



CÔNG TY CỔ PHẦN KINH DOANH KHÍ MIỀN NAM
SOUTHERN GAS TRADING JOINT STOCK COMPANY



STRENGTHS PERMEATING

ANNUAL REPORT 2018 / www.pgs.com.vn

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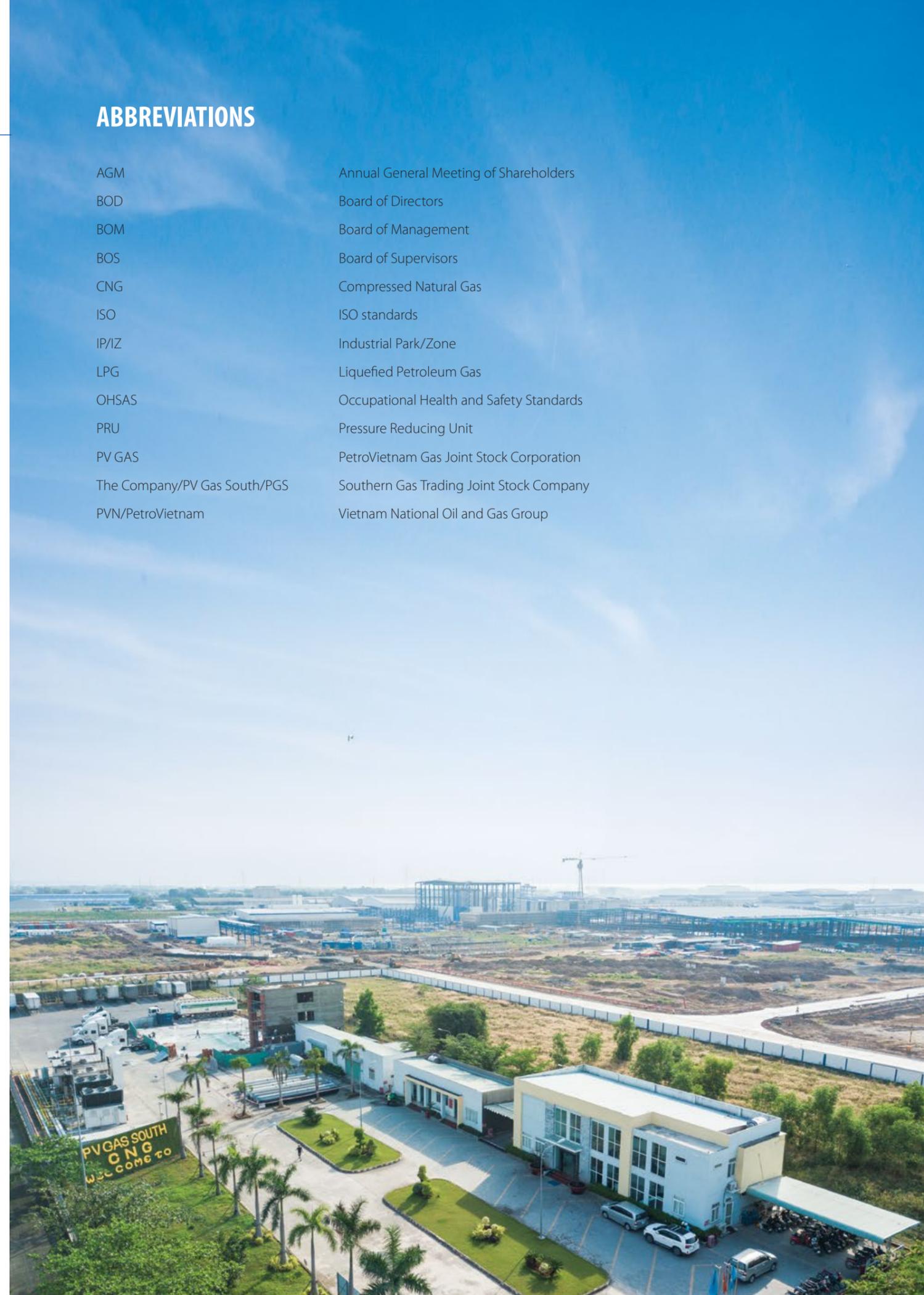
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ABBREVIATIONS

AGM	Annual General Meeting of Shareholders
BOD	Board of Directors
BOM	Board of Management
BOS	Board of Supervisors
CNG	Compressed Natural Gas
ISO	ISO standards
IP/IZ	Industrial Park/Zone
LPG	Liquefied Petroleum Gas
OHSAS	Occupational Health and Safety Standards
PRU	Pressure Reducing Unit
PV GAS	PetroVietnam Gas Joint Stock Corporation
The Company/PV Gas South/PGS	Southern Gas Trading Joint Stock Company
PVN/PetroVietnam	Vietnam National Oil and Gas Group





TOTAL REVENUE

6,604.36 BILLION VND

EXCEEDED 11.4% OF PLAN

Dear Valued Shareholders, Investors, Business Partners
and All Staffs,

Vietnam's economy continued to experience a positive year of 2018, with GDP maintained a stable growth rate of 7.08%. This was the second consecutive year that Vietnam's economy recorded a growth rate of over 6.7%, a bright spot in the context of world-wide turbulent economy, geopolitics, trade war...

However, the determinant to PVGas South's business activities being the oil price was not so positive. The world oil prices experienced constant fluctuations with stronger amplitude in 2018. The recovery trend since quarter 1/2016 helped crude oil prices reach approximately 87 USD/barrel, but then plummeted in quarter 4/2018 and marked the strongest decline in the last three years.

The business environment became more and more difficult when Decree No.87/2018/ND-CP on gas trading was issued, reduced many business conditions and led to more severe competition in the LPG market. In addition, the input gas price for CNG production has increased, affecting the search for new customers and volume acceleration. LPG cylinder manufacturing also faced many difficulties such as regular fluctuations with high amplitude in material prices.

In the context of a more complex business environment, the Company worked out business solutions, reasonably approached the market in the spirit of **"STRENGTHS PERMEATING"**, constantly enhanced the competitive advantages, dominated market share, and maximized production and business efficiency. With the endless efforts of the Management and all employees, the Company excellently exceeded all targets assigned by AGM and assured a sustainable growth.

The Company fulfilled the 2018 targets and continued to enhance the efficiency of LPG and CNG business as well as gas cylinder production. Specifically:

- » LPG consumption volume reached 302,943 tons, exceeded 2.0% of the annual plan. LPG cylinder production reached 378,739 cylinders, exceeded 2.3% of annual plan. CNG consumption volume amounted to 134.4 million Sm³, surpassed 7.6% of the plan.
- » Total revenue was recorded at 6,604.36 billion VND, exceeded 11.4% of the plan. Profit before tax was 137.30 billion VND, exceeded 1.0% of the plan. Profit after tax/Charter capital ratio was accounted at 21.9%.

In 2019, the world economy is forecasted to be more difficult due to the tightened monetary policy taking place in some major economies, as well as the implications from the US-China trade war and challenges from increasing political conflicts. The oil and gas market is expected to face a lot of challenges, and oil prices will not have many positive changes compared to 2018.

However, the domestic economy is expected to maintain positive prospects thanks to the improvement of internal strength in recent years. The high rate of urbanization, free trade agreements taking effect, more FDI inflows... will open up business opportunities for PVGas South.

In 2019, the BOD will focus on forming strategies for the new development period, continuing to improve the efficiency of corporate governance, coordinating with the BOM to have timely directions and guidance as well as flexible and creative solutions to constantly maximize the efficiency of production and business activities, maximizing value for shareholders, partners and serving the community-society. PVGas South commits to the sustainable development strategy, striving to maintain the leading position in LPG, CNG and LPG cylinder business in Vietnam.

On the journey to conquer strategic objectives, PVGas South has received punctual support and close guidance from organizations/agencies, PVGas, PVN as well as cooperation of Shareholders and tireless efforts of Employees. On behalf of the BOD, I would like to thank you for accompanying the Company and wish you good health and success.

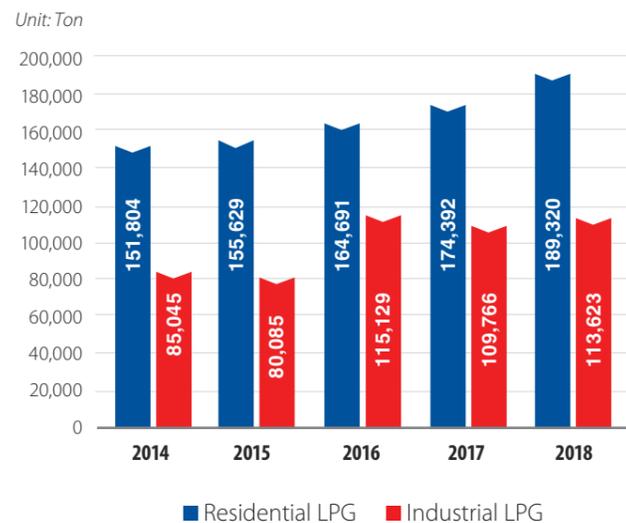
Best regards,

DO TAN

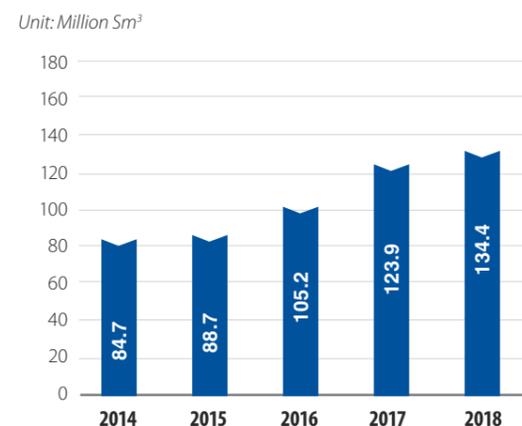
CHAIRMAN OF THE BOARD OF DIRECTORS



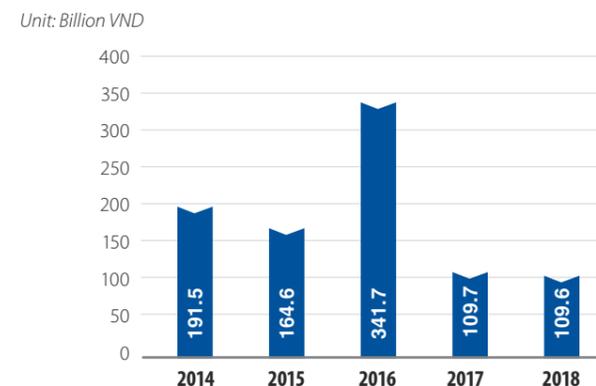
LPG CONSUMPTION VOLUME IN THE PERIOD 2014-2018



CNG CONSUMPTION VOLUME IN THE PERIOD 2014-2018



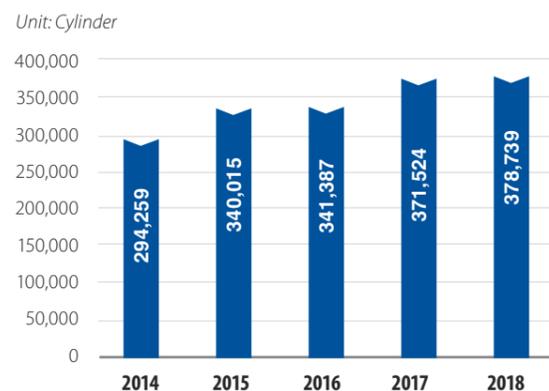
CONSOLIDATED PROFIT AFTER TAX IN THE PERIOD 2014-2018



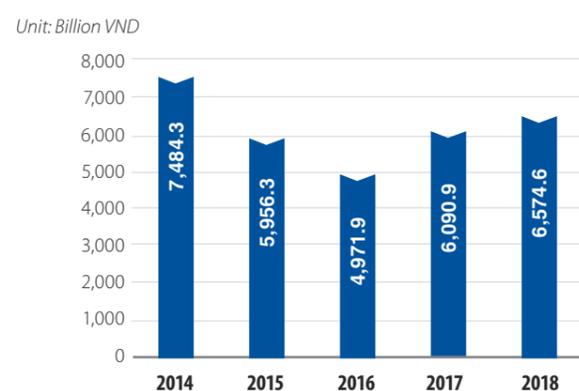
TOTAL ASSETS IN THE PERIOD 2014-2018



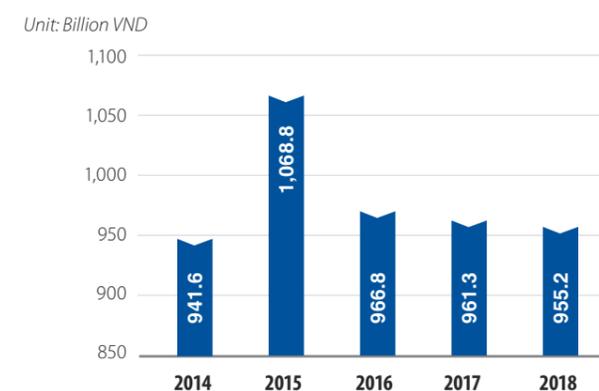
NEW LPG CYLINDER VOLUME IN THE PERIOD 2014-2018



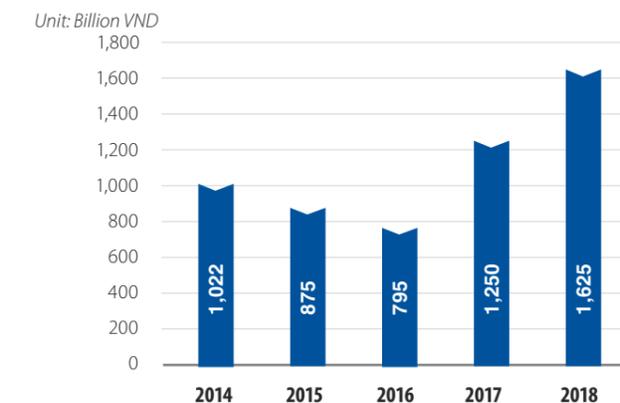
NET REVENUE IN THE PERIOD 2014-2018



OWNERS' EQUITY IN THE PERIOD 2014-2018



MARKET CAPITALIZATION IN THE PERIOD 2014-2018
(AS AT THE END OF THE FINANCIAL YEAR)



(*) Note: 2014-2015 financial figures are consolidated figures.



STRENGTH

OF
GREEN FUELS
LPG, CNG

OVERVIEW OF PVGAS SOUTH

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1



Transaction name : Công ty Cổ phần Kinh doanh Khí Miền Nam

English name : Southern Gas Trading Joint Stock Company

Abbreviation : PVGAS SOUTH JSC

Stock symbol : PGS

Listing date : 15/11/2007

Stock exchange : HNX

Logo : 

Business Registration Certificate: No. 0305097236, first registration on 25/07/2007 issued by the Department of Planning and Investment of Ho Chi Minh City, and 20th registration amendment on 18/05/2018.

Charter capital : 500 billion VND

Owners' equity : 955.2 billion VND (as at 31/12/2018)

Head Office : 4th Floor, PetroVietnam Tower,
No. 1-5 Le Duan, Ben Nghe Ward,
District 1, Ho Chi Minh City

Telephone : (84.28) 3910.0324 - 3910.0108

Fax : (84.28) 3910.0165

Website : <http://www.pgs.com.vn>





2000
**SOUTHERN GAS ENTERPRISE
WAS ESTABLISHED**

The predecessor of PetroVietnam Southern Gas JSC (now Southern Gas Trading JSC) was Southern Gas Trading Enterprise directly under PetroVietnam Gas Joint Stock Corporation (PVGas) established on 28/3/2000 under Decision No. 389/QĐ-HĐQT approved by the BOD of Vietnam Oil and Gas Corporation (now Vietnam National Oil and Gas Group).

2007
**JOINT STOCK COMPANY
MODEL OFFICIALLY PUT
INTO OPERATION AND
LISTING ON HNX**

PVGas South officially operated under the JSC model since 25/07/2007 with a charter capital of 150 billion VND. In the same year, 15 million of the Company's shares were officially listed on Hanoi Stock Exchange (HNX) with stock symbol of PGS.

ACHIEVED CERTIFICATES ON QUALITY MANAGEMENT SYSTEM (ISO) AND SAFETYMANAGEMENTSYSTEM(OHSAS)

PVGas South was accredited and certified by the British Standards Institute (BSI) for the Quality Management System according to ISO 9001:2000, Environment Management System ISO 14001:2000; and the Occupational Health and Safety Management System OHSAS 18001:2000, and continuously upgraded to the new version in coming years.

2011
**INCREASED THE CHARTER
CAPITAL TO 380 BILLION VND**

Successfully issued 22,124,400 shares, equivalent to par value of 221.244 billion VND for existing shareholders, employees and strategic shareholders, to raise the charter capital to 380 billion VND.

2006
**PVGAS SOUTH WAS
ESTABLISHED**

On 12/04/2006, PetroVietnam Southern Gas Company (PVGas South) was established on the basis of Southern Gas Trading Enterprise directly under PetroVietnam Gas Joint Stock Corporation (PV Gas) and LPG Business Division of Oil and Gas Trading Company (Petechim).

2009
**PIONEER IN COMPRESSED
NATURAL GAS (CNG)
BUSINESS**

PVGas South is the pioneer in providing Compressed Natural Gas (CNG) in market, and serves demand of fuel for industrial zones and transportation vehicles.

2015
**15TH ANNIVERSARY - INCREASED
THE CHARTER CAPITAL TO 500
BILLION VND**

After 15 years of operating, LPG consumption volume reached over 230,000 tons per year and annual revenue reached approximately 6,000 billion VND and continued to grow strongly.

12 million shares were issued for existing shareholders, equivalent to par value of 120 billion VND from owners' equity, and raised the Company's charter capital to 500 billion VND.

2016
**RESTRUCTURED THE
ORGANIZATION - CHANGED
THE COMPANY'S NAME**

The organizational restructure was implemented through divestment from CNG Vietnam JSC, transforming Vietnam LPG One Member Co., Ltd. into VT GAS Branch, and Eastern LPG One Member Co., Ltd. into Eastern Branch. At the same time, PVGas South also officially changed the name to Southern Gas Trading Joint Stock Company in May 2016.

2017
**BUSINESS ACTIVITIES SAW
SPECTACULAR GROWTH**

After one year of restructuring, the Company's business activities saw spectacular growth. Total revenue exceeded 6,000 billion VND level to 6,101.5 billion VND, fulfilled 128.6% of the plan and soared by 13.5% compared to 2016. Profit before tax was recorded at 138.2 billion VND, reached 110.4% of the annual plan.

2018
**MAINTAINED THE LEADING
POSITION IN LPG, CNG AND
LPG CYLINDER BUSINESS IN
VIETNAM**

After more than 18 years of establishment and development, PVGas South continued to maintain the leading position in LPG, CNG and LPG cylinder business in Vietnam: supplied 302,943 tons of LPG, 378,739 LPG cylinders and approximately 134.4 million Sm³ of CNG with total revenue of 6,604.4 billion VND.

Built up prestigious brand in the mind of business partners and consumers for PETROVIETNAM GAS and 7 LPG cylinder brandnames: PetroVietnam Gas, Petroleum Gas, VT – Gas, A Gas, JP Gas, Dak Gas, and Dang Phuoc Gas.



LABOR ORDER
SECOND CLASS

The State's President in 2012

EXCELLENT UNIT IN
**THE EMULATION MOVEMENT
IN 2015** *The Government*

EXCELLENT UNIT IN
**THE EMULATION MOVEMENT
IN 2012, 2014**
The Ministry of Industry and Trade

CERTIFICATE OF
TRUSTED BRAND 2016
*International Organization for Assessment
Accreditation Interconformity (Federal Republic of Germany)
in association with the Trade Union Council - Institute of
Vietnamese Enterprises*

**TOP 30
MOST TRANSPARENT ENTERPRISES
IN 2015- 2016**

Hanoi Stock Exchange (HNX)

**TOP 30
BEST ANNUAL REPORTS
IN 2016**

*Ho Chi Minh City Stock Exchange (HOSE)
and Securities Investment Newspaper*

**TOP 10
BEST ANNUAL REPORT
FOR MID CAP COMPANIES
IN 2018**

*Ho Chi Minh City Stock Exchange (HOSE), Hanoi Stock Exchange
(HNX) and Securities Investment Newspaper*





SHAREHOLDERS' STRUCTURE AND CAPITAL INCREASE HISTORY

SHAREHOLDERS' STRUCTURE

Share information (as at 31/12/2018)

Ordinary shares	: 50,000,000 shares
Outstanding shares	: 49,998,794 shares
Treasury shares	: 1,206 shares
Number of free floating shares	: 50,000,000 shares
Number of limited transferring shares	: 0 shares

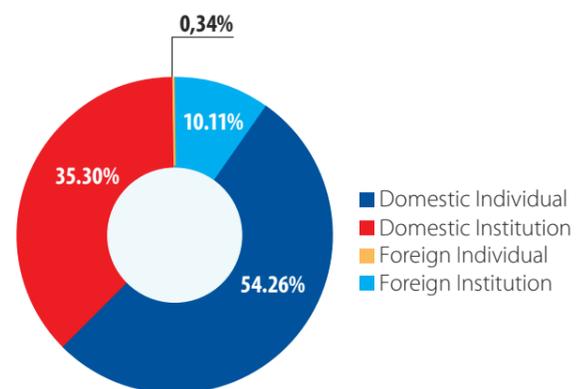
Shareholders' structure (as at 31/12/2018)

Type of Shareholders	Number of Shares	%/Charter Capital
Domestic Shareholders	44,778,915	89.56
Individual	27,130,555	54.26
Institution	17,648,360	35.30
Foreign Shareholders	5,221,085	10.44
Individual	167,620	0.34
Institution	5,053,465	10.11
Total	50,000,000	100.00

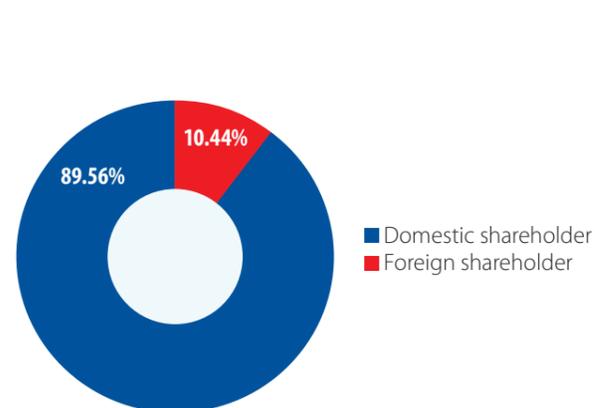
Major shareholders holding more than 5% of charter capital (as at 31/12/2018)

Name of Institution/ Individual	ID/Passport/Business Registration number	Address	Number of shares	Ratio (%)
PetroVietnam Gas Joint Stock Corporation (PV GAS)	3500102710	PV GAS Tower, 673 Nguyen Huu Tho, Phuoc Kien Commune, Nha Be District, HCMC	17,631,579	35.26

