***(Draft)***

**DESCRIPTION**

***The 2020 profit distribution plan***

Pursuant to the Circular No. 28/2016/TT-BLĐTBXH of the Ministry of Labor, Invalid and Social Affairs dated 1 September 2016 on providing guidance on implementation of regulations on labor, salary, compensation and bonus for companies whose shares or contributed capital portions are predominantly owned by the State;

Pursuant to the regulations on profit distribution at the Financial Management Regulation No. 477/PLX-QĐ-HĐQT of Petrolimex dated 9 September 2020;

Pursuant to the Resolution on approving the contents of the 2021 Annual General Meeting of Shareholders;

Pursuant to the 2020 production and business results of the Holding Company and Consolidated Petrolimex (Group/Petrolimex) at the audited financial statements;

Petrolimex’ 2020 profit distribution plan was designed as follows:

**I. Fulfillment of the profit plan assigned by the General Meeting of Shareholders**

*Unit: VND mill.*

|  |  |  |
| --- | --- | --- |
| **No.** | **Contents** | **Amount** |
| **A** | **Fulfillment of the plan assigned by the General Meeting of Shareholders** |  |
| 1 | Holding Company’s profit assigned by the 2020 General Meeting of Shareholders | 1.000.000 |
| 2 | Holding Company’s audited profit in 2020 | 1.028.815 |
| 3 | ***Profit exceeding the assigned plan (3%)*** | ***28.815*** |

**II. Distribution at the Group's Holding Company (Holding Company)**

In 2020, the Holding Company exceeded 3% of planned profit assigned by the General Meeting of Shareholders. Accordingly, the reliable basis was obtained to perform:

**1. Provision for Investment & Development Fund**

In order to have financial resources to launch the investment in developing petroleum station system and satisfy the future re-investment demand, it is required to make provision for Investment & Development Fund from the retained earnings after tax as prescribed.

**2. Provision for Bonus and Welfare Fund**

According to Article 18 of the Circular No. 28 on Bonus and Welfare Fund:

*“According to the annual profit upon fulfillment of obligations to the States and the capital Contribution Members as prescribed by the State and the Charter, the bonus and welfare fund for employees and managers is identified in accordance with the fulfillment of planed profit indicator as follows:*

*1. Bonus and Welfare Fund of the employees:*

*a) When the realized profit is obtained as planned, then the bonus and welfare fund shall not exceed 3 average monthly salary of employee, at most.*

*b) The realized profit exceeds the plan, in addition to deduction of bonus and welfare fund as specified in point b above, the company may further deduct 20%, not exceeding 3 average monthly salary of the employee.*

*c) When the realized profit is lower than that as planned, then at most, the bonus and welfare fund shall not exceed three average monthly salary of the employee multiplied with percent (%) between the realized profit and planned profit.*

*2. Bonus fund of the Company's manager:*

*a) When the realized profit is equal to or higher than that of the plan, then the bonus and welfare fund shall not exceed 1.5 average monthly salary of responsible manager, at most.*

*b) When the realized profit is lower than that of the plan, then the bonus and welfare fund shall not exceed 01 average monthly salary of responsible manager.*

*3. According to the bonus and welfare fund specified at Clause 1 of this Article, the Company decides the distribution into bonus and welfare fund for employees (not using bonus and welfare fund for bonus payment to the Company’s managers, excluding bonus under the legal regulation son emulation and reward) and welfare fund for investment in welfare works construction or repair, payment for the welfare activities of employees (including the Company’s managers).”*

**3. Dividend distribution to shareholders, holding 12% of contributed capital**

Although 2020 was severely affected by Covid-19 pandemic, Petrolimex still assured the dividend distribution at minimum level of 12% under the resolutions of the General Meeting of Shareholders. Among which, the dividend distribution sources were completely originated from the retained earnings after tax carried forward from the last year, i.e., VND 846,953 million and profit after tax in 2020.

**4. The 2020 fund distribution plan**

*Unit: VND mill.*

| **No.** | **Items** | **Amount** |
| --- | --- | --- |
| **1** | **Retained earnings after tax** | **1.939.377** |
| 1.1 | - Retained earnings after tax carried forward from 2019 | 846.953 |
| 1.2 | Profit after tax in 2020 | 1.092.424 |
| **2** | **Fund provision** | **24.578** |
| 2.1 | Provision for Bonus and Welfare Fund (03 average monthly salary of employee) | 16.776 |
| 2.2 | Provision for Bonus Fund of management (1.5 monthly salary) | 2.040 |
| 2.3 | Additional provision for Bonus and Welfare Fund (corresponding to 20% of profit exceeding the plan, not exceeding 03 average monthly salary of employee) | 5.763 |
| **3** | **Provision for Investment & Development Fund** | **327.727** |
| **4** | **Dividend distribution plan (12% of contributed capital)** |  |
| **4.1** | **Dividend distribution resources** | **1.492.576** |
| - | Distribution from 2019 carried-forward profit | 846.953 |
| - | Distribution from 2020 profit | 645.623 |
| **4.2** | **Dividend distribution amount in 2020** | **1.492.576** |
| **-** | *The State shareholders* | 1.178.024 |
| - | *Others* | 314.552 |
| **5** | **Retained earnings in 2020** | **94,495** |
| **6** | **Remaining accumulated profit carried forward to 2021** | **94,495** |

**THE BOARD OF MANAGEMENT**