, synchronization, efficiency, unity and actively facilitating the sales.

- Focus on investment resources for North - South Expressway Checkpoint Station towards the East and regional expressway hubs as well as branch expressway in accordance with the BOM's petrol station/TDN development orientations.

- Continue launching the trucking service station project in accordance with the 2024 plan and road-map approved by the Group's Board of Management.

- Actively and closely work with the relevant agencies to promote the study of the Investment Project on Lach Huyen Petroleum Terminal - Port; Study the options for investment, ownership and operation of aviation petroleum terminal and underground aviation fuel loading/fueling system at Long Thanh International Airport, etc.

(4) Financial management

- Develop the overall annual capital balance plan throughout the Group to ensure the petroleum operating funds, ensuring capital adequacy for development investment with the principles of safety and efficiency; Report the competent authorities to increase the Holding Company's charter capital in accordance with the contents of the Restructuring Project to ensure capital adequacy for the Group's development investment activities.

- Improve the cash flow efficiency at the units by promoting the powerful deployment of non-cash payment programs, strictly control liabilities, increase the financial safety and capital adequacy at the system's units.

- Review and well manage to optimize the chain's logistic costs in combination with enhancing the deployment of DOC project throughout the Group to optimize the goods rotation path, cost reduction, business performance and competitiveness of the Group and its member units.

- Accelerate the development schedule of roadway freight set, expected to be submitted since 1 July 2024.

- Study to develop new SAR-ERP Modules to consistently manage and focus synchronously the solutions of contract management, asset/physical facility

management, investment projects on physical and technical facilities, economic contract management subsystem, online PO control management subsystem at Petrolimex and Petroleum Companies.

- Continue study of solutions to revise and complete the SAR-ERP and EGAS software. Update new regulations of the State regarding operation of O2 systems into the production and business practices.

(5) Management and governance

- Continue communications; actively and early identify and manage communication risks online.

- Perfect, timely amend and supplement the system of financial management regulations and procedures to be synchronous with the business mechanisms and practical conditions from time to time to be well matched with the new regulations on petroleum business.

- Study and develop solutions to replace Egas software; Perfect and supplement new subsystems to absolutely exploit SAP-ERP management software features.

- Regularly update and evaluate the impacts of the legal regulations related to petroleum business, investment, procurement, bidding, etc., to minimize the risks during goods management, business, sales and investment.

- Improve the risk control efficiency at petrol station systems through solutions on enhancing awareness on risk management; develop the internal control environment and culture effectively.

- Enhance the periodic and irregular and remote inspection, control and enhance the capacity, responsibilities, activeness and coordination of the supervisors of the Companies and post-checking departments; Timely prevent and strictly handle the cases for personal benefits and fraud in the goods management, logistics and petroleum quality control at the terminals, vehicles and petrol stations.

(6) Labor - payroll

- Well control the labor margin at petroleum companies, improve the labor productivity through technology and automation applications.

- Study to design and develop the employee treatments and policies upon launch of the Group's Restructuring Project in the period of 2021-2025 with vision to 2035; Study to advise the BOM to continue improvement of employee income in the entire system.

- Recommend the Ministry of Industry and Trade to approve the proper working hours and non-working hours at petrol stations and terminals.

- Continue organization of training courses on Concentrated Training Programs held by the Group such as Training Program for sales executives, head of petrol station, sales employees, Officer Training and HR Management, Franchise Trader support training.

(7) Digital transformation

- Drastically perform the comprehensive digital transformation in accordance with the Group's Transformation Strategy in the period of 2021-2025 with vision to

2030 in accordance with the Decision No. 508/PLX-QD-HDQT of the Group's BOM dated 14 August 2023.

- Continue perfecting, drastically and absolutely the Non-Cash Payment solutions, expanding the test of RFID automatic payment and smart camera to identify nameplate upon each sales, etc., at Petrolimex petrol stations.

- Accelerate the drastic deployment of projects and proposals on Automation at Petrol Stations and Terminals.

- Apply the cutting-edge technology solutions to serve for goods management, governance and supervision from early sourcing, warehouse, internal rotation/transportation to sales at petrol stations.

- Launch the Petrolimex Digital Office application in entire system to the Employees directly working at petrol stations; enhance the internal communications, digital culture and training, etc., on DOffice.

(8) Green transformation

- Continue actively launch the implementation in accordance with the biofuel business road-map in accordance with the Decision No. 49/2011/QD-TTg dated 1 September 2011 and the Decision No. 53/2012/QD-TTg of the Prime Minister dated 22 November 2012.

- Launch the green and clean projects at other terminals, ports and petrol stations.

- Actively prepare to develop the market survey plan for potential materials which may be used to produce new generation fuel.

- Develop the entire-system CO2 emission measurement plan under the Decision No. 01/2022/QD-TTg of the Prime Minister dated 18 January 2022.

- Study to involve into pilot production, supply, distribution, transportation, import and export projects for Hydrogen and Ammoniac; Promote study to develop the labs for new products such as hydrogen, biofuel and synthesis fuel, etc.

(9) Innovation, creation

- Launch the innovation and creation movement on the entire system in accordance with Action Programs after Petrolimex Innovation and Technology Conference and Business - Finance - Risk Management Meeting held in 2023.

- Design and develop the digital environment, digital culture, corporate culture and internal communications to support and accelerate the innovation programs, international research and cooperation activities, pilot launch of practical and feasible technology projects, etc.

(10) For Corporations/Joint Stock Company, Liability Limited Company

- Concentrate on deploying the unit restructuring plan in accordance with the approved Restructuring Project in the period of 2021-2025 with vision to 2035, including PTC, PLL, PGCC and member units under PGCC.

- Take the breakthrough and renovation plan on business administration and new market approach; Enhance the investment, application and exploitation of digital tools and platforms to the petrol stations' sales and business services such as deployment of sales and communications application on digital platforms, etc.

- Promote the internal management, governance and control; Drastically launch solutions to minimize the overdue receivable debts (if any), particularly for potentially bad debts or insolvency in combination with security to put the debts to the safety zone. Make provisions for bad debts as prescribed.

- Take proper and timely treatment policies to encourage and motivate the staff and employees; Also direct timely and take corrective measures for the restrictions in the business system during the employee's working history.

Shareholders and Delegates,

Although 2023 was passed with myriad of difficulties and challenges, thanks to unity and great efforts, the Board of Directors and the Managers have successfully launch the Annual GMS's Resolutions, exceeding the 2023 plan targets approved by the Annual General Meeting of Shareholders.

The 2024 is evaluated to be characterized by more disadvantages than advantages, also recognized as the breakthrough year of the 5-year economic path in the period of 2021-2025. According to the assessment results of the 2023 fulfillment and the 2024 situation forecast, the BOD and the Managers commit to continue making the great efforts to lead and direct the Group's high performance, sustainable development, capital reserve and development, offering high added value to the shareholders.

On behalf of the Board of Directors, I would like to thank all shareholders, Ministries, departments, partners, and customers who have trusted and supported Petrolimex over the years. We are committed to continuing our best efforts for the sustainable development of Petrolimex.

I would like to wish you all good health, success, and happiness!

**ON BEHALF OF
THE BOARD OF DIRECTORS
CHAIRMAN**

Pham Van Thanh