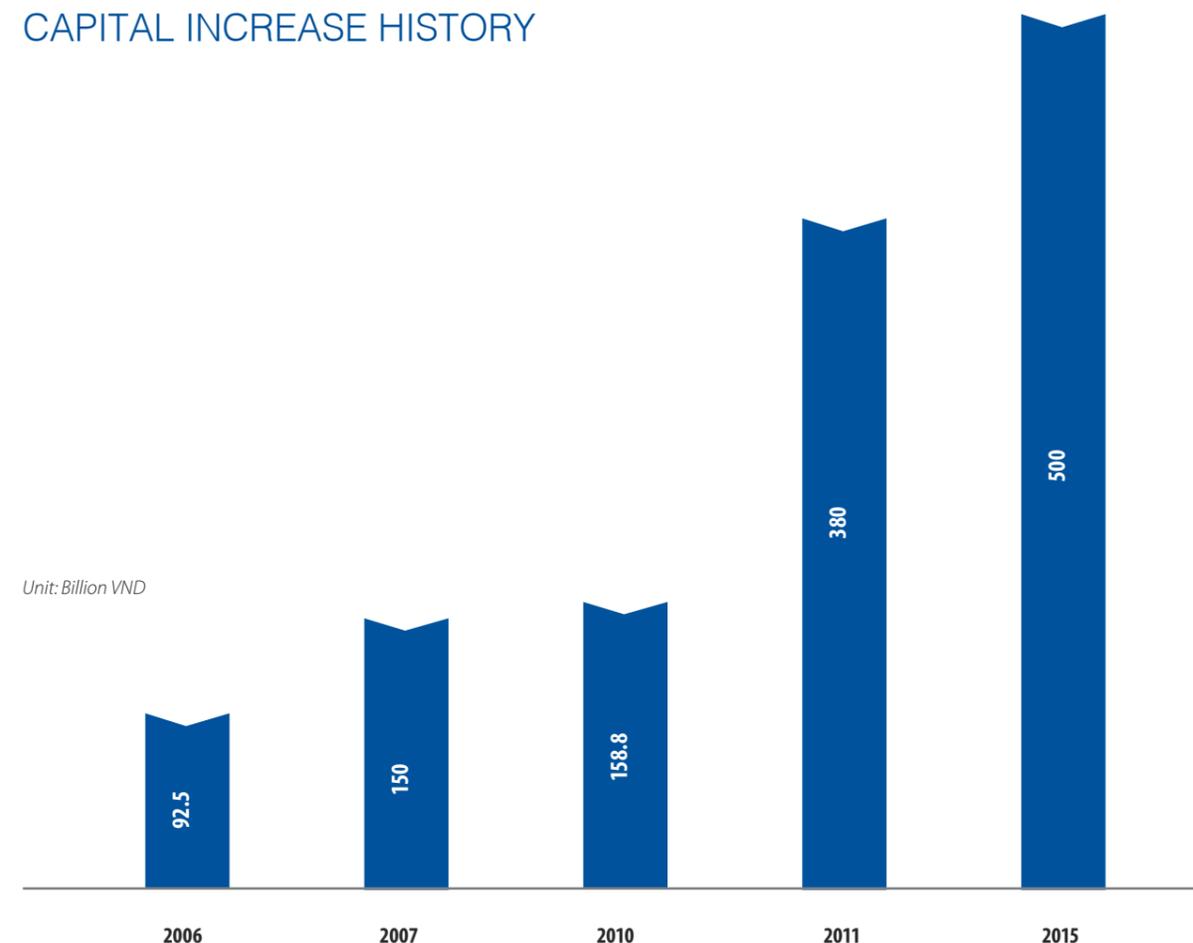
SHAREHOLDERS' STRUCTURE AS AT 31/12/2018



SHAREHOLDERS' STRUCTURE AS AT 31/12/2018

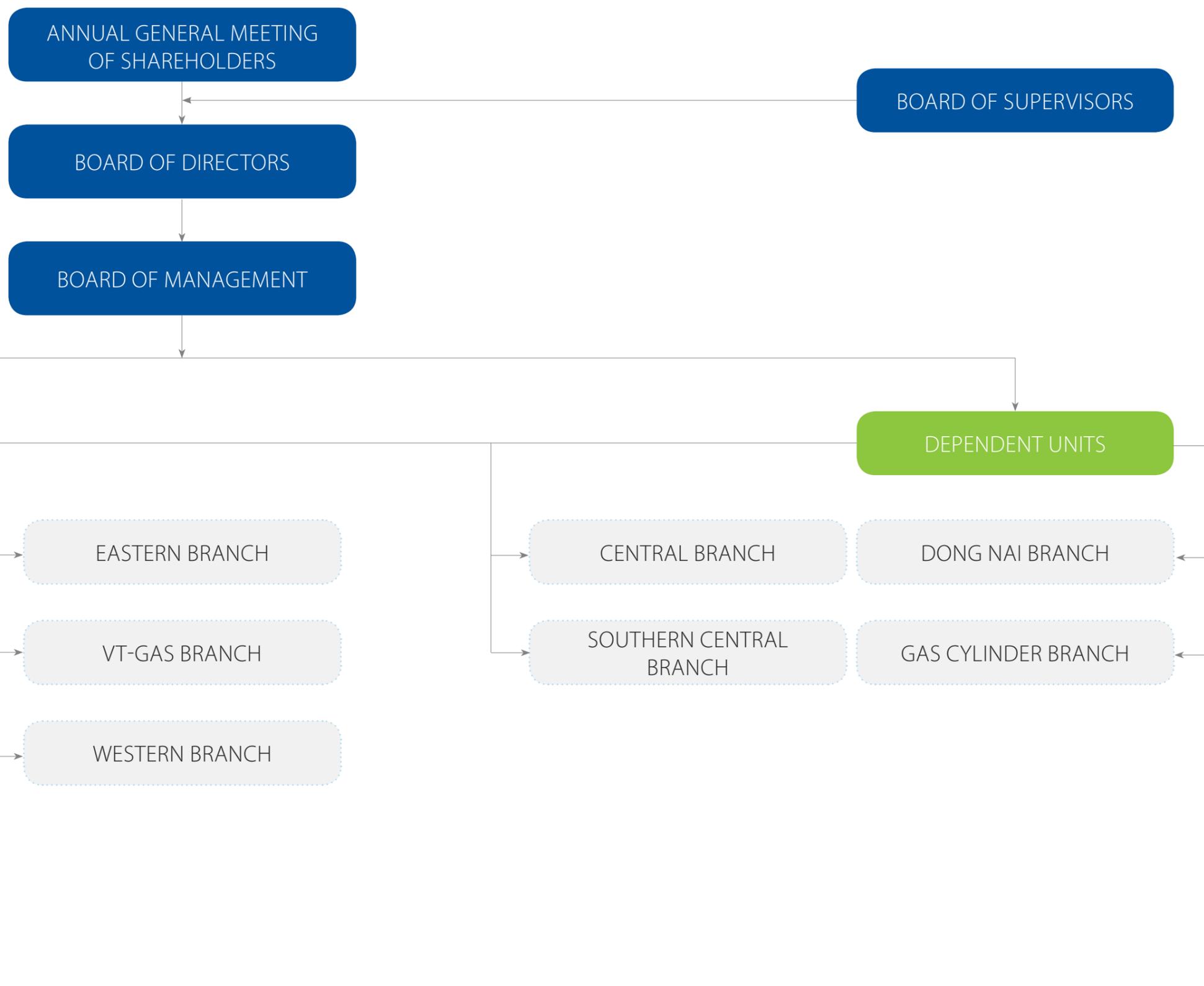


CAPITAL INCREASE HISTORY



GOVERNANCE MODEL

PVGAS SOUTH IS OPERATING AS A JOINT STOCK COMPANY WITH A FUNCTIONAL STRUCTURE AND DOES NOT INVEST IN SUBSIDIARIES OR ASSOCIATES.





Mr. **DO TAN**
Chairman of BOD

Date of birth: 15/07/1972

Place of birth: Hai Duong

Qualifications: Master of Business Administration, Bachelor of Commercial Economy

Ownership representative for PVGas: 6,376,073 shares, accounting for 12.75% of charter capital

Personal ownership: 0 shares



Ms. **NGUYEN MINH NGOC**
Non-Executive BOD Member

Date of birth: 27/04/1964

Place of birth: Nam Dinh

Qualifications: Bachelor of Industrial Economic Management, Bachelor of Russian Literature

Ownership representative for PVGas: 3,000,000 shares, accounting for 6.0% of charter capital

Personal ownership: 0 shares



Mr. **VU QUY HIEU**
BOD Member cum Director

Date of birth: 01/01/1977

Place of birth: Thai Binh

Qualifications: Master of Business Administration, Bachelor of Finance and Accounting

Ownership representative for PVGas: 6,355,506 shares, accounting for 12.71% of charter capital

Personal ownership: 0 shares



Mr. **HA ANH TUAN**
Independent BOD Member

Date of birth: 10/09/1953

Place of birth: Hai Phong

Qualification: Engineer of Petroleum Technology, Bachelor of Foreign Trade

Ownership representative for PVGas: 0 shares

Personal ownership: 13,157 shares, accounting for 0.026% of charter capital



Mr. **TRAN VAN NGHI**
BOD Member cum Deputy Director

Date of birth: 16/09/1975

Place of birth: Nam Dinh

Qualifications: Geophysical Engineer

Ownership representative for PVGas: 1,900,000 shares, accounting for 3.8% of charter capital

Personal ownership: 0 shares



BOARD OF MANAGEMENT AND CHIEF ACCOUNTANT



Mr. **VU QUY HIEU**
BOD Member cum Director

Date of birth: 01/01/1977

Place of birth: Thai Binh

Qualifications: Master of Business Administration, Bachelor of Finance and Accounting



Mr. **DAO HUU THANG**
Deputy Director

Date of birth: 17/05/1982

Place of birth: Can Tho

Qualifications: Bachelor of General Accounting



Mr. **TRAN VAN NGHI**
BOD Member cum Deputy Director

Date of birth: 16/09/1975

Place of birth: Nam Dinh

Qualifications: Geophysical Engineer



Mr. **DANG VAN VINH**
Deputy Director

Date of birth: 10/07/1967

Place of birth: Nghe An

Qualifications: Master of Business Administration, Bachelor of Economics



Mr. **NGUYEN HAI LONG**
Deputy Director

Date of birth: 20/06/1978

Place of birth: Ha Nam

Qualifications: Bachelor of Business Administration



Mr. **NGO AN HOA**
Chief Accountant

Date of birth: 13/08/1984

Place of birth: Long An

Qualifications: Bachelor of Accounting and Auditing



Ms. **NGUYEN THUC QUYEN**
Head of BOS

Date of birth: 11/05/1970

Place of birth: Ha Noi

Qualifications: Bachelor of Finance and Accounting, Bachelor of English Language



Mr. **PHAM TUAN ANH**
BOS Member

Date of birth: 15/06/1988

Place of birth: Ba Ria - Vung Tau

Qualifications: Bachelor of Finance and Accounting



Ms. **TRAN THI THU HIEN**
BOS Member

Date of birth: 18/11/1975

Place of birth: Hai Duong

Qualifications: Bachelor of Accounting, Bachelor of Laws





SCOPE OF BUSINESS

- » Trading LPG, CNG, cylinders and Petroleum products; Manufacture LPG cylinders.
- » Trading Liquefied Natural Gas (LNG). Trading, constructing, maintaining and repairing equipment and works related to LNG. Extracting LNG into gas tanks, cars and other equipment, system, vehicles.
- » Producing and exporting metal tanks used for compressed gas, liquefied petroleum gas, gas (Liquefied petroleum gas cylinders, excluding plating).
- » Transporting goods by specialized vehicles: liquid trucks, liquefied gas vehicles, chemical trucks, refrigerated vehicles; Cargo transportation by container.
- » Designing, constructing, and investment consulting in projects of liquified gas, industrial gas, transferring technology, exploiting business, maintaining civil works related to liquefied petroleum gas.
- » Providing services related to liquefied petroleum gas and gas products in fields of industry, civil and transport.
- » Import and export of liquefied petroleum gas, materials, equipment and facilities for transporting, storing, packing and trading liquefied petroleum gas.
- » Trade petroleum, lubricant and other additives related to petroleum and lubricant.
- » Trading fertilizer, real estate; handling services. Wholesale of machinery, equipment and other spare parts.

KEY CUSTOMERS

LPG	LPG cylinder	CNG
Suntory Pepsi	Sopet Gas One	Samsung
Vinamilk	Saigon Petro	Nam Kim Steel
Rohto Mentholatum (Vietnam)	Gia Dinh Gas	SeAH
Novaland	TOTALGAZ	Pomina
Vinpearl Group	Petro Central	SSSC
Sun Group	SR Group	BMT Asphalt
Saigon Tourist		Lix Detergent
Hoa Sen Group		King Minh
CEO Group		Sojitz Vietnam
Dong Tam Group		Saigon Bus

LIQUEFIED PETROLEUM GAS (LPG)

LPG PRODUCTS

Liquefied Petroleum Gas (LPG - Liquefied Petroleum Gas), often referred as gas, is a group of hydrocarbon gases included mainly propane (C₃H₈) and butane (C₄H₁₀) or a mixture of both, arising from the process of refining crude oil or processing natural gas. LPG is usually in gaseous form at normal temperature, but it can be liquefied by compressing (without cooling) being convenient for storage and transportation.

LPG is used for many **INDUSTRIAL** and **RESIDENTIAL** purposes:

- » Used as a fuel for vehicles. LPG burns more easily than diesel or petrol. Therefore, LPG is commonly used as fuel for vehicles around the world because of higher efficiency and degree of environmental friendliness.
- » Used as coolants.
- » Used as the input for chemical industry.
- » Used for drying agricultural products.
- » Used as the fuel in food processing industry, paper making, plastic bead making and even explosives.
- » Used as the fuel for running generator turbine.
- » Used as the fuel for cooking.
- » Used for heating.

LPG BUSINESS AND DISTRIBUTION MODEL



- » Receiving LPG from LPG dedicated carriers.
- » Almost the Company's LPG is supplied by **PetroVietnam Gas Joint Stock Corporation and Binh Son Refining and Petrochemical Joint Stock Company**.
- » LPG will be stored at **storages**.
- » From storages, LPG will be transported to extracting stations to serve **residential customers**.
- » Or transported by vehicles/ dedicated carriers to **industrial customers**.



RESIDENTIAL LPG

RESIDENTIAL LPG PRODUCTS

Residential LPG (LPG cylinders) are LPG extracted into **6kg, 12kg, 20kg and 45kg** cylinders, served for consumers' demands such as households, restaurants, hotels and canteens...

Appearing on the market from 2000, PV Gas South's residential LPG trading has strongly grown over years. Up to now, it has occupied the largest market share in residential gas market.

All cylinders of PV Gas South are made by the imported steel source from Japan to ensure manufacturing standards such as DOT-4BA-240, DOT-4BW-240, KGS-AC211 (Korea) and national technical standards about safety of steel cylinders contained liquefied petroleum gas QCVN04:2013/BCT. The LPG cylinder under pressure when stored at operating pressure of 7kg-9kg/cm², and are inspected and granted safety certificate by State authorities, allowing trading and use.



LPG CYLINDER 06KG

Target users: The 6kg cylinder is launched to the market in 2017, mainly serve utility needs of students, workers...

Cylinder weight: 8.1 – 8.5 kg

LPG weight: 6kg ± 50g



LPG CYLINDER 45KG

Target users: The 45kg cylinder is mainly served the LPG consumption demand with large scale such as restaurants, hotels, schools, canteens and factories with small or medium scale.

Cylinder weight: 37-40kg

LPG weight: 45kg ± 200g



LPG CYLINDER 12KG

Target users: The 12kg cylinder mainly serves the LPG consumption demand with small scale and retailers such as daily activities of households, small restaurants, and producers' demand with small gas cylinder.

Cylinder weight: 12.1 – 14.5 kg

LPG weight: 12kg ± 100g



LPG CYLINDER 20KG

Target users: The 20kg cylinder mainly serves the LPG consumption demand of offshore fishing households and customers with the medium scale such as restaurants, eateries, and producers using gas fuel.

Cylinder weight: 19.2 – 19.8 kg

LPG weight: 20kg ± 100g

This product is researched and developed by PV Gas South, based on real demands on market. PV Gas South is the pioneer of delivering 20 kg cylinders into market, and diversifying residential gas market.

RESIDENTIAL LPG BRANDS

The Company has built up prestigious brands in the mind of business partners and consumers for PETROVIETNAM GAS and 7 LPG cylinder brandnames: PetroVietnam Gas, Petroleum Gas, VT – Gas, A Gas, JP Gas, Dak Gas, and Dang Phuoc Gas.



RESIDENTIAL LPG BUSINESS SYSTEM

PVGas South is the leader of gas trading and distribution in the region as well as whole country with extensive business network for both LPG and CNG products.

The Company's LPG business network has covered all provinces from Quang Binh to Ca Mau, including the system of LPG storage and extraction stations. In addition to the main market HCMC, PVGas South has focused on developing satellite extraction system located throughout the South West, South Central and South East markets; parallel sets up a system of LPG distributing agents, periodically meets and exchanges policies in order to consolidate, push and unify the price level, and strengthen distribution system and competitiveness.



STORAGE SYSTEM

PVGas South's storage system includes 4 warehouses built from the Central to South West area with total capacity of 8,100 tons and increasing in the future. This not only offers the advantage of operation scale, but also gives more flexibility for the Company in inventory management to limit LPG price fluctuation in market.

No.	Storage	Total capacity (Tons)	Address
1	Can Tho Storage	1,600	Lot II.5, II.6, Tra Noc II IZ, Can Tho
2	Go Dau Storage	4,000	Go Dau A Port, Phuoc Thai Commune, Long Thanh District, Dong Nai Province
3	VT Gas Dong Nai Storage	1,000	Dong Nai Port, Long Binh Tan Ward, Bien Hoa City, Dong Nai Province
4	Dung Quat Storage	1,500	Dung Quat Eastern IZ, Binh Thuan commune, Binh Son District, Quang Ngai Province
Total		8,100	

EXTRACTION STATION SYSTEM

In addition to storage system, the extraction station system is also invested by PVGas South including 17 owned stations allocated throughout markets at the Central, South Central, Southeast, Southwest and Central Highlands with a total capacity of 15,600 tons/month. This system meets adequately and punctually LPG demand for customers, and help PV Gas South maintain the leading position in trading LPG with 35.6% of market share in the Southern market.

PVGas South's LPG extraction station system has total capacity of 20,240 tons/month, in which the Company owns 17 stations with total capacity of 15,600 tons per month and leases 16 stations with total capacity of 5,440 tons/month. PVGas South continues to push new investments and expand existing extraction stations.

No.	Business Unit	Province/City	Ownership	Capacity (tons/month)
I VT Gas Branch				4,500
1	Quang Tri LPG Extraction Station	Quang Tri	PVGas South	400
2	Dong Nai LPG Extraction Station	Dong Nai	PVGas South	2,500
3	Da Nang LPG Extraction Station	Da Nang	PVGas South	800
4	Lam Dong LPG Extraction Station	Lam Dong	PVGas South	800
II Eastern Branch				4,000
1	Vinh Loc LPG Extraction Station	HCMC	PVGas South	1,800
2	Binh Thuan LPG Extraction Station	Binh Thuan	PVGas South	500
3	Vung Tau LPG Extraction Station	BR – VT	PVGas South	600
4	Binh Phuoc LPG Extraction Station	Binh Phuoc	PVGas South	500
5	Tay Ninh LPG Extraction Station	Tay Ninh	PVGas South	600
III Western Branch				3,400
1	Can Tho LPG Extraction Station	Can Tho	PVGas South	2,400
2	Tien Giang LPG Extraction Station	Tien Giang	PVGas South	400
3	Ca Mau LPG Extraction Station	Ca Mau	PVGas South	600
IV Central Branch				2,200
1	Binh Dinh LPG Extraction Station	Binh Dinh	PVGas South	500
2	Dung Quat LPG Extraction Station	Quang Ngai	PVGas South	1,200
3	Gia Lai LPG Extraction Station	Gia Lai	PVGas South	500
V South Central Branch				1,500
1	Nha Trang LPG Extraction Station	Nha Trang	PVGas South	800
2	Dak Lak LPG Extraction Station	Dak Lak	PVGas South	700
Total capacity of PVGas South's LPG extraction system (17 stations)				15,600

LPG DISTRIBUTION STORES

Besides storage systems, extraction stations, PV Gas South PVGas South has built up an extensive distribution network. In 2018, PVGas South continued to boost retail strategy according to the Group's orientation, opened 18 new retail stores, and raised the total retail stores under the Company to 109 stores.

SOME RETAIL STORES UNDER PVGAS SOUTH

No.	Business Unit	Store	Address
1	1	Number 1	No. 1032 Lac Long Quan Street, Ward 08, Tan Binh District, HCMC.
2	2	Number 2	339 Dinh Bo Linh Street, Ward 26, Binh Thanh District, HCMC.
3	3	Number 4	No. 131 Bach Dang Street, Ward 02, Tan Binh District, HCMC
4	4	Number 5	No. 29A Street No. 51, Ward 14, Go Vap District, HCMC
5	5	Number 6	No. 72/28 Ngo Tat To Street, Ward 19, Binh Thanh District, HCMC
6	6	Number 7	53 Nguyen Tuyen Street, Binh Trung Tay Ward, District 2, HCMC
7	7	Number 8	No. 464 Tan Ky Tan Quy, Son Ky Ward, Tan Phu District, HCMC
8	8	Number 9	No. 166 Tran Van Kieu, Ward 10, District 6, HCMC
9	9	Number 10	No. 200 Ton Dan, Ward 8, District 4, HCMC
10	10	Thu Duc	No. 77 To Ngoc Van, Linh Tay Ward, Thu Duc District, HCMC
11	11	Binh Duong	K1 / A46 Hoang Hoa Tham, Hiep Thanh Ward, Thu Dau Mot City, Binh Duong Province
12	12	Vung Tau LPG Trading	No. 02 Nguyen Luong Bang, Ward 9, Vung Tau City, Ba Ria-Vung Tau Province
13	13	Bao An	No. 1401, 30/4 Street, Ward 12, Vung Tau City, Ba Ria-Vung Tau Province
14	14	Dong Nai	No. 9A, Dong Khoi Street, Ward 11, Tan Phong Ward, Bien Hoa City, Bien Hoa Province
15	15	Binh Phuoc No. 1	Phu Binh Quarter, An Loc Ward, Binh Long Town, Binh Phuoc Province
16	16	Tay Ninh No. 1	Lot 2, Binh Hoa, Binh Thanh Commune, Trang Bang District, Tay Ninh Province

Eastern Branch

No.	Business Unit	Store	Address
17	1	Tien Giang	Tan My Chanh Industrial Group, Ward 9, My Tho City, Tien Giang Province
18	2	Tien Giang Petroleum	No. 15/11, National Road 1, Quarter 1, Ward 10, My Tho City, Tien Giang Province
19	3	Thot Not	National Road 91, Thoi An area, Thuan An Ward, Thot Not District, Can Tho City
20	4	Cai Rang	No. 63, National Road 1, Ba Lang Ward, Cai Rang District, Can Tho City
21	5	Petroleum	No. 210, Vo Van Kiet Street, An Thoi Ward, Binh Thuy District, Can Tho City
22	6	An Giang	Lot G1, G2 Sao Mai urban area, Binh Khanh Ward, Long Xuyen City, An Giang Province
23	7	Phu Quoc	Group 1, Nguyen Hue Street, Quarter 8, Duong Dong Town, Phu Quoc District, Kien Giang
24	8	Vinh Long	138C, Dinh Tien Hoang Street, Ward 8, Vinh Long City, Vinh Long Province
25	9	Ca Mau	No. 18/4 Ly Thuong Kiet Street, Ward 6, Ca Mau City
26	10	Petroleum 03	No. 322, Thoi Hoa Ward, Phuoc Thoi Ward, District, Can Tho City
27	11	Petroleum 01	No. 390V.14B Nguyen Van Cu Street, An Khanh Ward, Ninh Kieu District, Can Tho City
28	12	Bac Lieu Petroleum	Tan Tao Hamlet, Chau Hung Town, Vinh Loi District, Bac Lieu Province
29	13	Ben Tre Petroleum	No. 441B, Hamlet 1, Son Dong Commune, Ben Tre City, Ben Tre Province
30	14	Hau Giang Petroleum	No. 36 Nguyen Thai Hoc, Ward 1, Vi Thanh City, Hau Giang Province
31	1	Da Lat	44 Thanh Mau, Ward 7, Da Lat City, Lam Dong Province
32	2	Cam Ranh	No. 31, 3/4 Street, Ward Cam Phu, Cam Ranh City, Khanh Hoa Province
33	3	Nha Trang	No. 12A Le Hong Phong, Nha Trang City, Khanh Hoa Province
34	4	Ninh Thuan	No. 75, Ngo Gia Tu Street, Thanh Son Ward, Phan Rang - Thap Cham City, Ninh Thuan Province
35	5	Ninh Hoa	No. 329 Hung Vuong Street, Van Gia Town, Van Ninh District, Ninh Hoa Town, Khanh Hoa Province
36	6	Binh Thuan	Xuan Hoa Hamlet, Phong Nam Commune, Phan Thiet City, Binh Thuan Province

Western Branch

South Central Branch

LPG DISTRIBUTION STORES (continued)

No.	Business Unit	Store	Address
37	1	Quang Ngai	No. 1036 Quang Trung, Chanh Lo Ward, Quang Ngai City, Quang Ngai Province
38	2	Quang Ngai (Showroom)	No. 103 An Duong Vuong St., Quang Ngai City, Quang Ngai Province
39	3	Ngo Quyen	No. 315 Ngo Quyen, Tan An Ward, Buon Ma Thuot City, Dak Lak Province
40	4	Dak Mil	Xuan Phong Hamlet, Duc Minh Commune, Dak Mil District, Dak Nong Province
41	5	Buon Ho	No. 53 Lac Long Quan, An Binh Ward, Buon Ho Town, Dak Lak Province
42	6	Central Branch	Khoa Manh
			No. 111, Tran Phu, Binh Dinh Ward, An Nhon Town, Binh Dinh Province
43	7	Hoang Thu	TDP Truong Tho Dong, Truong Quang Trong Ward, Quang Ngai City, Quang Ngai Province
44	8	Duc Co Petroleum	No. 369 Quang Trung, Chu Ty Town, Duc Co District, Gia Lai Province
45	9	Go Gang	No. 135 Pham Van Dong, Nhon Thanh Ward, An Nhon Town, Binh Dinh Province
46	10	An Phu (Showroom)	No. 02B Nguyen Tuong To, Dien Hong Ward, Pleiku City, Gia Lai Province
47	11	Dak Doa	No. 336 Nguyen Hue, Dak Doa Town, Dak Doa District, Gia Lai Province
48	1	VT Gas No.1	No. 20/20, Quarter 4, Ho Nai Ward, Bien Hoa City, Dong Nai Province
49	2	VT Gas Branch	VT Gas Quang Tri
			No. 90 Le Loi, Dong Le Ward, Dong Ha City, Quang Tri Province
50	3	VT Gas Lam Dong	No. 2A Nguyen Thai Hoc, Ward 2, Bao Loc City, Lam Dong Province



GENERAL AGENTS AND AGENTS

145
GENERAL AGENTS

1,505
AGENTS

3,524
AGENTS OF GENERAL AGENTS

The Company continues to increase the proportion of maximum output sold through distribution systems from all channels such as general agents, agents and affiliated stores to ensure the coverage of brand expansion. At the end of 2018, PVGas South had a total of **145 General Agents, 1,505 Agents, 3,524 Agents of General Agents.**

No.	Criteria	2018	2017	The number of new developments
I	Number of General Agent (Level 1)	145	141	4
1	Eastern Branch		47	
2	VT Gas Branch		32	
3	Western Branch		20	
4	South Central Branch		34	
5	Central Branch		11	
II	Number of Agents	1,505	1,234	271
1	Eastern Branch		495	
2	VT Gas Branch		212	
3	Western Branch		202	
4	South Central Branch		126	
5	Central Branch		199	
III	Number of Affiliated stores	109	91	18
1	Eastern Branch		41	
2	VT Gas Branch		16	
3	Western Branch		13	
4	South Central Branch		6	
5	Central Branch		15	



INDUSTRIAL LPG

THE INDUSTRIAL LPG PRODUCT IS PRODUCT STORED IN FIXED TANKS AND SUPPLIED FOR MANUFACTURERS, INDUSTRIAL ZONES, GAS TRADING COMPANIES,... IN FORM OF LPG DEDICATED CARRIERS, TANKERS.

- » LPG storage at Dung Quat (capacity of 1,500 MT), being taken directly from Dung Quat Oil Refinery and supplying for gas consumption in Central region.
- » Tanker is being weighted before being pumped in Go Dau LPG Storage (Dong Nai Province).
- » LPG Go Dau Storage, Dong Nai Province (capacity of 4,000 MT) provides industrial LPG for South-eastern region.
- » Can Tho LPG storage and extraction station (capacity of 1,600 MT), provides industrial LPG and residential LPG for South-western region.



LPG CYLINDER

CAPACITY OF LPG CYLINDER PRODUCTION
PVGAS SOUTH'S
GAS CYLINDER BRANCH

1,000,000
LPG CYLINDERS/YEAR

PVGas South's Gas Cylinder Branch has a closed integrated production line with more than 80% of automation imported from G7 countries (Japan, USA ...), reached the standard of KGS - AC211 (Korea), highly skilled staffs, and capacity of 1,000,000 cylinders/year.

- » Cylinders are made of imported steel SG 255, SG 295 from Nippon (Japan), according to DOT, EN, ISO standards...
- » Imported valves, ensuring safety - quality for users
- » Outer of cylinders are galvanized under the electric arc technology and high-tech electrostatic painting, helping protect the metal layer well
- » Cylinder's life: over 25 years



COMPRESSED NATURAL GAS (CNG)

WHAT IS CNG?

CNG (Compressed Natural Gas) is the compressed natural gas, with main composition being methane CH₄ (accounting for 85% to 95%) obtained from natural gas fields, oil fields (associated gas), or gas plant (obtained during the production of oil filtration plants), then treated and compressed at high pressures (200 to 250 bar) for storing in specialized tanks and transporting to consumers such as plants using thermal energy, filling stations for transportation vehicles or residential buildings,...

As the simple components are easy to reject toxic compounds such as SO, SO_x, NO_x, CO₂; not include benzene and aromatic hydrocarbon thus when CNG is burnt, it not release toxic gases such as SO₂, NO₂, CO..., and almost without smoke. Therefore, the replace of using traditional fuels with CNG such as DO, Coals will help protect the environment and reduces costs.

CNG PRODUCTION AND BUSINESS PROCESS



1 Gas receiving and metering system:

The natural gas is supplied by low pressure gas system (PVGas D), go through the gas inlet metering station by 6" pipeline system with pressure of 22 Barg.

2 Compressors:

The natural gas from metering station is fed into CNG compressor station to load into gas tanks under compressor capacity of 2,000 to 2,500 Sm³/h.

Compressors are controlled by PLC that controls the operational parameters such as pressure, temperature, gas leak, vibration of the machine... to assure safety for operational process of machine.

3 Filling system:

At the filling system, the compressor feed gas into specialized tankers (composite, steel) to transport to customers, the tankers have volume of 20ft and 40ft.

4 CNG transportation:

Specialized tractor- trailers are used for transporting CNG to the receiving station of customers.

5 PRU station at customer site:

At the PRU station of customers, trailers take gas with pressure of 200 to 250 barg through PRU system, reducing the pressure by 4 stages down to 2-4 barg, then supply to customers.

6 Customer's gas receiving system:

After reducing pressure, CNG go into the operating system of customers through low-pressure pipeline system.

CNG TRADING SYSTEM

In order to seize the new and potential business opportunity, PVGas South has invested in network of mother stations and CNG compressor stations for supplying to transportation and industry segment. Currently, the Company has two CNG Compressor Mother Stations located in My Xuan A IP, Ba Ria - Vung Tau (with capacity of 200 million Sm³/year) and Hiep Phuoc IP, HCMC (with capacity of 80 million Sm³/year), and CNG filling stations for transport vehicles in Ba Ria - Vung Tau and HCMC.

CNG MOTHER AND FILLING STATION SYSTEM

Project	Total capacity	Description
I. CNG MOTHER STATION		
My Xuan CNG Station	200 million Sm ³ /year	Completed to put into operation in 2010 with an initial capacity of 50 million Sm ³ , and continuously expanded capacity
Hiep Phuoc CNG Station	80 million Sm ³ /year	Completed to put into operation stage 1 in 2011, and continuously expanded capacity
II. CNG STATION FOR TRANSPORT VEHICLES		
CNG station (bus filling station) - Pho Quang	160 buses/day	Completed and put into operation in late 2009
01 CNG station at 449 Nguyen An Ninh St., Vung Tau City	300 cars/day	Completed and put into operation at the end of 2011
01 CNG station at Tan Kien, Binh Chanh, HCMC	160 buses/day	Completed and put into operation in early 2012
01 CNG station at An Suong, HCMC	160 buses/day	Completed and put into operation by the end of 2012
01 CNG station at My Xuan IZ	200 cars/day	Completed and put into operation in early 2012
01 CNG station at HCMC National University	300 buses/day	Completed and put into operation from the end of 2013

BENEFITS OF CNG

Saving fuel

The price of CNG is cheaper than other fuels (approximately 30%), contributing to reduce cost of products, and enhance corporate competitiveness.

Using CNG is safer

The CNG using system operates under closed cycle, whole specialized equipment is strictly tested before shipment; and checked firstly about safety by authorized State agencies before putting into use and doing periodic checks following stipulations. Especially, CNG is lighter than air so it quickly rises up when leakage, therefore, minimizing risks of fire and explosion due to gas accumulation.

Comparison of explosion risks between CNG and other fuels

Parameter	CNG	LPG	Petroleum
Flammability	Lighter than air, and easily melted into the air	Heavier than air, being accumulated underground, flammable	
Ignition temperature	650°C	481°C	250-275°C
Limiting concentration of auto-ignition	5% ÷ 15%	2% ÷ 9.5%	0.6 ÷ 7.6%
Contained materials	Special materials with bursting pressure of over 585 bar	Common steel with designed pressure of 18 bar	Common steel
Accessories	Emergency Shuts Off Valve automatically disconnects to avoid any gas leaks in the event of a problem		None



COMPRESSED NATURAL GAS (CNG) (continued)

BENEFITS OF CNG (continued)

Reducing maintenance costs

High efficiency of using fuel, clean combusting, not emitting the hazardous substances, lubricant less dirty. Therefore, equipment's life is more prolonged than other common fuels such as Petrol, FO, fossil coal...

Using with many preferential policies

The Government offers incentives for car owners, ships, and businesses to switch to CNG or other environmentally friendly fuels.

Reducing environment pollution

CNG does not generate toxic substances causing environmental pollution when burning such as CO₂, SO_x, NO_x thus the environmental pollution and greenhouse effects are reduced.



Comparison of emission rates between CNG and other fuels

	Carbon Monoxide (CO)	Nonmetal Hydrocarbon	Nitrogen Oxide (NO)
NG/CNG	-60%	-90%	-10%
LPG	-20%	-10%	+20%
Diesel	-40%	-10%	+700%
Petrol	100%	100%	100%

POTENTIAL IN TRANSPORTATION SYSTEM

In terms of macro aspects, the application of CNG in transportation helps the State reduce petroleum imports, and ensure energy security for the country.

PETROLEUM - GREASE TRADING AND SERVICE

PVGas South's business of petroleum, lubricant and grease is mainly in form of trading in the domestic market, including direct wholesale (wholesale) and retail.

PVGas South is a pioneer of providing professional services related to gas industry such as: design consultancy, equipment and materials supply, installation and technology transfer of LPG / CNG / LNG, using tanks, warehouses, extraction stations and LPG cylinders.



*Compressed Natural Gas (CNG)
Natural Energy - Environmental Friendliness*



STRENGTH

OF SPECIALIZED
AND QUALIFIED
HUMAN RESOURCES

BUSINESS CONTEXT ANALYSIS AND STRATEGY POSITIONING

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2

IN 2018, THE WORLD ECONOMY MAINTAINED A STABLE GROWTH DESPITE FACING MANY PROBLEMS

According to estimates by Goldman Sachs, the global economic growth rate in 2018 reached 3.8%, improved as compared to the growth rate of 3.6% in 2017. In particular, the US economy's growth rate was 2.9%, higher than the 2.2% of 2017 thanks to policies to promote business investment by Donald Trump's Administration. With the optimistic figures of economy, US Federal Reserve (FED) raised interest rates 4 times accelerating base rate to 2.25%-2.5% in 2018.

In contrast to the US, the deceleration of China's economy has been apparent. In 2018, China's growth rate was estimated at 6.6%, a significant decrease compared to figure of 6.9% in 2017.

The focus point in global economic picture in general and US-China economy in particular has been the trade war between these two countries. Especially, the US has imposed import tax on list of goods from China at a 10% tax rate and left possibility of further increases. Commercial strikes took place unexpectedly from the US and made China passive in solutions. This trade war was the main cause of economic slowdown in 2018.

OIL PRICES ENDED THE RECOVERY TREND OF MORE THAN 2 YEARS

Contrary to the optimistic sentiment of market, world oil prices fluctuated with a stronger amplitude in 2018. The recovery trend since the first quarter of 2016 continued to be extended, helped Brent oil price reach 87 USD / barrel.

However, this was also a highest peak that oil prices could reach when concerns of *(1) weakening of oil demand and (2) repeating oversupply in oil market* made the world oil and gas market record a plunge in quarter 04/2018, marked a strongest decline in oil price in the last 3 years.

BRENT OIL PRICE CHART



VIETNAM GDP MAINTAINED A STABLE GROWTH RATE, REACHED 7.08% IN 2018

Vietnam's GDP growth reached 7.08%, exceeded the assigned plan of 6.7% in 2018. This was the consecutive second year that Vietnam's economy recorded a growth rate of over 6.7%, reflected a remarkable effort in administration of the Government. As for major economies like the US and China facing many difficulties in maintaining growth, the GDP growth rate of 2018 was considered as an impressive achievement of Vietnam's economy.

**VIETNAM'S ECONOMY EXCEEDED TARGETS,
GDP GROWTH REACHED**

7.08%

**EXCEEDED 6.7% OF THE PLANNED
GROWTH TARGETS**

The industry, processing and manufacturing sectors maintained the leading role of solid growth with an increase of 12.98%. The transformation of industry structure and strategy to expand the export market helped agriculture, forestry and fishery sector recover with a growth of 3.76%, contributed 8.7% to the overall growth

The 2018 average CPI was well controlled at 3.54%, lower than the assigned target of 4%. The trade balance was in surplus of 6.89 billion USD, of which the total export value was estimated at 233.07 billion USD, increased by 13.7%, and total import value was estimated at 226.18 billion USD, grew by 11.4% compared to 2017.

Attracting foreign investment activities continued to maintain a positive trend. In 2018, the total newly registered, increased and contributed capital of foreign investors (FDI) reached nearly 35.5 billion USD, equivalent to 98.8% of last year figure. In which, the sectors most attracting FDI was manufacturing and processing industry, accounted for nearly 47%, followed by wholesale and retail and real estate. Disbursements occurred positively and reached over 19 billion USD, up by 9.1% compared to 2017.

In 2018, foreign exchange reserves continued to reach a new peak of more than 60 billion USD, an increase of 8.5 billion USD compared to the end of 2017. The pressure from acceleration in price of USD increased, but thanks to regulating demand and supply of foreign currency, the volatility of USD/VND exchange rate was limited in last year. The USD/VND exchange rate recorded a rise of 2.5%, helped VND be in currency group with the lowest exchange rate decline compared to the USD in 2018.



OIL PRICE OUTLOOK IN 2019

2019 witnesses a year with the prolonged difficulties in oil and gas market. According to estimates of many large organizations in the world, oil price remains lower than in 2018. The outstanding causes making oil and gas market not return to the growth trend:

01

OVERSUPPLY MAY RETURN WHEN US SHALE OIL PRODUCERS INCREASE THEIR EXPLOITATION.

The role of balancing supply and demand in the oil market places on OPEC and Russia as these two oil producers as these two oil producers have agreed on new output cut, equivalent to 1.3 million barrels per day for OPEC and 150,000 barrels/day for Russia. However, efforts of these two oil producers are facing a major challenge from US shale oil. With the ability to increase production output quickly, US has become the largest oil producer in the world. Specifically, US oil inventories reached a peak since early 2015, stayed around 450 million barrels of oil by the end of 2018.

02

OIL AND GAS DEMAND PRESENTS SLOWDOWN IN THE LONG TERM.

The most worrying factor for oil market outlook in the short term as well as medium and long term comes from a global decreasing demand. The demand for petrol slowed down as profit of petrol production from Brent oil fell to zero in quarter 04/2018 despite oil prices falling sharply during this period. The risk of deceleration of major economies like US and China also causes consumption of oil products to face a decline in the coming years.

03

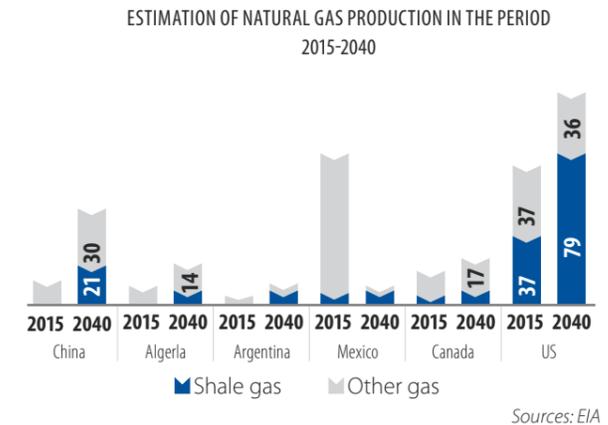
DEVELOPMENT ROADMAP OF ALTERNATIVE ENERGY SOURCES.

The revolution in energy industry has happened all over the world with a focus on alternative energy sources (wind, sun, tide...). Besides, transportation not using petrol is a factor threatening the position of oil and gas industry in the long term.

THE FLUCTUATIONS OF WORLD OIL PRICES CREATE A STRONG IMPACT ON MOVEMENTS OF NATURAL GAS PRICES WHEN GLOBAL NATURAL GAS PRICES STILL MAINTAIN A CERTAIN CORRELATION WITH FLUCTUATIONS IN OIL PRICES. THEREFORE, IF OIL AND GAS MARKET IS GLOOMY, THE NATURAL GAS INDUSTRY WILL FACE MANY DIFFICULTIES IN 2019.

SHALE GAS REVOLUTION IN THE UNITED STATES WILL CHANGE THE GLOBAL GAS INDUSTRY IN THE LONG-TERM

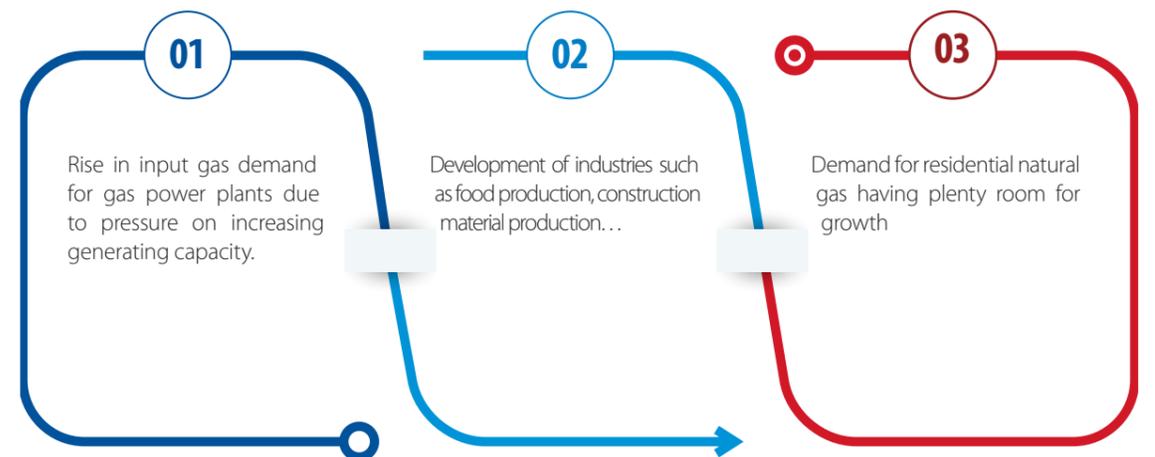
The rise of US shale oil technology has become a threat to OPEC's dominant position in the oil market over the years. The growth of shale oil extraction also directly increases the supply of natural gas with shale gas. The explosion of shale gas extraction and production will create a long-term revolution in the global gas industry. By 2040, global shale gas output will grow sharply compared to traditional gas products with 2 key countries: the US and China. In particular, the demand for shale gas from the United States is expected to grow more than 2 times in 2015-2040.



VIETNAM FACES A SHORTAGE OF NATURAL GAS IN THE COMING YEARS

As estimates, the world will face a shortage of LPG supply source due to an acceleration in global LPG consumption demand (estimated consumption increase of 2.7% / year on average) by 2020. Meanwhile, the complex impact of oil prices made exploitation of new gas supply sources not recover strongly. The value of fixed capital investment in new oil and gas mining activities over the world was estimated to reach an average of 6% for the period of 2018-2025, a plunge of 2 times compared to period 2010-2014. Particularly in Asia, there is almost no growth and ability to meet demand for gas consumption, depends entirely on the existing oil and gas fields in the region.

In Vietnam market, the demand for natural gas consumption increase sharply in the coming years due to:

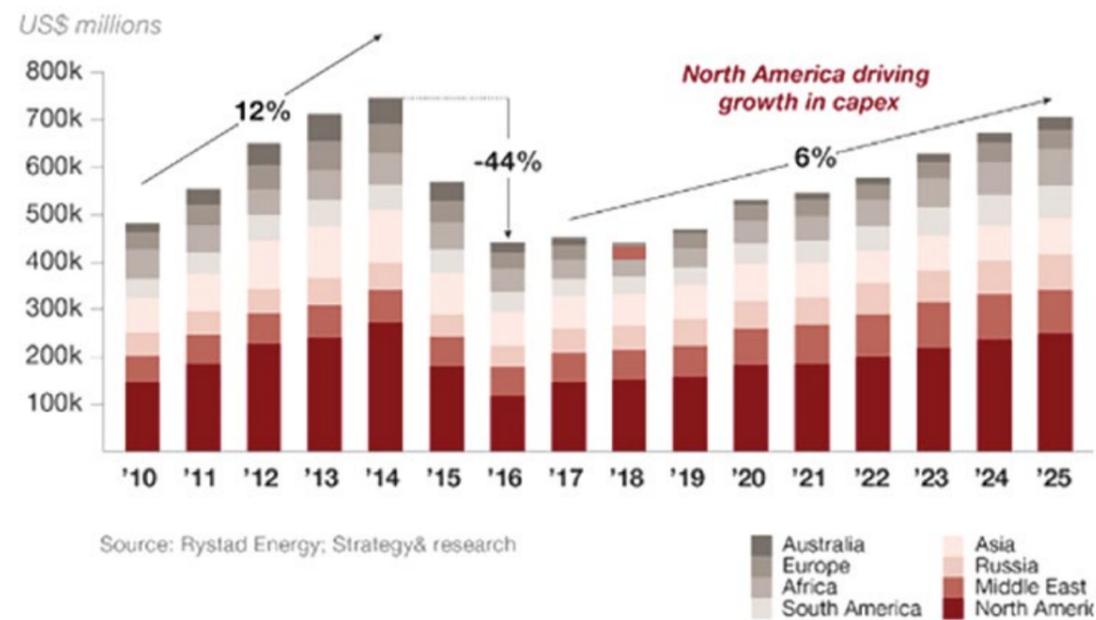


**VIETNAM FACES A SHORTAGE OF NATURAL GAS
IN THE COMING YEARS (continued)**

However, the ability to meet the domestic demand has faced many difficulties when the domestic supply source has not improved promptly. The investment projects in new oil and gas fields such as Ca Rong Do, Sao Vang - Dai Nguyet have been delayed

in construction progress and Ca Voi Xanh field has not been determined the specific construction time. Therefore, Vietnam will face a shortage of gas supply until 2021 and lead to acceleration in importing natural gas in 2022.

CAPITAL INVESTMENT EXPANDED INTO OIL EXPLORATION AND EXPLOITATION ACTIVITIES IN THE WORLD



LPG MARKET REMAINS BUOYANT WITH THE EXPECTED GROWTH OF OVER 4.7% IN 2019

The high urbanization rate creates a shift in demand for energy from coal and firewood to LPG. The growth focus is in the North and Central regions, while saturation takes place in the Southern region having high urbanization over the years. According to estimates of the Ministry of Industry and Trade and BMI, LPG consumption volume will reach 1.85 million tons in 2019 with a value of 1.7 billion USD, corresponding to 4.7% and 6.25% growth respectively.

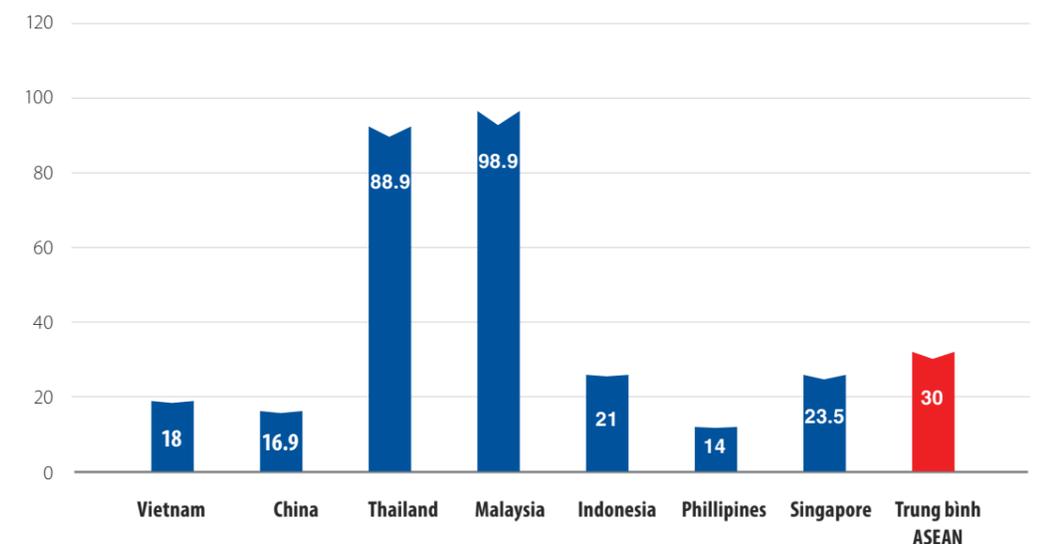


LPG CONSUMPTION PER CAPITA IN VIETNAM IS STILL LOW

Vietnam's per capita gas consumption is currently only 18 kg/person/year. This is a low gas consumption compared to other countries in the region such as Thailand (88.9 kg/person/year), Malaysia (98.9 kg/person/year) and an average level of ASEAN region (30 kg/person/year). Under the context

of Vietnam being in the "golden population" period with 70% of population in working age (15-60 years) and a strong urbanization trend, gas consumption per capita is currently low thus it open up opportunities for growth in consumption volume for the coming years.

LPG CONSUMPTION PER CAPITA IN 2018



**TAKING ADVANTAGES OF
INTERNATIONAL INVESTMENT
FLOWS INTO VIETNAM**

In 2018, Vietnam's FDI source continued to remain stable. Accordingly, the total registered FDI reached nearly 35.5 billion USD, equivalent to over 19 billion USD for the 2018 disbursement value and disbursed FDI - an increase of 9.1% compared to 2017 and continued to set a high record of disbursement ever.

In 2019, the trend of foreign investment in Vietnam is expected to continue to be buoyant thanks to the direct benefit of shift of production from China before impact of US-China trade war. Manufacturing and processing industry, textile industry ... are sectors benefiting from this trend. Besides, based on advantages of (1) abundant labor force, (2) benefiting from signed free trade agreements, (3) infrastructure being actively invested, (4) along with becoming the target for reforms of investment policies in Vietnam, the key economic regions such as HCMC, Hanoi, Hai Phong, Da Nang, Binh Duong, Vung Tau, Dong Nai, Long An ... will attract a strong inflow of investment capital.

The policy on industrial development and FDI capital will create a driving force to boost the number of enterprises and expansion of production scale. Therefore, the demand for fuel using in construction and production activities is expected to continuously increase in the coming time. For PVGas South, this is a great opportunity when the Company's business location is in key area of FDI.

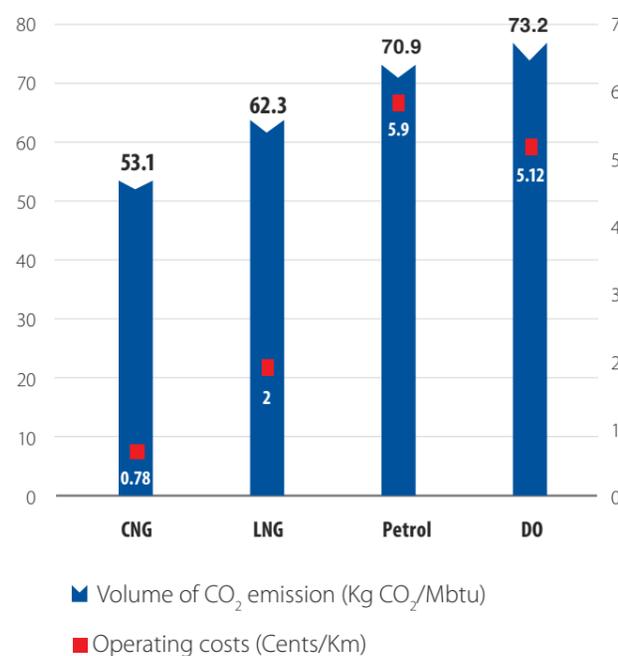


**PUBLIC TRANSPORT USES
ENVIRONMENTALLY FRIENDLY
FUEL**

In addition to the gas supply segment for industrial customers, CNG supply segment for public transport is also a potential segment of the Company. Using clean and environmentally friendly fuels is a top priority in developing public transport systems because volume of CO2 emissions and operating costs of vehicles using CNG and LNG are lower than the traditional fuels. In particular, buses using CNG fuel have been prioritized for development in Vietnam in recent years.

According to the transformation plan of Ho Chi Minh City Department of Transport, about 1,000 buses with a useful life of more than 10 years are converted to new CNG buses in the period of 2018-2020. In order to meet the increasing number of buses using CNG, Ho Chi Minh City Department of Transport and PVGas South planned to invest 12 more CNG filling stations for buses, expected to start investment in 2019. Roadmap for developing vehicles using CNG will contribute to improve the environment and reduce fuel costs for transport enterprises.

**TOTAL CARBON EMISSIONS AND OPERATING COSTS
BY FUEL**



**STRENGTH OF
LPG/CNG PRODUCTS**

LPG and CNG products that PVGas South produce and distribute have advantages over traditional fuels such as coal, FO, DO, coal... reflecting in many aspects such as technology, economy, safety and especially environment. These are major advantages increasing the competitive capacity of PVGas South in market, especially when the trend of socio-economic development requires sustainable development, environmental protection, and responsibilities for community.

**STRENGTH OF BRAND
REPUTATION/MARKET SHARE**

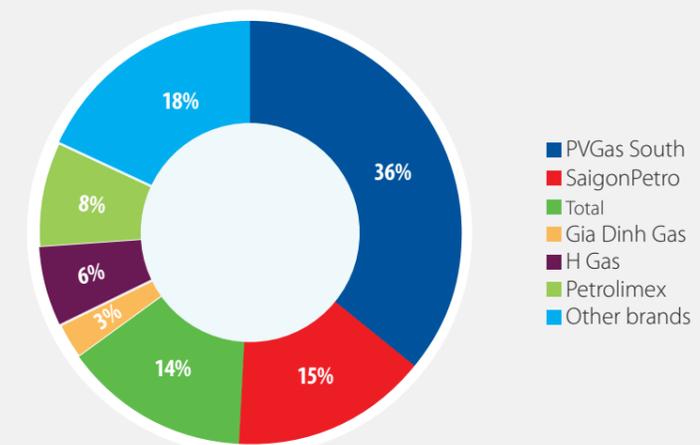
PVGAS SOUTH IS CURRENTLY A LEADING LPG, CNG TRADING COMPANY IN THE COUNTRY, WITH PETROVIETNAM GAS BRAND AND OTHER 7 LPG BRAND NAMES: PETROVIETNAM GAS, PETROLEUM GAS, VT - GAS, A GAS, JP GAS, DAK GAS, DANG PHUOC GAS.

PVGas South is currently a leading LPG, CNG trading company in the country, with PETROVIETNAM GAS brand and other 7 LPG brand names: PetroVietnam Gas, Petroleum Gas, VT - Gas, A Gas, JP Gas, Dak Gas, Dang Phuoc Gas. PVGas South brand has not only affirmed the position in customers' heart but also in the domestic and foreign business partners.

In the Southern residential LPG market, PVGas South is leading with nearly 36% market share, far from other companies in the same industry.



MARKET SHARE OF RESIDENTIAL LPG IN SOUTHERN REGION 2018



STRENGTH OF HUMAN RESOURCES

The skilled human resource is always one of outstanding strengths of PVGas South. Over the years, the Company has focused on quality of HR in all facilities such as Commerce, Marketing, Finance, Law ... and especially technical resources related to the oil and gas industry. Specifically, the Company's employees have met requirements both in terms of qualification and technology, in which 100% of employees working in environment with the strict requirements on safety, occupational health trained and issued the safety cards. It helps employees be capable of fulfilling the strategic objectives assigned by Company as well as commitments with investors, partners.

Besides the recruitment of talents, the Company has always focused on training to improve employees' skills and keep the strength of personnel.

STRENGTH OF TECHNOLOGY

The Company determines that in order to improve the production capacity and product quality in parallel with ensuring safety of production and business activities, investment in technological innovations are a necessity.

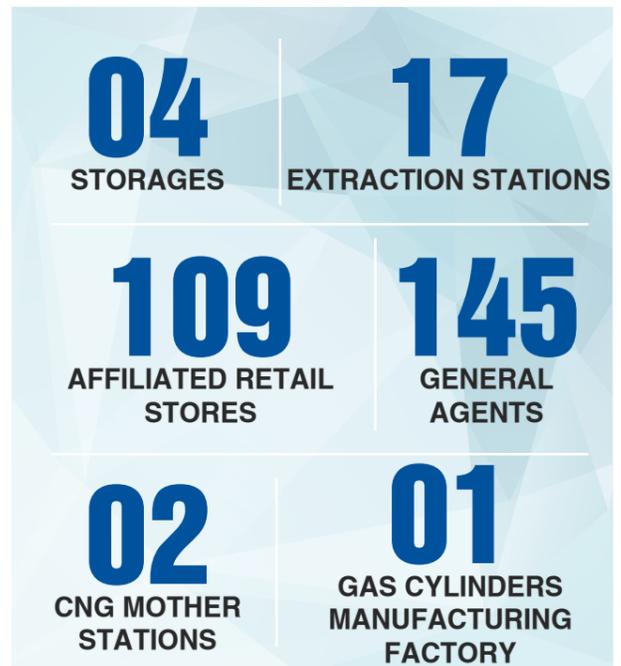
As the result, PVGas South has continually selected and developed new technologies in production, distribution, and operation and management activities with the synchronous manner to ensure Quality - Safety - Efficiency.

The Company is applying and updating management systems such as:

- » Quality Management System ISO 9001:2015
- » Environmental Management System ISO 14001:2015
- » Occupational Health and Safety Management System ISO/DIS 45001:2016
- » Energy Management System ISO 50001:2012
- » Integrated Quality - Safety - Environmental Management System PAS 99:2012
- » Business Executive System (BES) which contributes to build up the corporate culture and save management cost



STRENGTH OF INFRASTRUCTURE AND DISTRIBUTION SYSTEM



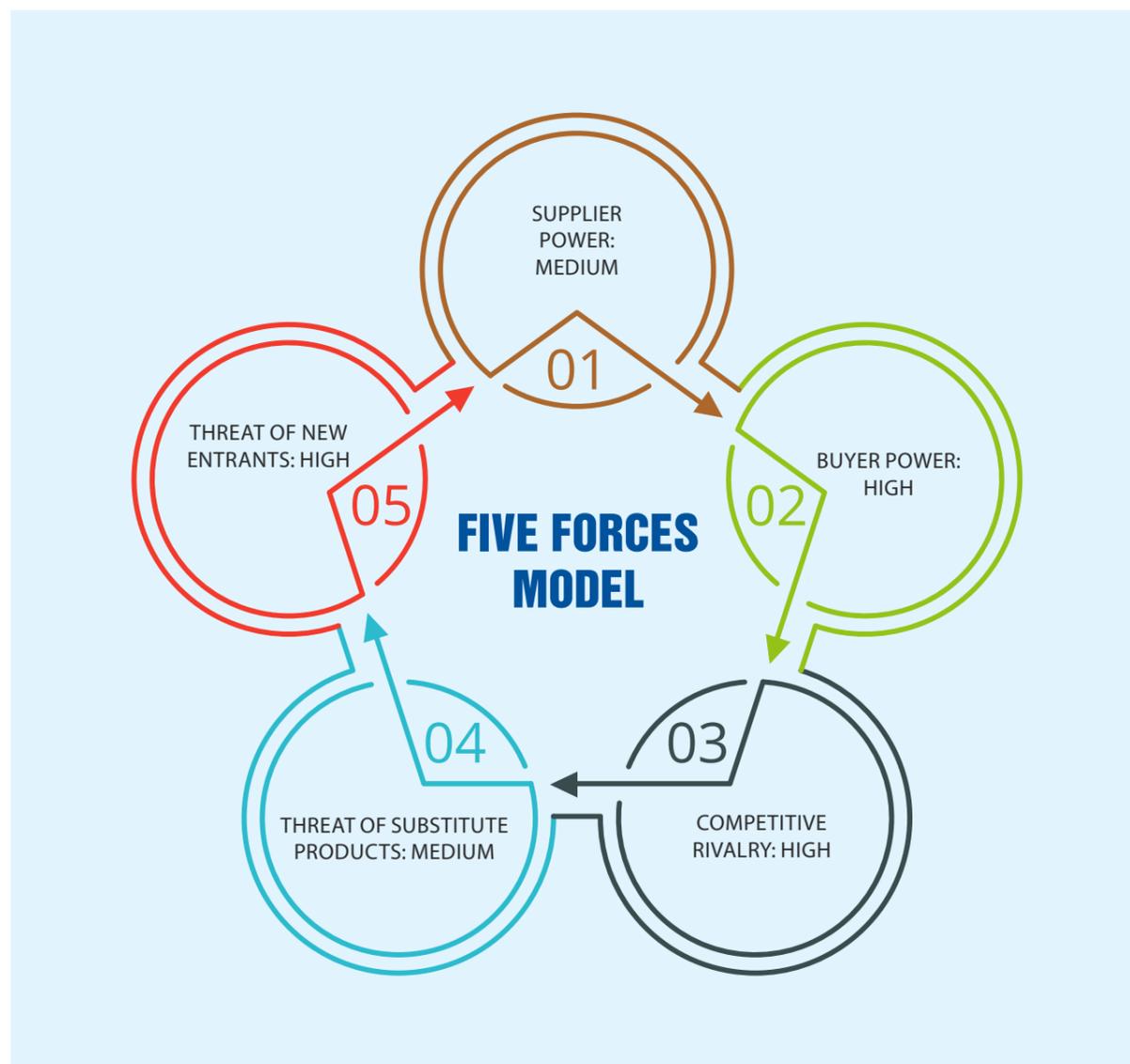
The Company has built the infrastructure system-outstanding distribution system including 4 storages with total capacity of 8,100 tons, 17 extraction stations, 109 affiliated retail stores, 145 general agents, 1,505 agents and 3,524 agents of general agents spreading from Quang Binh to Ca Mau, 02 CNG mother stations with total capacity of 280 million Sm³/year and 01 gas cylinders manufacturing factory with capacity of 1,000,000 LPG cylinders/year.

STRENGTH OF CLOSE RELATIONSHIP WITH RELATED PARTIES

In addition to business activities, PVGas South has always focused on building close relationships with related parties such as Government, PetroVietnam Gas Joint Stock Corporation (PVGas), Suppliers, Partners, Customers and Communities.

In addition to business activities, PVGas South has always focused on building close relationships with related parties such as Government, PetroVietnam Gas Joint Stock Corporation (PVGas), Suppliers, Partners, Customers and Communities.

Especially, thanks to the close relationship with PVGas, PVGas South has the outstanding advantage of gas input resource being always stable, and ready to satisfy customer's demands.



SUPPLIER POWER: MEDIUM

Natural gas is the main source of raw materials for business activities of PVGas South. At present, PetroVietnam Gas Joint Stock Corporation (PVGas) is supplying gas to the Company and also the parent company. PVGas South has received support from PVGas during operation, contributing to maintain stability of input gas supply.

In the coming years, Vietnam faces the risk of declining gas supply volume and PVGas South faces pressure to maintain supply of natural gas input. In order to improve this risk, the Company has been proactive in seeking the sources to ensure supply and optimize input costs.

BUYER POWER: HIGH

As analyzed in **Macro environment and Industry outlook**, demand for LPG, CNG and LNG is still large and PVGas South's current position in the industry is quite solid. In the long term, the potential for economic development towards industrialization will create a stable demand for natural gas.

Meanwhile, demand for LPG may experience a significant saturation when growth of LPG demand is not expected to change much. The cause comes from conversion of demand for energy consumption products as well as conversion from residential gas consuming products to power consuming products. This affects to PVGas South's ability to maintain growth when LPG is the main source of revenue and profit contribution.

COMPETITIVE RIVALRY: HIGH

Most CNG suppliers in the Vietnam market are currently under PVGas and operates on the basis of mutual support, so competitiveness is still low.

However, for the LPG trading, PVGas South has to face a considerable competition, especially from the small brand competed by low-price without concerning quality as well as loosening business barriers / conditions. The competitive pressure of LPG segment will continuously remain high in the coming years.

THREAT OF SUBSTITUTE PRODUCTS: MEDIUM

CNG and LPG have to compete with other common materials such as biomass, coal, rice husk, FO... The competitiveness of coal has declined due to a strong recovery in price of this fuel as well as a negative impact on environment. Biomass is considered the fiercest competitor with CNG and LPG. However, the level of competition has not been "too hot" when the current biomass supply is quite limited, and price stability is not high.

THREAT OF NEW ENTRANTS: HIGH

With characteristics of business activities being high risks related to safety and environmental factors, it requires investment in the advanced facilities and technology and high quality human resources... As the result, the threat of new entrants is high, especially segments of trading CNG, LPG and LPG cylinders.



BASED ON ANALYSIS OF INTERNAL STRENGTHS AND COMPETITIVE RISKS, THE COMPANY HAS ESTABLISHED BUSINESS OBJECTIVES FOR THE SHORT AND LONG TERM.

SHORT-TERM OBJECTIVES IN 2019

- 01** Ensuring security and safety in business activities entire the Company.
- 02** Following the strategy of retail development of the Corporation in period of 2016-2020, orientations to 2025. Focusing on development of retail market, creating coverage, increasing market share and increasing level of brand identity, especially in big cities in the South-Eastern region.
- 03** Building development strategy to 2025, orientations to 2035.
- 04** Completing product certification in accordance with common international standards such as DOT 4BA, EN 1442, ISO 4706, creating a foundation to expand LPG cylinder business to foreign markets.
- 05** Maintaining and developing CNG market for Industrial and Transportation customers.
- 06** Strengthening business administration. Establishing, reviewing and updating appropriate norms of production and business activities of the Company. Regularly controlling, reducing costs and enhancing debt management to increase business efficiency.
- 07** Promoting the exploitation and efficient use of Storages, Extraction stations, Cylinder Factory; applying science and technology in management to reduce costs, enhance competitive advantages.
- 08** Conducting investment monitoring and evaluation in accordance with Decree No. 84/2015/ND-CP dated 30/09/2015 of the Government on investment supervision and evaluation, and Decision No. 481/QĐ-KVN dated 27/04/2018 of the Corporation on Process of Planning and implementing investment supervision and evaluation.

**LONG-TERM OBJECTIVES TO 2025
AND ORIENTATIONS TO 2035**

01 →

Being a fast growing company in volume, with a professional distribution system and a leading brand, cherished and first choice of customers with high loyalty.

02 →

Being the company has the highest market share, leading in the Vietnam gas market with two main business segments: residential and industrial LPG. Continuing to maintain the leading position in CNG/ LNG market, the pioneer in exporting LPG cylinders to foreign markets.

03 →

Successfully restructuring and applying a modern management and control model to bring sustainable development with HR of good leadership skills, good profession, discipline and high responsibility.

04 →

Developing, successfully applying remuneration policy based on individual performance, job description and labor market.

05 →

Successfully applying information technology to governance and control to reduce management costs.



STRENGTH

OF OPERATION
AND BUSINESS
TECHNOLOGY

CORPORATE GOVERNANCE REPORT

3

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BOD STRUCTURE AND ACTIVITIES IN 2018

PVGas South's BOD has 05 members. All members have extensive knowledge, skills and experience in the fields of finance and business administration as well as oil and gas industry to assure the most efficiency of business operations.

No.	Full name	Position	Date of starting as BOD Member	Number of meetings attended	Attendance rate
1	Mr. Do Tan	Chairman	16/10/2014	5/5	100%
2	Mr. Vu Quy Hieu	BOD Member	24/04/2017 (re-appointed)	5/5	100%
3	Mr. Tran Van Nghi	BOD Member	07/04/2016	5/5	100%
4	Ms. Nguyen Minh Ngoc	Non-executive BOD Member	24/04/2017 (re-appointed)	5/5	100%
5	Mr. Ha Anh Tuan	Independent BOD Member	19/04/2018 (re-appointed)	5/5	100%

The BOD operates towards completing 04 main tasks: (1) Developing strategies, (2) Managing business performance, (3) Monitoring business activities and (4) Risk prevention and monitoring. In the past year, BOD operated in an effective manner, successfully completed the mentioned tasks as well as complied with provisions of law, the Company Charter and Governance Regulations.

In 2018, BOD held 5 meetings, and had 8 times with written opinions under participation of all BOD members to orient, direct and supervise all activities such as corporate governance, investment, organizational structure, remuneration, financial management... to ensure the maximum efficiency of the Company's production and business.

BOD's Resolutions and Decisions in 2018 includes the following specific tasks (Please see 2018 Corporate Governance Report for more details).

Quarter 1/2018:

- Approved 2017 business results.
- Approved the registration date to implement right to attend the AGM and the organization date of 2018 AGM.
- Approved establishment of Organizing Board for 2018 AGM.
- Approved and issued the Company's regime on salary and bonus.
- Approved the Company's 2018 business plan.
- Approved 2018 business plan for the Company's affiliated branches.

Quarter 2/2018:

- Approved the Company's actual salary fund in 2017.
- Approved establishment of Eastern Branch in Binh Duong Province and appointed head of the Branch.
- Approved the relevant documents submitted to 2018 AGM.
- Issued the Company's Regulations on Corporate Governance.
- Approved the remaining dividend payment for 2017.
- Approved line of working capital loan for the Company's production and business in 2018.

Quarter 3/2018:

- » Accepted the dissolution of Planning and Sales Department and approved establishment of Planning Department and Sales Department.
- » Approved business results of the first 6 months of 2018; tasks and targets of business plan for the last 6 months of 2018.

Quarter 4/2018:

- » Approved business results of the first 9 months of 2018; tasks and planned targets of business plan for the last 3 months of 2018.
- » Approved the first dividend payment for the year 2018.
- » Re-appointed the Deputy Director position to Mr. Tran Van Nghi.
- » Issued Regulations on debt management.



BOD'S EVALUATION ON THE COMPANY'S OPERATIONS

EVALUATION ON THE COMPANY'S PRODUCTION AND BUSINESS ACTIVITIES IN 2018

Contrary to the general optimistic sentiment, the world oil prices fluctuated with a strong amplitude in 2018. The world oil and gas prices plummeted in quarter 4/2018, marked a sharpest decline in the last 3 years.

Noteworthy, with Decree No. 87/2018/ND-CP on gas trading, many conditions of LPG business were reduced such as allowing General Agents/Agents to freely choose distributors instead of signing with only 3 traders as previously. It caused decelerating prices by LPG brands to attract agents and gain market share, led to the fierce competition in LPG market.

In addition, the input gas price for CNG production has been increased and depended on the input gas price of PVGas. There are no longer customers with CNG large consumption volume while investing for customers with small and medium consumption volume are less effective.

The cylinder production has also faced many difficulties such as the frequent fluctuations with high amplitude of material prices.

Under the new situation, the Company set out long-term objectives and solutions to achieve the assigned objectives and helped the Company grow in a sustainable manner. In particular, all employees of Company excellently completed to exceed all planned targets of production and business assigned by AGM.





BOD'S EVALUATION ON THE COMPANY'S OPERATIONS (continued)

TOTAL REVENUE

6,604.36 BILLION VND

EXCEEDED 11.4% OF THE PLAN

LPG VOLUME

302,943 TONS

EXCEEDED 2.0% OF THE PLAN

PROFIT BEFORE TAX

137.30 BILLION VND

EXCEEDED 1.0% OF THE PLAN

LPG CYLINDERS PRODUCTION

378,739 CYLINDERS

EXCEEDED 2.3% OF THE PLAN

PROFIT AFTER TAX/
CHARTER CAPITAL

21.98%

CNG VOLUME

134.4 MILLION SM³

SURPASSED 7.6% OF THE PLAN



BUSINESS RESULTS
IN 2018

- » LPG volume reached **302,943 tons**, exceeded 2.0% of the plan.
- » LPG cylinders production reached **378,739 cylinders**, exceeded 2.3% of the plan.
- » CNG volume reached **134.4 million Sm³**, surpassed 7.6% of the plan.
- » Total revenue was recorded at **6,604.36 billion VND**, exceeded 11.4% of the plan.
- » Profit before tax amounted to **137.30 billion VND**, exceeded 1.0% of the plan.
- » Profit after tax/Charter capital was **21.98%**.

1. In the past year, the Company ensured security and safety in all storages, stations, transporting and distributing systems of LPG, CNG and petroleum, as well as Gas Cylinder Factory.
2. With the objective of increasing coverage in LPG market share in the coming period, the Company has developed the LPG retailing in existing market areas, paid a special attention on core values of products to bring the best products for consumers. In addition, the Company is also gradually applying information technology to business and management to improve labor productivity as well as to meet the requirements of information quickly and promptly in the administration.
3. Promoting brand recognition of PetroVietnam Gas/Petroleum Gas/VT-Gas.
4. **In terms of CNG business:** Ensuring business efficiency; increasing efficiency by actively coordinating, exchanging and learning experiences from large companies in countries with the developed gas industry such as: Osaka Gas, Sojitz. . ., to reach customers having the small output, customers using traditional fuels; preparing plans for LNG business in the future.
5. **In terms of cylinder business:** Focusing on the cylinder production to meet the internal demand and external customers; Promoting to cooperate with the potential customers in foreign markets such as Bangladesh, India, Sri Lanka, Africa... Researching and evaluating the European market, building a system of processes for making cylinders under ISO 4706 and EN standards to export to this market.
6. **Continuing to strengthen business management:** preparing, reviewing and updating production and business norms in line with the Company's operations. Regularly controlling, reducing costs and enhancing debt management to raise the Company's business efficiency.



7. **In terms of construction investment:**

- » Supervising and evaluating investment projects in accordance with the current regulations of the State, Group and Corporation.
- » Completing settlement for projects (September 2018): Upgrade CNG Hiep Phuoc and CNG My Xuan station, Upgrade the line for repairing gas cylinders of Gas Cylinder Branch, Relocate LPG Dat Do station to Binh Thuan Province.
- » Project of "Relocate VT-Gas's LPG storage and extraction station in Dong Nai": Completing the approval of fire protection locations, giving fire protection comments on basic design, Evaluating the environmental impact; and Continuing to compensate for land clearance to the remaining households.
- » Completing and putting into operation:
 - Project "Relocate and upgrade line of repair and painting cylinders in Western Branch" (relocated to position of Tra Noc nitrogenous warehouse), in December 2018.
 - Project "Upgrade Binh Phuoc LPG extraction station", in December 2018.
 - Project "Expand CNG My Xuan station", in December 2018.
 - Project "Renovate and expand CNG system for 02 existing customers (Nam Kim 3, Vina Oner), in August 2018.
- » Project "CNG Central station in Long Giang IP": Being supplying CNG through the temporary station, and building the central station when customers' volume increase.
- » In terms of 05 projects "CNG supply stations for transportation": coordinated with Department of Transport, Department of Industry and Trade, Fire Prevention and Fighting Police to survey location of station which was approved for location of fire protection. Waiting for HCMC People's Committee to complete procedures for land allocation.



SHAREHOLDERS RELATIONS

In 2018, BOD continued to direct implementation of information disclosure to shareholders in accordance with current regulations of the Ministry of Finance and the State Securities Commission. In terms of events affecting PGS stock prices in the market, the BOD always ensures the timely and accurate transmission of information to shareholders and the investor community. The Company not only complies with regulations, but also is proactive in communicating with stakeholders and shareholders as well as disclosing information. Thanks to the internal strength and the good and stable business results, PGS stock of the Company has attracted many investors' attention in the stock market, especially, the increasing improvement of stock value with market capitalization of 1,625 billion VND at the end of 2018.

The Company has regularly updated the website, and posted information related to management and administration of production and business activities.

Especially, the AGM is focused and carefully prepared by the Company. This is an important opportunity for the Company to meet shareholders and investors.

The BOD presents business results, business plans and other important contents related to Company's business operations under decision authority of AGM. This is also an opportunity for BOD to answer questions related to the Company's business activities so that shareholders can understand the Company. Shareholders are treated in a fair manner.

The Company received many trophies and awards voted by the prestigious organizations. As follows:

- » Continuing success in 5 consecutive years from 2013 to 2017, the Company kept on being voted as "Top 10 Best Annual Report" of Midcap companies, co-organized by Ho Chi Minh City Stock Exchange and Securities Investment Newspaper.
- » As one of the "30 best Corporate Governance companies of HNX 2016 - 2017"; and one of the "30 most transparent businesses" of HNX from 2013 to 2016.

EVALUATION ON CORPORATE GOVERNANCE

With the aim of complying with the current laws and towards best governance practices, PVGas South's corporate governance activities are based on the following principles: (1) Complying with current regulations of law; (2) Ensuring the effective governance structure; (3) Ensuring shareholders' interests and the fair treatment among shareholders; (4) Ensuring roles of stakeholders; (5) Being transparent in the Company's operations; (6) BOD set orientations and monitor, BOS control effectively the Company.

Complying with current regulations of law	<ul style="list-style-type: none"> » Corporate governance activities of PVGas South are ensured to comply with current regulations of law and comply with the internal management regulations as well as the Company Charter. » In addition, PVGas South is an enterprise operating in oil and gas industry and understands the impact of production and business activities on environment. Thus regulations on the environmental protection and safety in operations have been followed by the Company. » As a listed joint stock company, the regulations on Enterprise Law and Securities Law has been strictly followed by the Company.
Ensuring the effective governance structure	<ul style="list-style-type: none"> » The governance structure is an important factor to ensure the efficiency of governance activities. The harmonious combination of professional knowledge, practical experience and diversity in BOD structure is ensured to find the most effective solutions based on the comprehensive and in-depth discussions. » PVGas South's corporate governance structure is implemented under the international governance practices and good governance practices.
Ensuring shareholders' interests and the fair treatment among shareholders	<ul style="list-style-type: none"> » Dividend payment is considered one of actions to ensure shareholders' rights. In 2018, PVGas South paid the remaining dividends in 2017 under Resolution No. 206/NQ-KMN, approved on 24/05/2018. In addition, on 17/10/2018, dividend advance of the first phase of 2018 in cash was approved in BOD meeting Quarter III/2018. » Ensuring other rights of shareholders is carried out in accordance with the Charter, Enterprise Law and relevant laws.
Ensuring roles of stakeholders	<ul style="list-style-type: none"> » PVGas South has attended on responsibility for stakeholders such as customers, employees as well as community – society to ensure objective of sustainable development. » The safety activities for employees, quality and safety of products and services provided to customers are expressed through applying and continuously updating the Safety-Quality-Environment Integrated Management System. » PVGas South regularly organizes activities such as a charity programs to share with people in operation area of Company, a program of giving gifts to children with disabilities, orphans,...
Being transparent in Company's operations	<ul style="list-style-type: none"> » The Company discloses information on operations and governance on website in accordance with the current regulations of Ministry of Finance and State Securities Commission to ensure transparency in the Company's operations. This is one of provisions stipulated in the Company's Internal Regulation. » The Company's internal management regulation stipulated the information disclosure on management situation and major shareholders in order to improve transparency in operations, contributing to improve the Company's image to shareholders and investors. » Income and remuneration of BOD and BOM members are publicly announced on the Company's Annual Report. » The annual report is posted on the Company's website in English and Vietnamese for shareholders and investors inside and outside the country to follow
BOD set orientations and monitor, BOS control effectively the Company	<ul style="list-style-type: none"> » The BOD held 01 AGM, 05 periodical meetings of BOD, and many times consulted BOD members in writing to orient and adjust in time. » The BOD exchanges regularly with BOS through periodical and irregular meetings, and the internal communication channel to promptly grasp issues that need to be improved in corporate governance activities to modify. » The BOD has fully participated and directed in BOM meetings to ensure implementation of resolutions of AGM and BOD under the Company's Charter and Regulations. » The members of BOS have the extensive experience in accounting, perform the function of examining and supervising activities of adjusting, managing and inspecting to ensure compliance in accordance with regulations, regimes and internal charter.



EVALUATION ON MANAGING AND MONITORING OPERATIONS OF BOM AND APPARATUS

The BOD members implemented tasks of directing and monitoring operations of BOM as follows:

- » In 2018, BOD successfully completed functions and duties in directing and supervising operations of BOM through regulations, resolutions/decisions and participating in BOM meetings. The BOD has supported and coordinated punctually with CEO and BOM in implementing the Company's duties in 2018. In direction tasks, BOD complied with the law and Company's Charter.
- » The BOD fully participated in all periodic briefings of BOM as well as the preliminary review of Company's quarterly production and business situation. The BOD made the important comments to help BOM organize the implementation of BOD resolutions and decisions in a timely and effective manner, helping PVGas South complete the 2018 business plan.
- » Always monitoring and grasping process of operating business, through reports and documents of BOM sent to BOD.
- » Directly guiding and suggesting for BOM in some important issues arising in process of operating business.

BOD always directed to the modern governance standards of joint stock company, the actual results of this task has been good in the past years, meeting requirements in provisions of Company's regulations, Internal regulations on corporate governance, Operation regulations of BOD and provisions of law. The supervision, urging and sharing of BOD helped BOM organize implementation of BOD's resolutions and decisions more quickly and parallel to help the Company's business and production activities be stable and high efficiency.

Regarding the supervision of Director, BOD highly appreciated the Director's direction and administration on production and business activities, which the Director directed the implementation of BOD's strategies, resolutions and decisions, and together with the Company's management contributed significantly to 2018 business results.



CORPORATE GOVERNANCE TRAINING

Currently, all members of BOD, BOS, BOM and Company's Secretary have a certificate of corporate governance. Every year, the Company sent representatives to participate in courses, seminars and training courses organized by the State Securities Commission, Hanoi Stock Exchange, and IFC... aimed to constantly improve the operation quality of Corporate governance as well as approached the international standards.

In terms of Corporate Governance, PVGas South has actively grasped relevant legal regulations and promptly updated the internal management regulations' Company. On the one hand, promoting fairness and transparency in the process of troubleshooting and errors arising, stabilizing and improving production and business efficiency for the Company.

REPORT OF INDEPENDENT BOD MEMBER

In 2018, the Independent BOD member actively operated, promoted the role in supporting effectively, transparent governance tasks and protecting investors' interests. At the same time, to advise and propose to BOD issues on business strategy, personnel, policies ... to ensure the operational efficiency of the Company.

With a high sense of responsibility and expertise, the BOD held the periodical meetings to orient strategies, concretize and direct BOM to implement guidelines approved and assigned by AGM in the last year. Resolutions and Decisions were issued punctually and in accordance with provisions of the Enterprise Law, Company's Charter and Regulations on Corporate Governance, actual business situation, as well as met requirements of governance and development demands.

In 2018, especially the last quarters of year, there was a period of many challenges for natural gas industry, but BOD and BOM closely and flexibly coordinated and promulgated many timely policies to promote production and business activities, ensuring both safety and efficiency.

According to the independent BOD member, the Company has made great efforts to overcome challenges and fulfilled targets of Volume, Revenue and Profit assigned by AGM.

In 2019, the Independent BOD member continued to accompany BOD and BOM, coordinating smoothly, giving advice to ensure the Company takes advantage of opportunities, overcome challenges towards sustainable development.

REPORT OF SUB-COMMITTEES UNDER BOD

The BOD does not set up Sub-committees given the business context and company size as currently.



BOD'S PLANS AND ORIENTATIONS IN 2019

THE INTERNAL STRENGTH OF VIETNAM'S ECONOMY HAS BEEN IMPROVED POSITIVELY IN RECENT YEARS. THE HIGH URBANIZATION RATE CREATES A SHIFT IN CONSUMPTION DEMAND FOR ENERGY FROM COAL AND FIREWOOD TO LPG WHEN VIETNAM'S CONSUMPTION VOLUME PER CAPITA IS STILL LOW. THE CPTPP AGREEMENT COMES INTO EFFECT, ALONG WITH THE INDUSTRIAL DEVELOPMENT POLICIES AND FDI CAPITAL WILL MOTIVATE INCREASE IN NUMBER OF ENTERPRISES AND EXPANDING THE SCALE OF PRODUCTION. THEREFORE, THE FUEL DEMAND FOR CONSTRUCTION AND PRODUCTION ACTIVITIES IS EXPECTED TO CONTINUE TO INCREASE STRONGLY IN THE COMING TIME.

The world economy is forecasted to be more difficult due to the tightened monetary policy taking place in some major economies such as the US and Europe ... Besides the impact of trade war between the US and China, challenges come from rising political conflicts. The major economic organizations such as S&P and OECD all forecast slowdown in global growth, only reach 3.5% in 2019.

Along with the negative forecast on world economy, the oil and gas market is forecasted to face many challenges, oil price have not many positive changes compared to 2018. Specifically, the average oil price is expected to reach 65 USD/barrel, lower than the average of 72 USD/barrel in 2018. This will cause difficulties for the oil and gas industry in 2019.

However, the domestic economic outlook is expected to continue to be positive thanks to the internal strength of Vietnam's economy which has improved positively in recent years. The high urbanization rate creates a shift in consumption demand for energy from coal and firewood to LPG when Vietnam's consumption volume per capita is still low. The CPTPP agreement comes into effect, along with the industrial development policies and FDI capital will motivate increase in number of enterprises and expanding the scale of production. Therefore, the fuel demand for construction and production activities is expected to continue to increase strongly in the coming time.

Based on a general forecasted situation, to ensure the completion of 2019 planned tasks, BOD determines the key tasks needed to be done as follows:

1. Continuing to organize BOD apparatus to work professionally with a high sense of responsibility, well implement the direction and supervision of BOM's activities. Focusing on directing to complete targets of 2019 production and business plan approved by AGM.
 2. Coordinating with BOM to work with Branches to solve difficulties and create conditions for Branches to complete the 2019 tasks.
 3. Maintaining the periodical meetings according to regulations and holding extraordinary meetings when necessary to solve tasks under BOD authorities, and fully participating in BOM meetings as prescribed or invited to work with BOM and handle works promptly.
 4. Urging and closely monitoring implementation of Resolutions and Decisions of BOD.
 5. Continuing to ensure security and safety in business and production throughout the Company.
 6. Reviewing and updating the Company's development strategy to 2025, orientations to 2035.
 7. Constantly enhancing the efficiency of LPG, CNG business as well as gas cylinder production.
 8. Preparing business plan, being ready to supply LNG to industrial customers.
 9. Managing and administering production and business activities and controlling costs in accordance with volume of performed works and plan approved by AGM. Implementing cost reduction in all activities.
 10. Promoting the efficient exploitation and utilization of storage system, extraction stations and Gas Cylinder Branch; applying science and technology in management to reduce costs and improve competitive advantage.
11. Reviewing and consolidating the organizational structure and personnel in a streamlined and effective manner.
 12. Implementing supervision and evaluation on investment projects in compliance with the current regulations of State, PVN and PV GAS.
 13. Ensuring 100% of employees being trained according to requirements of the laws.
 14. Directing to control implementation of investment projects and construction, ensuring the progress, quality and efficiency of projects, specifically as follows:
 - > Complete the settlement of projects: Relocating, upgrading the painting line for gas cylinders of Western Branch; Upgrading CNG My Xuan station,... expected to complete the final settlement of projects in Quarter 2/2019.
 - > Deploying projects: CNG supply station for transportation of Western bus station, CNG supply station for transportation of Cho Lon bus station,... expected to be completed and put into use in Quarter 4/2019.
 - > Renovating, repairing, upgrading and relocating storages and stations for the whole Company: the 2019 implementation depends on demands and the actual situation of storages and stations.
 - > Investing in projects of supplying CNG to industrial customers, CNG supply stations for transportation according to the actual production and business situation, ensuring the high economic efficiency.



BOS STRUCTURE AND ACTIVITIES IN 2018

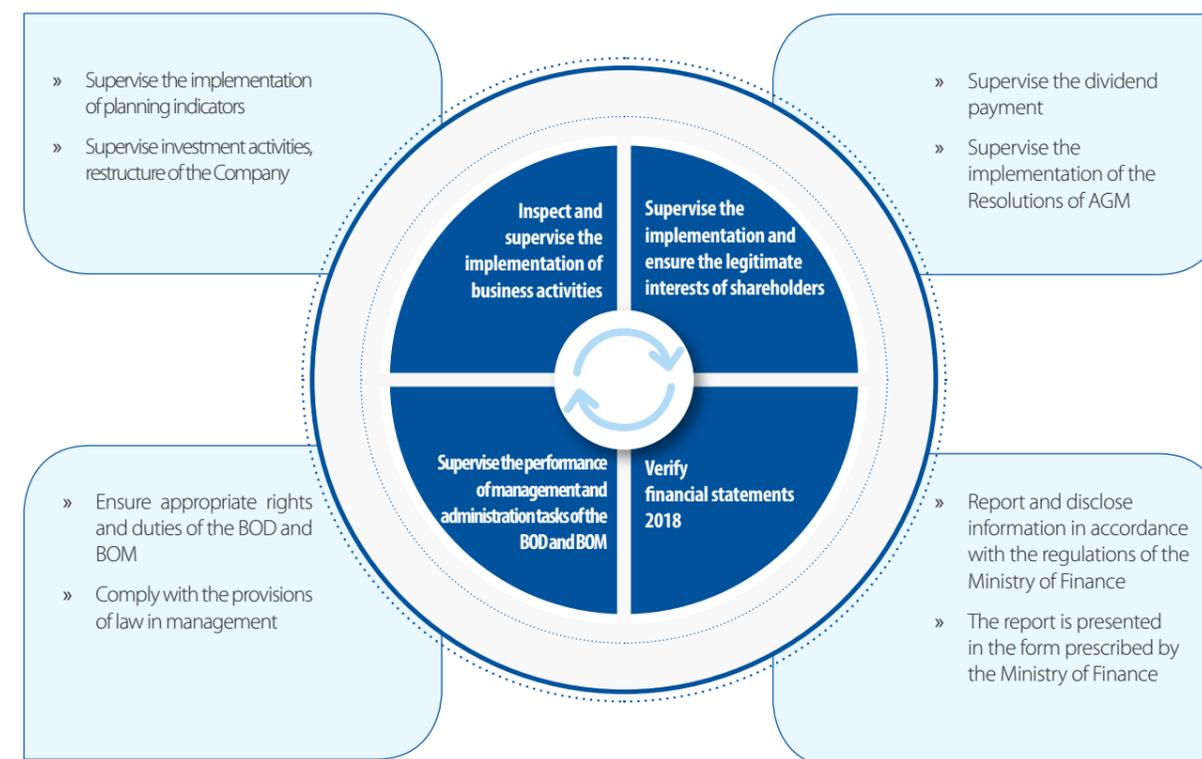
The BOS includes 01 Head of BOS who is a non-executive member and 02 executive members. All members have extensive experience in the field of Accounting - Auditing and fully meet the standards prescribed by law, to ensure effectiveness of supervisory activities of the BOS.

No.	Full name	Position	Time of appointment	Number of meetings attended	Attendance ratio
1	Ms. Nguyen Thuc Quyen	Head of BOS	24/04/2017 (re-appointed)	4/4	100%
2	Mr. Pham Tuan Anh	BOS Member	24/04/2017 (newly appointed)	4/4	100%
3	Ms. Tran Thi Thu Hien	BOS Member	16/01/2015	4/4	100%

Pursuant to the rights and duties of the BOS stipulated in the Law on Enterprises, the Charter of the Company and the tasks assigned by the BOS approved by the AGM in 2018, BOS followed up the plan approved by the AGM to implement supervision under duties and rights specified in the Law on Enterprises and Company Charter

Details are as follows:

- » Supervising compliance with Company Charter and regulations of current law. Inspecting and supervise the implementation of production and business plans. Supervising the implementation of Resolutions of the AGM.
- » Considering legal compliance in issuing Resolutions, Decisions of BOD and BOM in the fiscal year 2018, controlling the compliance with provisions of Company's information disclosure in accordance with regulations.
- » Appraising quarterly and annual financial statements, ensuring accuracy and transparency in the reports. Analyzing and evaluating the financial situation, ability to preserve and develop the Company's capital.
- » The inspection and supervision of BOS were carried out continuously and systematically in order to grasp punctually the actual situation and operational efficiency of the Company to help detect and solve problems of management systems, operational administration and internal control. Quarterly, BOS set plans to inspect, supervise, and assign responsibilities to each member by field as well as implemented the assigned plans and summarized to set up inspection and supervision report.
- » In 2018, the BOS cooperated with Company's inspection team to inspect and supervise units in Company, implemented Audit contract with An Phu Auditing Co., Ltd, in order to check and evaluate compliance with regulations on financial management of the State, as well as the internal control procedures related to financial management throughout the Company. At the end of the year, BOS members participated in supervising the year-end taking-stock of financial capital at units of Company.
- » Supervision is also carried out through inspection and audit results of State management agencies and higher levels such as internal audit of the Corporation...



SUMMARY OF THE MEETINGS OF THE BOARD OF SUPERVISOR

In 2018, the BOS held 4 regular meetings. The contents of the meetings included:

- » Developed and approved BOS's plan of inspecting and supervising in 2018.
- » Developed and approved quarterly monitoring reports and report of BOS operations as well as operational plan in 2019 including: evaluation on Company's production and business; evaluation report on BOD's activities, evaluation report on BOM's activities; evaluation on implementation and compliance with regulations of the Corporation and State related to the Company's operations.
- » Contributed ideas in revising and promulgating the Company's regulations on salary and bonus payment, decentralization of investment decision and management of bidding.
- » Assignment of participants to supervise and report the evaluation of the organization of the AGM in accordance with the regulations on the order and procedures as prescribed by law.
- » Assigned to participate in monitoring and evaluation report on year-end assets and liabilities of the Company.

RESULTS OF INSPECTION AND SUPERVISION IN 2018

BUSINESS ACTIVITIES IN 2018

Unit: VND

No.	Criteria	Actual 2017	Actual 2018
1	Net revenue	6,090,863,061	6,574,596,088
2	Gross profit	1,125,654,147	1,122,088,291
3	Operating profit	137,025,512	133,431,396
4	Other income	1,192,705	3,870,433
5	Profit before tax	138,218,217	137,301,839
6	Profit after tax	109,746,816	109,638,479
7	Earnings per share (VND)	1,689	1,679

IMPLEMENTATION OF 2018 PLAN

No.	Criteria	Planned 2018	Actual 2018	% Actual/Planned
1	Total net revenue (Billion VND)	5,927	6,604	111%
2	Profit before tax (Billion VND)	135.9	137.3	101%

IMPLEMENTATION OF PLANNING INDICATORS

- » Compared with the targets of production and business plan in 2018 by the AGM: production targets exceeded the plan, specifically: volume of LPG and CNG reached 102% and 107.6% of plan respectively; cylinder production completed 102% of plan.
- » The financial targets exceeded the plan: Total revenue reached 6,604 billion VND, equivalent to 111% of the plan; profit before tax was 137.3 billion VND reached 101% of the annual plan.
- » Compared with the results of production and business in 2017, there was a slight growth in criteria of volume and revenue; profit after tax reduced marginally.
- » Investment in construction and procurement of equipment is carried out on schedule and promptly put into operation to meet production and business requirements. Details:
 - » Completed settlement and put into operation the following projects: "Upgrading CNG My Xuan Compressor station"; Project "Upgrading Hiep Phuoc Compressor station".
 - » Continue to construct and complete the project "Relocating, upgrading line for painting and repairing gas cylinders of Western Branch to position of Tra Noc nitrogenous warehouse to; Project "Upgrading LPG Binh Phuoc extraction station".
 - » Project "Relocating warehouse and LPG extraction station VT GAS in Dong Nai Province", continuing to complete site clearance compensation.
 - » Works were implemented in accordance with Bidding Law, regulations on quality management, management of construction costs. Currently, the works were completed procedures for finalization of investment capital of works completed in accordance with regulations.

SUPERVISE THE IMPLEMENTATION OF THE RESOLUTIONS OF AGM AND ENSURE THE LEGITIMATE INTERESTS OF SHAREHOLDERS

- » The Company paid the remaining dividend in 2017 of 8% of chartered capital in cash in accordance with the Resolution of AGM approved in 2017; advance dividend for the first phase of 2018 was 10% of chartered capital in cash.
- » The Resolutions and Decisions of BOD have complied with the Company Charter and Resolution of BOD. Resolutions and Decisions of BOD implemented by BOM in accordance with requirements.

RESULTS OF APPRAISING FINANCIAL STATEMENTS FOR 2018

- » Financial Statements for 2018 of the Company accurately and completely reflected in the financial position of the Company as at 31/12/2018, as well as 2018 business results. The statements are presented according to forms prescribed by the Ministry of Finance.
- » Recording, opening accounting books, classifying economic contents, according to the accounting standards promulgated by the Ministry of Finance.
- » The Company has periodically reported and disclosed information on the Hanoi Stock Exchange (HNX) and the State Securities Commission in accordance with the regulations of Ministry of Finance on the disclosure of information on the stock market.
- » The financial indicators showed that debt ratio accelerated slightly and the solvency ratio decreased by 0.1 times. According to analysis, the main reason came from a sharp increase in account payables for suppliers. The account receivables of customers and inventory were stable. The ability to pay debt was still guaranteed. The Company preserved and developed capital, profitability ratios completed the plan.
- » The Company's 2018 financial statements were audited in accordance with the Company's Charter and AGM's 2018 Resolutions, conducted by Deloitte Vietnam Limited.

FINANCIAL INDICATORS

No.	Criteria	Unit	31/12/2018	31/12/2017
I Assets structure				
1	Long-term assets / Total assets	%	50.19	51.29
2	Short-term assets / Total assets	%	49.81	48.71
II Resources structure				
1	Liabilities / Total resources	%	61.62	57.61
2	Owners' equity / Total resources	%	38.38	42.39
III Liquidity ratios				
1	Quick ratio	Time	0.79	0.82
2	Current ratio	Time	0.90	0.96
IV Profitability ratios				
1	ROA	%	4.41	4.84
2	ROE	%	11.48	11.42

- » Other contents were implemented in accordance with Resolution of AGM.



RESULTS OF MONITORING IMPLEMENTATION OF MANAGEMENT AND ADMINISTRATION TASKS OF BOD AND BOM

Results of monitoring the managerial implementation of BOD

- » The BOD held the periodical and extraordinary meetings in accordance with Company Charter.
- » The BOD issued Resolutions and Decisions related to the Company's activities within the scope of responsibilities and authorities. Resolutions and Decisions of BOD issued in the right order and authorities and in accordance with the legal basis under Law and Company Charter. In 2018, BOD discussed and decided on some important issues related to Company's operations. The BOS assessed BOD's activities in a timely manner to meet production and business requirements' Company in the fiscal year 2018.
- » BOD supervised operation's BOM in implementing Resolution of AGM, Resolution and Decisions of BOD and production and business activities of Company.

The BOD coordinated with BOM to direct and manage comprehensively all activities of Company, making an important contribution to completion of 2018 business plan according to AGM's Resolution.

- » Regarding the responsibilities, obligations and transactions of managers and related persons, the BOS did not record any cases that violated regulations on responsibilities and obligations of the Management in 2018. Transactions of managers and related persons has been fully disclosed in accordance with the law.
- » The BOD and BOM supported and created the favorable conditions for BOS to fulfill obligations and responsibilities. The BOD meetings had presence and supervision of BOS. The BOS's opinions to BOD and BOM were fully and promptly reflected.

Results of monitoring the management implementation of BOM

- » BOD deployed fully BOD resolutions; implemented other authorities and duties in accordance with Company Charter and Laws; completed the assigned production and business plan.
- » The BOD enforced strictly rights and obligations with a high sense of responsibility, for the legitimate interests of the Company and Shareholders.
- » Company's leaders has focused on implementing capital preservation measures such as: Focusing on safety of fire and explosion prevention and fighting; Purchasing property and goods insurance; Debt recover being paid close attention, using many measures to recover debts and reduce bad debts as well as outstanding debts; Correcting the compliance with Management regulations on Cash-goods-debts to limit risks; Making provisions for devaluation of inventories, bad debts, and loss of financial investment in accordance with regulations.
- » The recruitment, use and transfer of labor were reasonable and effective to ensure efficiency of production and business activities. The implementation in payment of salary, bonus and use of funds ensured fair and transparent. The signing of labor contracts between employers and employees have complied with the State's regulations. The Company has paid the social insurance and health insurance punctually. The Company's leaders focused on the full and punctual implementation of policies for employees in accordance with law.

Compliance with provisions of law in the executive management

- » Works have implemented in accordance with the provisions of Bidding Law, regulations on quality management, management of construction costs. The procedures for settlement investment capital of works has been carried out under regulations.
- » Ensure the periodical reporting and disclosure according to the regulations of the Ministry of Finance.

Evaluate the coordination between BOS, BOD and BOM

- » The BOM always has close cooperation with the BOS and the BOD. The BOS received the cooperation from the BOD, BOM in carrying out duties, such as providing information and documents, sending staff to work with BOS upon request.
- » The BOS was invited to attend most BOD meetings, briefings of Company. At these meetings, BOS also contributed to ideas on ensuring appropriateness in Company's activities.
- » The BOS appraising Financial Statements before submitting to BOD and AGM. The summary report of inspection, control has been sent quarterly to BOD and BOM.



OPERATIONAL PLAN OF THE BOARD OF SUPERVISORS IN 2019

BOS CONTINUES TO CARRY OUT CAREFUL AND SYSTEMATIC MONITORING AND INSPECTION IN ORDER TO CATCH UP WITH THE REAL SITUATION AND EFFICIENCY OF THE COMPANY, THUS DETECTING PROBLEMS IN TIME, THE MANAGEMENT SYSTEM, AND INTERNAL CONTROL SYSTEM OF THE COMPANY AND FIND SOLUTIONS.

In addition, the supervision of BOS need to ensure not obstructing the normal activities of BOD as well as the production and business of the Company.

Some priority tasks of BOD in 2019 are as follows:

- » Supervising the implementation of the Resolution of the AGM in 2019. Supervising the observance of the Charter and internal management regulations of the Company. Monitoring the implementation of the production and business plan in 2019 and the development strategy to 2025.
- » Coordinating with the BOD and the BOM, functional departments of the Company to inspect and supervise the management at the units as well as at the Company office.
- » Monitoring, checking and supervising the preparation, implementation and settlement of investment projects.
- » Verifying financial statement, management evaluation report of the BOD in 2019. Analysis and assessment of financial status, management and use of capital, operational efficiency and debt repayment capability of the Company. Supervising management of owners' equity and the Company's capital invested in other enterprises.
- » Monitoring the implementation of dividends payment to shareholders and the implementation of the Resolutions of the AGM.
- » Studying and promptly updating new mechanisms and policies to promulgate, supervising and proposing amendments and supplements to inappropriate matters in order to ensure strict compliance with the provisions of law.
- » Selecting and proposing an independent auditing firm capable, experienced and reputable to provide auditing and financial reporting services in 2019.



THE COMPANY APPLIES THE SALARY REGIME FOR MEMBERS OF THE BOD, THE BOS AND THE BOM IN ACCORDANCE WITH THE LAW, WITH THE COMPANY'S ANNUAL SALARY AND SALARY POLICY, COMMENSURATE WITH THE CAPACITY AND PERFORMANCE OF EACH MEMBER. THE BONUS AND WELFARE FUND IS DEDUCTED FROM PROFIT AFTER TAX OF THE COMPANY BASED ON THE RESULTS OF IMPLEMENTATION OF THE BUSINESS PLAN APPROVED BY AGM. OTHER BENEFITS AND BONUSES ARE SUBJECT TO THE PVGS SOUTH COLLECTIVE LABOR REGULATIONS AND AGREEMENT.

In 2018, according to the Decision of AGM, the Company paid the salary, compensation to members of the BOD, BOS and BOM as follows:

No.	Full name	Position	Salary/ Compensation (VND)	Remuneration (VND)	Total income (VND)
BOARD OF DIRECTORS					
1	Do Tan	Chairman	915,177,061		915,177,061
2	Vu Quy Hieu	BOD Member cum Director	910,927,061		910,927,061
3	Nguyen Minh Ngoc	Non-executive BOD Member	791,026,088		791,026,088
4	Tran Van Nghi	BOD Member cum Deputy Director	802,344,050		802,344,050
5	Ha Anh Tuan	Independent BOD Member		60,000,000	60,000,000
BOARD OF SUPERVISORS					
1	Nguyen Thuc Quyen	Head of BOS	737,626,328		737,626,328
2	Tran Thi Thu Hien	Member	331,090,732		331,090,732
3	Pham Tuan Anh	Member		36,000,000	36,000,000
BOARD OF MANAGEMENT					
1	Dang Van Vinh	Deputy Director	699,725,697		699,725,697
2	Dao Huu Thang	Deputy Director	747,510,866		747,510,866
3	Nguyen Hai Long	Deputy Director	737,615,828		737,615,828



SHARES TRANSACTIONS OF INTERNAL SHAREHOLDER AND RELATED PERSONS

The person performing transaction	Relationship with internal person	Number of owned shares at the beginning of period		Number of owned shares at the ending of period		Reason for sale
		Number of shares	Ratio	Number of shares	Ratio	
Tran Thi Thu Hien – BOS Member		6,578	0.013%	78	0.00016%	Solving personal financial needs

OTHER TRANSACTIONS

No.	Type of transaction	Status
1	Transactions between the Company and affiliated persons, insiders and their related parties	None
2	Transactions between the Company's insiders, affiliated persons with subsidiaries and companies controlled by the Company	None
3	Transactions between the Company and companies that members of BOD, SB and BOM have been a founding member or BOD member, or CEO within the last 3 years	None
4	Transactions between the Company and companies that affiliated persons with members of BOD, BOS and CEO are BOD member, or CEO	None
5	Other transactions of the Company could bring the material or non-material benefits to members of BOD, BOS, CEO	None



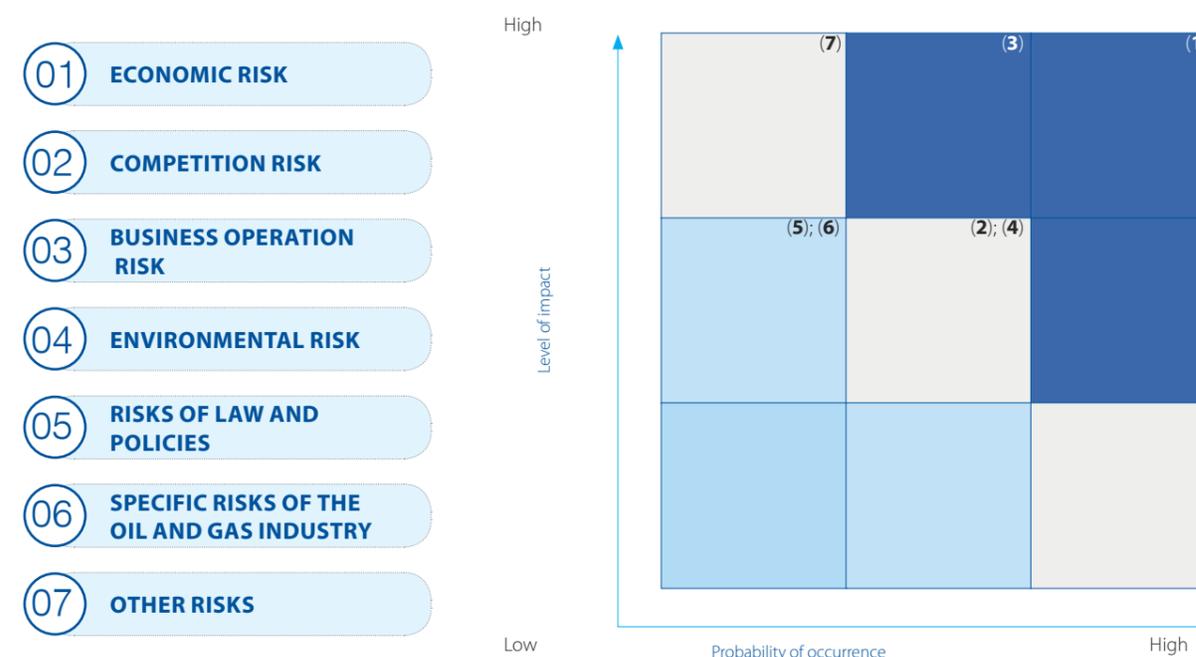
The business environment in 2018 as well as in the coming years continues to face many difficulties and challenges, especially continuous fluctuations in the world and domestic oil and gas markets. This motivates PVGas South to focus more efforts on risk management with:

1. The BOD directly appoints heads of technical departments to monitor and manage risks related to their activities.
2. Quarterly, department heads update their risk reports according to their assignments and provide action solutions for the next quarter to capture them quickly and make timely measures and preventive measures for existing and potential risks may arise in each quarter of operation.
3. The BOM and BOD hold the quarter meetings to update and re-evaluate risks to give out the punctual operational solutions ensuring completion the assigned plan.

RISKS AFFECTED BUSINESS AND MANAGEMENT METHODS

Through analyzing the business environment in the short and medium term, key areas in production and business activities, PVGas South has identified important risks that the Company must prioritize to manage including: (1) Economic risk, (2) Competition risk, (3) Business operation risk, (4) Environmental risk, (5) Risks of law and policies, and (6) Specific risks of the oil and gas industry.

**EVALUATION MATRIX FOR IMPACT OF RISKS ON
PVGAS SOUTH'S BUSINESS ACTIVITIES**





RISKS INFLUENCING BUSINESS AND MANAGEMENT METHODS (continued)

Types of risk	Department in charge	Context	Solution for risk management	Achievements in 2018
ECONOMIC RISK	Sales Dept., Planning Dept. Finance – Accounting Dept.	<p>Business activities of the oil industry in general and PVGas South in particular were directly influenced by global oil prices. Overview of 2018, oil prices had a positive recovery but this trend ended in the last months of 2018 with a strongly increasing decline.</p> <p>OPEC's policy of reducing output faced challenges when the major oil nations as Russia, US, Saudi Arabia dramatically increased production volume. Besides geopolitical risks and escalating trade war made the outlook of global economic growth dropped, and caused a sharp fall of oil prices.</p> <p>With unpredictable movements of world oil market with high sensitivity to prices, this caused many difficulties for management of selling prices and significantly affected ability of managing revenue and profit of Company.</p>	<ul style="list-style-type: none"> » Actively captured information related to micro, macro and market changes to forecast the upcoming situation and find out appropriate solution, in order to ensure business stably maintained. » Actively took preventive measures against unexpected macro fluctuations. » Build up the method of input material management and invested in large storage system for stockpiling, helping to effectively manage the inventory. » Applying science and technology in monitoring consumption volume of customers to be active in storage and optimize distribution. » Build and enhanced relationships with customers, partners and suppliers, helped to facilitate the Company in management of material import, production, preservation and distribution of goods. 	<p>PVGas South was active in importing gas, helped the Company keep advantages of low input prices and lower than market.</p> <p>The good forecast helped the Company to make timely adjustments in input/output price negotiations as well as to develop a reasonable inventory policy.</p> <p>The above factors helped Company stand firmly in context of oil price volatility in the past year. Although the profit margin decelerated slightly by the Company' active adjustment on selling price in a reasonable manner to support customers stabilize input costs, in return, there was an increase in number of customers as well as consumption volume.</p>
COMPETITION RISK	Sales Dept.	<p>With great potential for the economy and life, the LPG market was witnessing the emergence of more competitive companies. The presence of large multinational corporations, large LPG firms with capital, production experience and a network of small companies had placed PVGas South in a fierce competition with many challenges.</p> <p>Concerns about poor quality LPG products still existed over time when the situation of trade fraud, illegal gas extraction was still complicated in the market. This action not only affected the reputation of the major brands, including PVGas South, but also implied the danger for customers when buying imitation goods, poor quality...</p> <p>LPG products are facing the increasing competition from alternative fuels being electric products.</p>	<p>With the drastic competition of the market, PVGas South actively established specific solutions to maintain stable business activities, focusing on:</p> <ul style="list-style-type: none"> » Improved the management level and promoted customer care, trade promotion, publicity... » Improved and completed perfect marketing strategies. Particular attention was paid to the development of consumption networks, new potential consumption channels in the market. » Built a distribution network, which stretches from Quang Binh to the Southern provinces, allowed the Company to reach many customers in different areas. » Increased investment in satellite extraction system. Currently, the Company's extraction system was present in the markets of the Southwest, South Central and Southeast. In order to limit the source of smuggled gas into the market, the Company had a policy of discounting agents. » Promoted the care of customers, timely listen to feedback in order to make appropriate adjustments. » Investment, application of science and technology to production was also focused, aiming to increase labor productivity and reduce production costs. » Took advantage of supply, brand and trust of customers to expand business, improve production capacity to suit the new development. » Implemented appropriate governance measures to ensure continued adaptability to the continued movement of regional and global gas markets. 	<p>With appropriate and effective management measures, in 2018, the Company achieved encouraging results when the consumption of LPG and CNG had a strong growth.</p> <p>Specifically:</p> <p>LPG consumption reached 302,943 tons, completed 102% of annual plan. In which, residential LPG reached 189,320 tons, increased 8.6% compared to 2017. The industrial LPG was 113,623 tons, completed 113.6% of annual plan.</p> <p>CNG volume reached 134.4 million Sm³, completed 107.6% of 2018 plan and grew by 8.5% yoy.</p>



RISKS INFLUENCING BUSINESS AND MANAGEMENT METHODS (continued)

Types of risk	Department in charge	Context	Solution for risk management	Achievements in 2018
BUSINESS OPERATION RISK	Finance - Accounting Dept.	<p>As a Company active in the gas production and distribution, PVGas South was always faced with risks from the macro factors, the market directly affected the business activities.</p> <p>The unexpected fluctuations in oil prices would have a complex impact on the market and the ability to manage costs and sales prices of the Company.</p>	<p>PVGas South always strived to find the best solution for good management of input costs, selected appropriate stocking time to bring the cost of the Company to the lowest possible level, regularly upgraded and maintained storage system, extraction station to maintain quality and active in the production.</p> <p>Periodically review the process related to receivables / payables to maximize financial resources to ensure stable and sustainable business cash flow, ready to meet investment capital when needed.</p> <p>Regarding the infrastructure, the Company regularly monitored and supervised the operation of machinery, equipment, storage and production systems from which timely detecting the damage to overcome, ensuring the stable business activities of the Company.</p> <p>Established teams to inspect the quality of construction, made plans for periodic inspection and maintenance and repaired machines and equipment to ensure stable and safe operation of production capacity.</p> <p>Regarding the management of capital investment projects, the Company always emphasized the ability of managing resources to maintain the effectiveness of investment projects. Implemented flexible and appropriate contracting strategies to minimize potential costs and risks during project implementation. In addition, the Company also focused on building and specializing the project management department, combined the professional expertise and experience of the Company with the financial potential of the partner company to increase the effectiveness of new investment projects.</p>	Cost management was focused by the Company in 2018. This was clearly shown when cost / revenue ratios of selling expenses, management expenses, and financial expenses reduced all compared to 2017 (See more details in Financial analysis).
ENVIRONMENTAL RISK	Safety – Environment Dept.	Specific activities in the gas industry, incidents and damages in business activities can negatively impact on the surrounding environment. In addition, wastes, wastewater from production activities can also cause environmental pollution if not handled in a timely and secure manner.	<p>The Company always complied with environmental protection laws, invested in new technologies to minimize the risk of gas leakage, raised staff awareness in energy saving use - water, strictly adhere to the waste treatment, waste water...</p> <p>In addition, the Company always attached great importance to raising environmental awareness in the production and operation of all employees, bound the business efficiency with the objectives of quality, health and safety of the environment.</p>	In 2018, the Company did not environmental incidents, not sanctioned violations of environmental regulations.
LEGAL RISKS	Safety – Environment Dept.	<p>As a listed company on the stock exchange, PVGas South was influenced and governed by the Laws of Enterprise Law, Securities Law, Tax Law, International Law, International Trade Law ... Decrees, The Circular and other relevant legal documents.</p> <p>In recent years, Vietnam's economy has been strongly changed, gradually expanded and integrated into the dynamic market of the world. In order to catch up with the general trend and create more favorable conditions for the enterprises, the Vietnamese legal system was also in the process of updating and improving. The regulations and sanctions was also more specific and rigorous, ensuring transparency and fairness.</p>	<p>The Company was always conscious of actively updating and studying legal information related to the economy and the industry, to actively adjust the operating mechanism in accordance with the law of the State, avoid the pity risks can adversely affect the business activities of the Company.</p> <p>Carried out disciplinary compliance programs, identified changes in the legal context, changes in system and procedures to ensure strict adherence to legal requirements that directly affected business activities of the Company.</p>	



RISKS INFLUENCING BUSINESS AND MANAGEMENT METHODS (continued)

Types of risk	Department in charge	Context	Solution for risk management	Achievements in 2018
SPECIFIC RISKS OF THE OIL AND GAS INDUSTRY	Safety – Environment Dept.	With explosive characteristics, preserving, transporting and distributing gas products always required meticulous and high safety. Incidents caused by that work not only affected the chain of production activities of the Company, caused damage to people and property but also created many negative impact on the brand and the object of sustainable development of PVGas South.	<ul style="list-style-type: none"> » In order to limit the serious impact that this risk brings, during development milestone, PVGas South always strictly implemented the technical standards, complied with the assurance process, production and transportation. In each stage of design, manufacture, operation and distribution, the Company aimed to safeguard workers and users on the first. » The storage, warehouse and gas products of the Company meet the standards of storage size and quality of storage. » Guiding process of safe storage and use products for agents, so that they can guide customers again. » In 2018, in order to improve the sustainability in operation, PV Gas South actively combined with industrial customers to provide training on operational safety / fire prevention. Ensuring customer safety is also a guarantee for the Company's operations. 	There was no serious accident involving fire or explosion that was caused by technical errors or transportation.
OTHER RISKS	Safety – Environment Dept.	Other risks such as natural disasters, epidemics, fire etc. was unexpected risks that could cause significant damage to people and property for the Company.	<ul style="list-style-type: none"> » The Company was aware of these risks as much as possible by: » Ensured safety measures in labor, production, use of forms of insurance for people and property, actively carried out environmental protection commitments to reduce pollution and disaster. » Purchased fire and explosion insurance at business units to minimize losses in the event of accident. 	





STRENGTH

OF PRODUCTION
AND DISTRIBUTION
INFRASTRUCTURE

REPORT OF THE BOARD OF MANAGEMENT

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Year	2014	2015	2016	2017	2018
BUSINESS OPERATIONS					
LPG consumption volume (Ton)	236,849	235,714	279,820	284,158	302,943
Residential LPG	151,804	155,629	164,691	174,392	189,320
Industrial LPG	85,045	80,085	115,129	109,766	113,623
New LPG cylinder volume (Cylinder)	294,259	340,015	341,387	371,524	378,739
CNG consumption volume (Million Sm ³)	84.7	88.7	105.2	123.9	134.4
BUSINESS RESULTS (BILLION VND)					
Net revenue	7,484.3	5,956.3	4,971.9	6,090.9	6,574.6
Gross profit	1,148.1	1,129.3	939.8	1,125.7	1,122.1
Operating profit	252.1	220.1	420.5	137.0	133.4
Profit before tax	246.6	226.9	422.6	138.2	137.3
Profit after tax	191.5	164.6	341.7	109.7	109.6
BALANCE SHEET (BILLION VND)					
Total assets	3,202.6	2,647.0	2,249.6	2,267.8	2,488.7
Equity	941.6	1,068.8	966.8	961.3	955.2
Charter capital	380.0	500.0	500.0	500.0	500.0
EFFICIENCY					
Return on average assets (ROAA)	6.1%	5.6%	14.0%	4.8%	4.6%
Return on average equity (ROEA)	15.1%	11.1%	33.6%	11.4%	11.4%
SHARE INFORMATION					
Number of outstanding shares (Million shares)	38	50	50	50	50
Earnings per share (VND)	3,691	2,228	6,334	1,689	1,679
Book value per share (VND)	24,779	21,375	19,337	19,226	19,106
Year-end price (VND)	26,900	17,500	15,900	25,100	32,500
Market capitalization (Billion VND)	1,022	875	795	1,250	1,625

IN THE MACRO AND INDUSTRY CONTEXT WITH BOTH ADVANTAGES AND CHALLENGES, DIFFICULTIES, THE MANAGEMENT AND THE STAFF OF THE COMPANY MADE CONTINUOUS EFFORTS, PROPOSED FLEXIBLE AND APPROPRIATE SOLUTIONS TO ENSURE STABLE OPERATION AND SUSTAINABLE DEVELOPMENT.

SAFETY IN PRODUCTION AND BUSINESS

In 2018, there was not any accident incidents to cause damage to people and property. This result is thanks to the Management and all employees who have drastically implemented many solutions. Specifically:

- » The Company completed the upgrade of Safety - Quality - Environment Management System according to PAS 99:2012.
- » The Company regularly coordinates with professional forces, fire fighting and prevention police in provinces and cities to organize drills on fire fighting, emergency rescue at storages, extraction stations, business establishments of the Company.
- » Organized the inspection of safety and fire prevention activities quarterly.
- » Implemented 5S practical training for Western Branch, Eastern Branch and VT-Gas Branch on 09/01/2018 and continued to maintain seriously the 5S Program throughout the Company.
- » Complete the Safety Management document set by the Government for the entire stations/storages of the Company.
- » Reviewed and ensured 100% inspection and calibration of machinery, equipment and materials with strict requirements on occupational safety, labor hygiene and inspection and calibration of measuring equipment according to legal requirements.
- » Organized emergency rescue exercises for internal accidents/accidents, frequency: once a month at all production and business establishments.
- » Safety and Labor Hygiene plan has been implemented as required, monthly / quarterly progress.
- » Business establishments buy fire and explosion insurance according to regulations.

In 2018, PVGas South implemented well measures on safety techniques, fire prevention and fighting, measures on labor hygiene, toxic prevention, improved working conditions, procurement of security equipment, personal protection, health care for employees and propaganda and training on labor protection, with the total number of jobs in the whole Company, specifically:

No.	Content	Jobs implemented (Actual/Planned)
1	Measures on safety and fire prevention techniques	146/157
2	Measures on labor hygiene, toxic prevention and improvement of working conditions	108/114
3	Procurement of personal protective equipment	45/51
4	Health care for employees	38/43
5	Propaganda and training on labor protection	77/77

BUSINESS ACTIVITIES

LPG BUSINESS

Market development, distribution system: The Company continued to increase the proportion of maximum output sold through the distribution system (general agents, agents and affiliated stores), ensuring the coverage of brand expanded. Specifically:

- » General agent: New cooperation with 04 general agents, increased the number of general agents to 145.
- » Agent: Developed 271 new agents, bringing the number of agents up to 1,505 in 2018.
- » Affiliated stores: The Company opened 18 more affiliated stores, bringing the total number of affiliated retail stores to 109.

Investing in communication activities: PVGas South maintained promotion activities and brand communication channels which achieved good results in 2018.

From 01/01/2018, the Company applied QR code scanning technology to electronic counterfeit stamps, through the use of counterfeit decal stamps (Hologram QR Code). Advantages of stamp counterfeiting QR code is handy, accurately and quickly retrieve the origin of products, creating convenience for consumers.

Together with QR code, from 08/01/2018, the Company launched the "QR code, genuine gas standard" promotion program to introduce and guide consumers to access QR code scanning technology. Information about the program is widely promoted on communication tools:

- » Advertising on television, information about promotions on channels: VTV1, VTV3, VTV9, HTV7, HTV9, SCTV14...
- » Advertising on media including: newspaper (Thanh Nien, Tuoi Tre) and online newspapers: thanhnien.vn; tuoitre.com; vnexpress.net ...
- » Run advertisements on communication channels, social networks such as facebook, youtube, banner on websites, broadcast radio on VOV channels (FM 99.9), VOH (FM 95.6).
- » Organized direct interaction points, guide how to participate in promotions and give gifts to customers to visit booths at supermarkets and markets in: Ho Chi Minh City, Binh Duong, Dong Nai, Nha Trang, Da Nang, Can Tho ...
- » Implemented a series of information distribution and roadshow activities across central roads, populated areas in the provinces / cities from the Central to the Southwest to promote and bring information about the promotion program to more consumers.
- » Hanging propaganda publications at wards and communes in Ho Chi Minh City, Dong Nai, Can Tho, Khanh Hoa and Da Nang.
- » Broadcasted advertising on promotional programs on LCD / DP system in buildings, hospitals, supermarkets, Tan Son Nhat airport, Saigon bridge, Ben Thanh market. This program has attracted the attention and support of consumers and agents. The number of customers participating in QR code scanning is nearly 160,000.

Internal communication is also implemented seriously and professionally from the Company to its branches. The standees, banners, brochures of promotions are all equipped at all stores belonging to the Company and all major agent's stores in the provinces. Unify and deploy to the branch design signs of affiliated stores, agents, general agents to create uniformity and high brand identity.

The Company also actively participated in fairs and festivals to bring brand image and products to consumers; implementing the report "Accompanying with Vietnamese goods", "Entrepreneur and brand" to promote products, brand reputation, assisting general agents / agents to introduce images to consumers.

Maintained competitive price policy: The Company continued to maintain the competitive price policy, applied to each different market based on the Price Management Regulation issued by the Company for each product, customer and area.

LPG CYLINDER BUSINESS

In 2018, LPG cylinder business of the Company continued to be stable and exceeded the yearly plan. Achievements come from reasonable strategies in the past year. Specifically:

- » Ensure the production schedule, fully and promptly supply cylinders for the development of residential LPG market of branches under the Company and the Corporation.
- » Complete technical evaluation documents of Gas Cylinder Factory according to DOT standards (USA) to meet the requirements of foreign customers.
- » Actively seek domestic and foreign customers. Signed a cylinder maintenance contract with Sopet Gas One ...

CNG BUSINESS

Find new customers and develop markets: In 2018, the Company actively negotiated with customers and successfully signed contracts with new customers. In addition, the support of existing customers is also maintained seriously, customer satisfaction contributed to increase the consumption volume in the past year.

At the same time, evaluating the plan of cooperation and investment in construction of a central station in Sa Dec IP - Dong Thap, Hoa Phu IP - Vinh Long to supply gas for enterprises in these industrial parks. Defend the investment plan of the central gas supply station construction project in Long Giang IP with Tien Giang provincial authority, currently supplementing the application file for construction permission as well as related procedures.

In order to increase gas production as well as utilize technology from developed countries, the Company cooperated with Osaka Gas - Sojitz to approach the solutions to switch traditional fuels to CNG.

Expand the gas supply system for transportation:

Complete the survey to redefine the locations where new stations are expected to be installed at Cho Lon Bus Station, District 8 Bus Station, Cu Chi Bus Station, Park 23/9 and Tan Phu Bus Station. The fire protection plans for these locations were approved. The Company sent proposals on issues to be supported (Rental price for construction of the station, the progress of handing over the premises ...) to Ho Chi Minh City Department of Transport, Center for Public Transport Management for comments, to the competent authorities for early approval of land allocation for the project to be implemented.

Invest in communication activities: Completed a new brand identity and is implementing product advertising and branding on fixed advertising in: Dong Nai, Ho Chi Minh City, Binh Duong, Long An...

FINANCE - ACCOUNTING

Strictly production costs, ensuring quality and prices of goods and services at a reasonable level, increasing the Company's competitiveness in the market.

Effective use of financial resources of the Company through strengthening the control of debts, to avoid overdue debts. Well perform market forecast to optimize inventory.

Analyze and build reasonable asset-capital structure to ensure operational safety, as well as reduce financial costs.

Strengthen project analysis, determine capital structure and find suitable and effective capital sources for investment projects of the Company.

Continue to review the Company's expenses to minimize the costs, increase operational efficiency.



BUSINESS RESULTS IN 2018

LPG BUSINESS

LPG consumption volume in 2018 reached **302,943 tons**, completed 102% of the annual plan, of which:

- » Residential LPG consumption volume reached **189,320 tons**, increased by 8.6% compared to 2017.
- » Industrial LPG consumption volume reached **113,623 tons**, completed 113.6% of the annual plan.

LPG CYLINDER BUSINESS

- » New cylinder production in 2018 reached 378,739 cylinders, completing 102.3% of the annual plan, up 101.8% compared to 2017.
- » Cylinder maintenance for **301,333 cylinders**, reaching 100.4% of the 2018 plan, an increase of 107.2% compared to 2017.

CNG BUSINESS

- » In 2018, CNG consumption volume reached 134.4 million Sm³, completing 107.6% of the 2018 plan and growing by 8.5% compared to 2017.
- » Selling price: Following the direction of the Corporation, the Company has completed the negotiation of selling prices in 2018 with industrial customers as well as building a specific price schedule for each year from 2018 to 2027 with transportation customers, in general, the price in 2018 increased compared to 2017.
- » In 2018, on the basis of market development in 2017, the Company actively negotiated with customers and signed contracts with the following customers: Cam Dat Glass, CIEC Hot Plastic Concrete, Tam Dinh, Dong Nai Granite.
- » Signed infrastructure and service lease contracts with Phuc Long IP to construct gas supply pipeline for customers in this IP. The Company also signed a memorandum of understanding with: KCC Vietnam Paint, Thai To Glass, Dai Loc Phat Steel, Kim Tien Hai and Phuoc Tho Steel.
- » Continued to work and support existing customers to increase volume, PVGas South cooperated with Vina One Steel to convert hot rolling mill using cashew oil to CNG, in collaboration with Nam Kim Steel to supply CNG to the new line of Nam Kim 3 factory, in collaboration with Tay Nam Steel to supply gas to the new factory.



FINANCIAL FIGURES

- » The Company's total revenue was **6,604.4 billion VND**, reached 111.4% of the plan for 2018 and increased by 8.2% compared to 2017.
- » Profit before tax for 2018 was **137.3 billion VND**, equivalent to 100.9% of the 2018 plan and reached 99.3% compared to the 2017 actual implementation.

HUMAN RESOURCE AND TRAINING

- » The average number of employees in 2018 of PVGas South was 985 people. The average salary in 2018 reached 13.5 million VND / person / month.
- » In 2018, the Company conducted 1,974 professional training courses, improving skills and environmental health safety for employees with the cost of 3.1 billion VND.

SOCIAL SECURITY AND UNION ACTIVITIES

- » The Party organizations, unions in the Company paid attention to and took care of the material and spiritual life of employees, organized joyful and safe Tet holidays. Organize programs: Spring Love and visits to give gifts to disabled and orphaned children at nurturing centers in the provinces where the Company / Branch is based on the occasion of Children's Day and Lunar New Year.
- » Union organizations launched emulation of productive labor Celebrating the Party, celebrating the spring, organizing the Arts Competition and Sports Festival to celebrate the founding of Ho Chi Minh Communist Youth Union and the establishment day of the Company.
- » Organized propaganda, dissemination and grasping thoroughly of Resolution No. 14-NQ / ĐU dated 08/02/2018 of PVGas Party Committee on leadership in implementing political tasks, production and business in 2018 and Resolutions, The Plan issued by PVGas South Party Committee.
- » The Committee of the Union successfully organized for members to participate in tourism at home and abroad according to annual standards. The unit unions organized for all employees and branch employees to go on vacation at the local beauty places...

Please see more details in **Chapter 05 - Sustainable Development Report.**

INVESTMENT VALUE IN 2018

63.43 BILLION VND

REACHED 16.3% COMPARED TO THE 2018 PLAN

VALUE OF DISBURSED CAPITAL IN 2018

95.29 BILLION VND

REACHED 30.9% OF THE 2018 PLAN

- » Investment value in 2018 was 63.43 billion VND, reached 16.3% compared to the 2018 plan.
- » Value of disbursed capital in 2018: 95.29 billion VND, reached 30.9% of the 2018 plan, of which 100% was equity.

FINISHED PROJECTS

Completed the settlement of projects: Upgrade Hiep Phuoc CNG station, Upgrade My Xuan CNG station, Upgrade the line of repairing gas cylinders for Gas Cylinder Factory, Relocate Dat Do LPG extraction station to Binh Thuan.

NEW PROJECTS

- » Project "Relocate VT Gas's LPG Storage and Extraction Station in Dong Nai": Completed the approval of Fire Prevention and Fighting location, giving comments on basic design, Environmental impact assessment; continue to compensate for land clearance for the remaining households.
- » Project "Relocate and upgrade the cylinder repair line of Western Branch" (moving to Tra Noc nitrogenous warehouse): Completed and put into operation.
- » Project "Upgrade Binh Phuoc LPG extraction station": Completed and put into operation.
- » Project "Improve and expand CNG system for 02 existing customers (Nam Kim 3, Vina One)": Completed and put into operation.
- » Project "CNG Central station in Long Giang IP": Provided CNG through temporary station, when the output of customers increases, central station will be built.
- » For 05 projects "CNG supply station for transportation": Coordinated with Department of Transport, Department of Industry and Trade, Fire Prevention and Fighting Police to survey the location of the station which has been approved for the location and currently wait for HCMC People's Committee to complete the procedures for land allocation for stations.



REVENUE OF GOODS SOLD AND SERVICES RENDERED REACHED 6,574.6 BILLION VND, INCREASED BY 7.9% COMPARED TO 2017, COMPLETED 111% OF THE ANNUAL PLAN

In 2018, PVGas South's revenue of goods sold and services rendered reached 6,574.6 billion VND, up 7.9% compared to 2017 and completed 111% of the plan for 2018. This was the second year PVGas South recorded growth in revenue and reached the highest level in the last 4 years.

GOODS SOLD AND SERVICES RENDERED

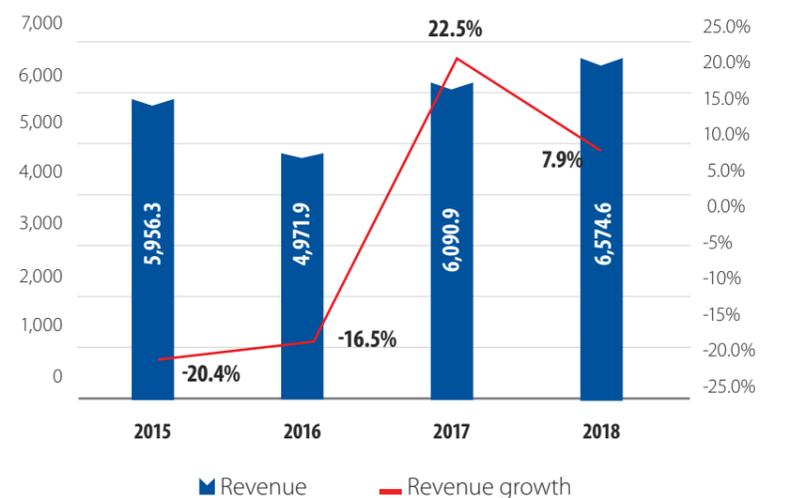
6,574.6

BILLION VND

↑7.9% COMPARED TO 2017, COMPLETED 111% OF THE PLAN FOR 2018

CONSOLIDATED REVENUE AND REVENUE GROWTH IN THE PERIOD 2015-2018

Unit: Billion VND

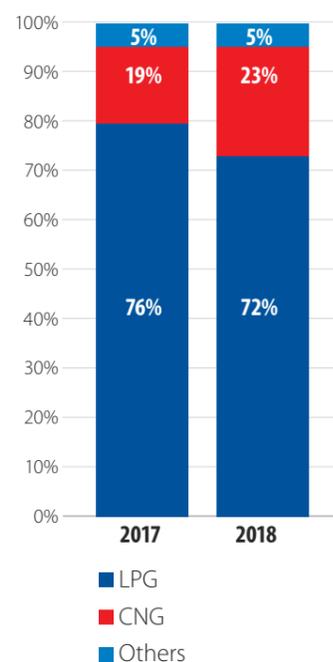




In revenue structure by product, LPG and CNG are still the two main business products of PVGas South in 2018. Specifically, LPG revenue reached 5,026.7 billion VND, accounting for 72% of net revenue in 2018; CNG revenue reached 1,595 billion VND, accounting for 23% of revenue.

Revenue structure of PVGas South showed a clear shift when CNG business increased the proportion of revenue significantly, from 19% (in 2017) to 23% in 2018. Meanwhile, the proportion of revenue LPG business decreased from 76% (2017) to 72% (2018). Regarding revenue growth over the same period, CNG business is also the leading driver for PVGas South with the growth rate of 2018 reaching 38%. LPG business showed modest revenue growth with only 2% increase compared to 2017.

REVENUE STRUCTURE 2017-2018



LPG REVENUE GREW BY 1.65% THANKS TO GROWTH OF CONSUMPTION VOLUME

LPG business of PVGas South in 2018 recorded the growth of consumption volume with 302,943 tons, reaching 102% of the year plan and growing 6.6% compared to 2017. In which:

- » Residential LPG volume reached 189,320 tons, an increase of 8.6% compared to 2017, completing 96.1% of the year plan.
- » Industrial LPG volume reached 113,623 tons, completing 113.6% of the year plan.

Although the level of competition in the industry is very high, especially in the Southern region; thanks to reasonable business plans such as expanding distribution system, strengthening branding and strengthening sales policies ..., PVGas South has maintained the growth of this business.

LPG VOLUME

302,943 TONS

↑1.65% COMPARED TO 2017, REACHED 102% OF THE YEAR PLAN

WITH NEW CUSTOMERS, CNG CONSUMPTION VOLUME ALSO GREW POSITIVELY BY 8.5% COMPARED TO 2017

In 2018, CNG revenue reached 1,595 billion VND, growing by 38% compared to 2017. The revenue growth motivation comes from the strong growth of consumption volume. Specifically, CNG consumption volume reached 134.4 million Sm³, up 8.5% compared to 2017 and completing 107.6% of the year plan. This achievement is contributable to effective business solutions and market development implemented by the Company such as:

- » Maintain good business relationships with existing customers. Perennial business customers such as Ton Nam Kim and Sojitz ... have increased demand for CNG consumption in the past year.
- » Search and expand customer network. The Company signed contracts to supply gas for Tay Nam Steel Plant, Binh An 2 Concrete, Granit Ceramic...
- » Benefit from an increase in CNG demand for transportation. Becoming a fuel supplier for CNG-powered bus system has helped PVGas South to form stable CNG demand over the years. This will be a stable source of revenue growth for the Company in the coming years.

Besides the growth of revenue, increasing gas selling price is also an important factor contributing to the growth of CNG business. Specifically, the average CNG selling price in 2018 reached 11,868 VND / kg, an increase of 27% compared to the average selling price of 2017.

MANAGEMENT OF OPERATING COSTS, IMPROVING BUSINESS EFFICIENCY

With the characteristics of enterprises operating in the field of natural gas production and distribution, cost of goods sold and selling expenses are two items that account for the highest proportion in the cost structure of the Company. In which, cost of goods sold accounted for 84.3% and selling expenses accounted for 14.1% of the total cost.

Item	2017	2018
Cost of goods sold	83.3%	84.3%
Selling expenses	15.1%	14.1%
General and administrative expenses	1.3%	1.2%
Financial expenses	0.30%	0.1%
Others	0%	0.3%



MANAGEMENT OF OPERATING COSTS, IMPROVING BUSINESS EFFICIENCY (continued)

If compared with the proportion of revenue, in 2018, the cost of goods sold ratio reached 82.9%, slightly increased compared to 2017 (81.5%). The increase in COGS came from increase in input gas price from PVGas. At present, domestic natural gas fields started to decline in output, especially in cheap gas supplies. The conversion to exploiting gas sources with higher costs is the reason that natural gas input cost has a strong growth and leads to an increase in the COGS of the Company. However, since 2016, the Company has been able to proactively source imported goods with the unit price of buying gas lower than 20 USD compared to the market price. With Lan Tay, Lan Do, Rong Doi, Rong Doi Tay gas fields all being forecasted to reduce output significantly in the coming years, this has helped to mitigate the effects of domestic gas price fluctuations as well as increasing the input supply initiative of the Company.

Selling expenses / revenue ratio dropped to 13.8%, equivalent to 910.6 billion VND. The selling expenses ratio of PVGas South has been continuously improved in the coming years thanks to the effectiveness of the Company's marketing strategies and customer attraction. In addition to selling expenses, the ratio of general and administrative expenses has continued to improve, reaching 1.2%.

Overall, the operating cost ratio has continuously improved in the last 4 years. This shows the efforts of the Management in improving management quality, and reducing costs in production and business stages as well as in departments ..., contributing to improving the operational efficiency of the Company.

Expense/Revenue	2016	2017	2018
Costs of goods sold	81.1%	81.5%	82.9%
Selling expenses	15.4%	14.8%	13.8%
General and administrative expenses	1.6%	1.3%	1.2%
Financial expenses	1.4%	0.3%	0.1 %
Others	0.1%	0.0%	0.3 %



STRONG INCREASE IN FINANCIAL PROFIT COMES FROM DEBT STRUCTURE

In 2018, revenue from financial activities of PVGas South reached more than 5.6 billion, financial profit reached more than 1.3 billion, a strong growth compared to the loss of more than 8 billion in the same period. In particular, financial income improved thanks to the decline of interest expenses when PVGas South boosted its debt structure in 2018. Specifically, interest expense was only VND 3.66 billion, 78% decrease compared to 2017.

The decline of financial expenses is also the main motivation for PVGas South to maintain its net profit margin from business activities, with 2.1%.

PROFIT BEFORE TAX

137.3 BILLION VND
EXCEEDING 1% OF THE PLAN

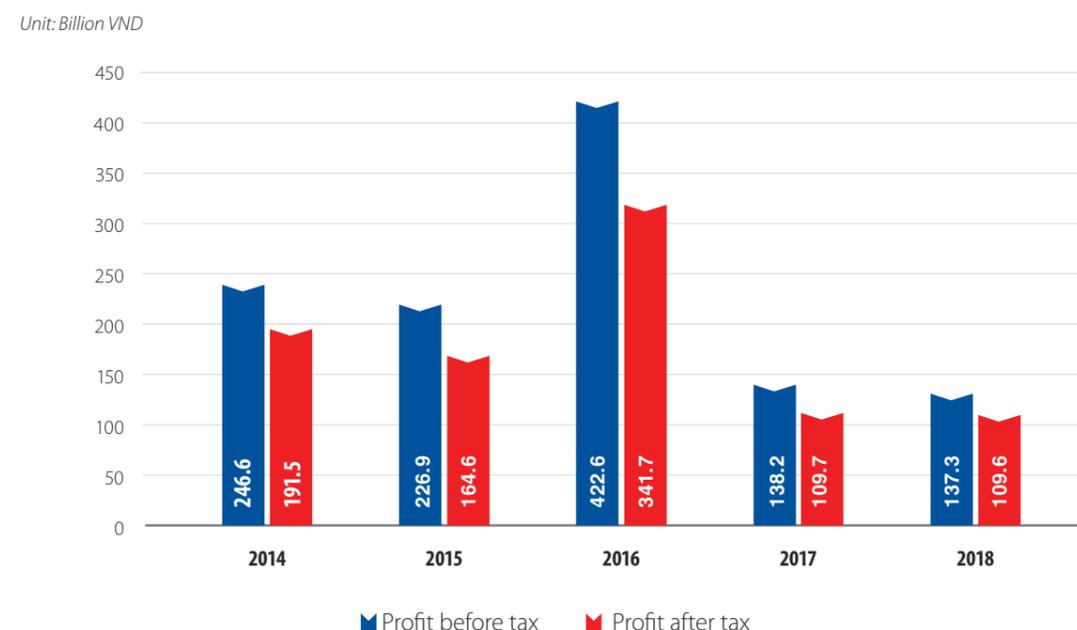
PROFIT BEFORE TAX REACHED 137.3 BILLION VND, EXCEEDING 1% OF THE PLAN. PROFIT AFTER TAX OF OVER 109.6 BILLION VND

PROFIT AFTER TAX

109.6 BILLION VND

The level of market competition continues to rise higher in 2018, requiring a more flexible business strategy. With the timely and proper leadership of the Management as well as the determination of all employees, PVGas South has successfully exceeded the assigned profit targets. Profit before tax in 2018 reached 137.3 billion VND and exceeded 1% of the year plan. Profit after tax also reached a positive figure of over 109.6 billion VND.

PROFIT BEFORE TAX AND PROFIT AFTER TAX IN THE PERIOD 2014-2018



ASSETS AND RESOURCES

Year (Billion VND)	2017	2018	% Change
Short-term assets	1,104.7	1,239.6	12%
Long-term assets	1,163.1	1,249.0	7.4%
Total assets	2,267.8	2,488.7	9.7%
Liabilities	1,306.6	1,533.5	17.4%
Short-term liabilities	1,149.4	1,370.3	19.2%
Long-term liabilities	157.2	163.1	3.8%
Equity	961.3	955.2	-0.6%
Total resources	2,267.8	2,488.7	9.7%

TOTAL ASSETS AS AT 31/12/2018

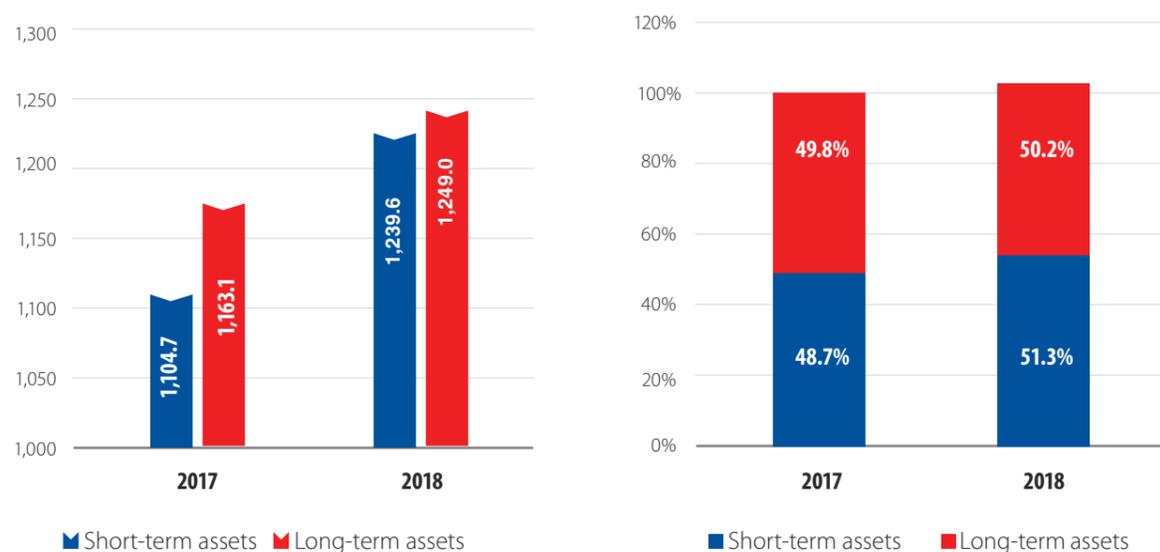
2,488.7 BILLION VND
 ↗ 9.7% COMPARED TO 2017

ASSETS

As at the end of 2018, the Company's total assets increased by 9.7% compared to 2017, reaching 2,488.7 billion VND. In which, short-term assets were 1,239.7 billion VND and long-term assets were 1,249.0 billion VND. The Company's resources in the past year were focused on serving the main business activities, not spreading investment activities outside the industry.

Compared to 2018, the Company's assets have been restructured. Specifically, the proportion of short-term assets reached 49.8%, a slight increase compared to 48.7% of 2017. Meanwhile, the proportion of long-term assets increased to 50.2% of total assets.

ASSET STRUCTURE 2017-2018



Short-term assets

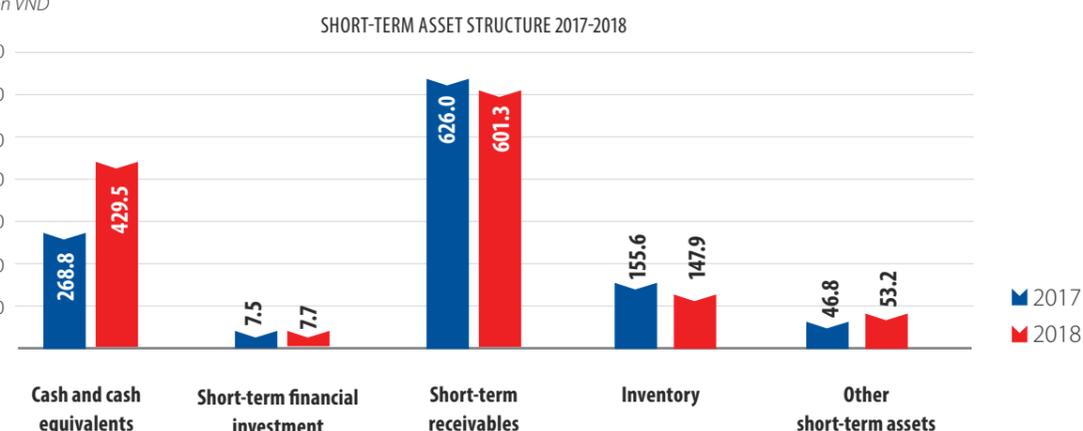
Short-term assets of PVGas South mainly focus on cash and cash equivalents and short-term receivables. In particular, short-term receivables accounted for the highest proportion of 48.5%. Cash and cash equivalents account for 34.6% of short-term assets.

Cash and cash equivalents reached 429.5 billion VND, up nearly 60% compared to 2017. The reason for the strong growth in cash and cash equivalents comes from the growth of net cash flow from operations with a growth rate of 5.7 times in 2018. Meanwhile, capital spending on fixed assets was no longer as high as in 2017, which is also a reason for the positive cash and cash equivalents.

Short-term receivables decreased nearly by 4% to 601.3 billion VND. Receivables decreased thanks to boosting cash collection from customers and stricter management of credit risks in the past year. By the end of 2018, short-term receivables of customers decreased by 2.1% to 564.2 billion VND. Bad debts from receivables increased slightly by 5.7% to 12.35 billion VND, accounting for about 2% of the receivables from customers in 2018.

Inventories of PVGas South decreased by 5% compared to the end of 2017. The decline of inventory in the context of higher oil prices showed a positive improvement of consumer demand in 2018.

Unit: Billion VND



ASSETS AND RESOURCES (continued)

ASSETS (continued)



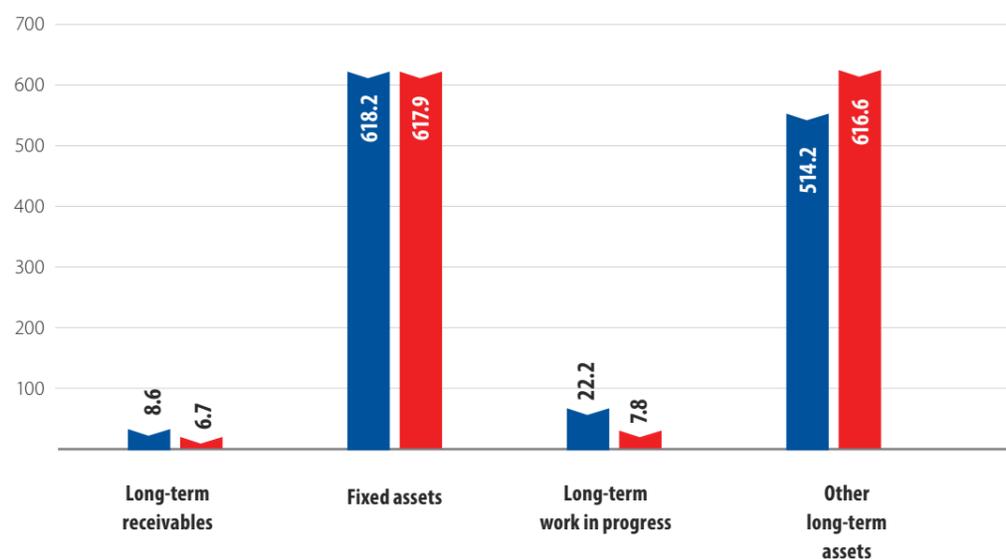
Long-term assets

Long-term assets of PVGas South mainly focus on two items: Fixed assets with 617.9 billion VND, accounting for 49.5% of long-term assets and other long-term assets with 616.6 billion VND, accounting for 49.4% of long-term assets.

As at the end of 2018, the total value of fixed assets of PVGas South was 617.86 billion VND, only a slight decrease of 0.056% compared to the end of last year. The cost of fixed assets reached 1,767.3 billion VND, an increase of 9.7% compared to the end of 2017. The growth of the cost of fixed assets comes from (1) the transfer of asset value of investments in basic construction has been completed in the past year, reaching more than 101.4 billion VND and (2) transferring fixed assets of financial leasing with the value of over 37.7 billion VND.

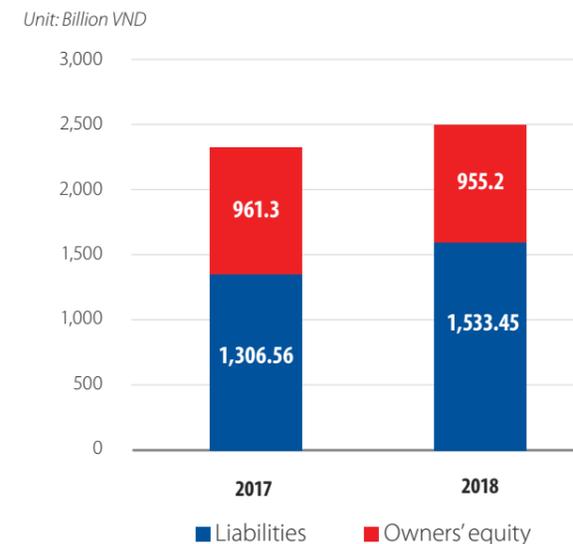
Other long-term assets also increased compared to the end of 2018, at 616.6 billion VND, accounting for 24.5% of total assets. Added value of other assets stemmed from an increase in the item of LPG cylinder cost waiting for allocation with 432.96 billion VND, an increase of 98.3 billion VND compared to the end of 2017. In addition, tools and instruments waiting for allocation with an increase of nearly 17 billion VND are also a factor for the increase in other long-term assets.

Unit: Billion VND **LONG-TERM ASSET STRUCTURE 2017-2018**

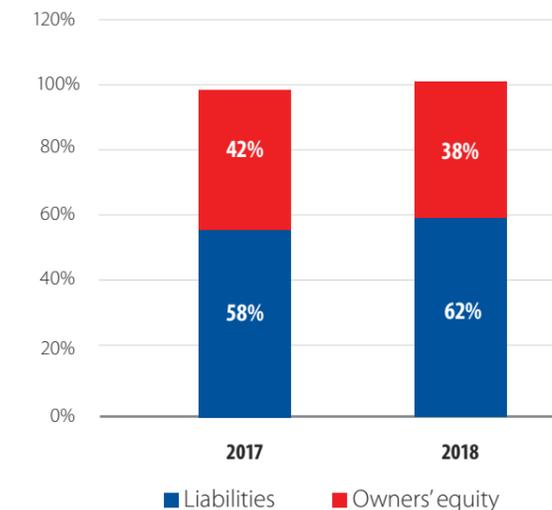


RESOURCES

RESOURCE STRUCTURE 2017-2018



RESOURCE STRUCTURE 2017-2018



Liabilities

In 2018, liabilities remain the largest source of financing for business activities of PVGas South with 1,533.5 billion VND, accounting for 62% of the total capital resources. Meanwhile, owners' equity accounts for 38%.

Short-term debts accounted for 89.4% of total liabilities, equivalent to 1,370.3 billion VND. Long-term debt reached 163.1 billion VND, equivalent to 10.6%.

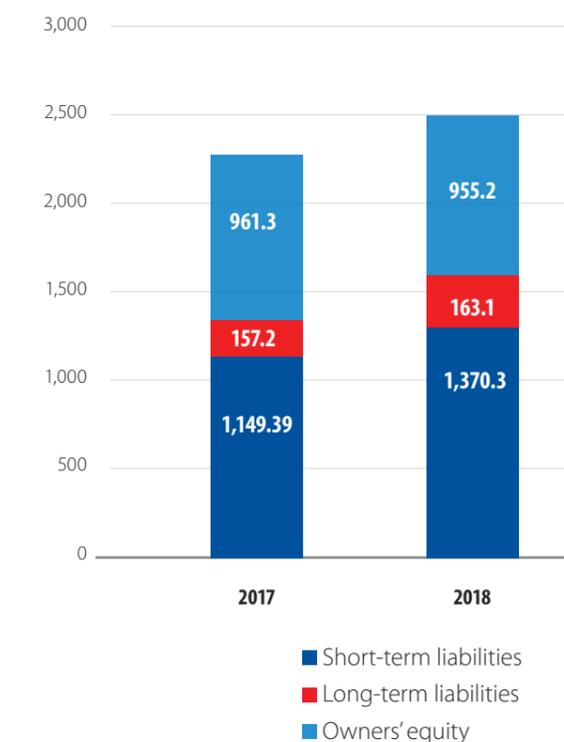
The debt restructure is being promoted by PVGas South and most clearly expressed in the past year. Specifically, the short-term and long-term loans were sharply reduced, with short-term debt decreased more than 15 times to only 18 billion VND and long-term debt was only over 1.3 billion VND as at the end of 2018. This helped reduce the proportion of Debt / Total Assets to 0.8%.

Liabilities increased by 17.4% last year, showing that the Company has made good use of its partners' capital. Specifically, short-term trade payables reached more than 1,258.6 billion VND, growing more than 66% compared to the end of 2017.

Owners' equity

As at the end of 2018, owners' equity reached 955.2 billion VND, slightly decreased by 0.6% compared to the end of 2017 and accounted for 38% of the total capital resources. Owners' equity is mainly concentrated in the contributed capital of the owner of 500 billion VND, the development and investment fund of 363 billion VND and the undistributed profit after tax of 46.7 billion VND.

Unit: Billion VND



FINANCIAL RATIO ANALYSIS

Ratio	Unit	2015	2016	2017	2018
Profitability					
Gross profit margin	%	19.0%	18.9%	18.5%	17.1%
EBIT margin	%	4.0%	1.9%	2.4%	2.0%
EBITDA margin	%	8.1%	4.8%	4.2%	3.9%
Net profit margin	%	2.8%	6.9%	1.8%	1.7%
Return on average equity (ROEA)	%	11.1%	33.6%	11.4%	11.5%
Return on average assets (ROAA)	%	5.6%	14.0%	4.8%	4.6%
Liquidity					
Current ratio	Time	0.95	1.01	0.96	0.91
Quick ratio	Time	0.84	0.90	0.83	0.8
Cash payment ratio	Time	0.30	0.36	0.23	0.31
Efficiency					
Days of receivables	Day	46.06	40.17	32.49	31.66
Days of inventory	Day	12.49	12.07	10.14	10.16
Days of payables	Day	86.61	71.84	54.39	67.35
Asset turnover	Time	2.04	2.03	2.68	2.76
Equity turnover	Time	5.93	4.88	6.32	6.68
Leverage					
Short-term liabilities/Total assets	%	52%	50%	51%	55%
Loan/Total assets	%	17%	14%	13%	0.8%
Total liabilities/Total assets	%	60%	57%	58%	62%
Equity/Total assets	%	40%	43%	42%	38%

PROFITABILITY RATIOS

Profitability ratios of total assets (ROAA) and equity (ROEA) were mixed in 2018. In particular, although profitability ratios on revenue declined, the increase in leverage helped ROEA increase slightly, reaching 11.5% in 2018. Meanwhile, ROAA decreased slightly to 4.6% when the Company's total assets grew by 9.6%, higher than the growth rate of consolidated profit after tax (+0.12%).

LIQUIDITY RATIOS

The current ratio reached 0.9 time, down from 0.96 time in 2017. The reason for the drop of liquidity ratio came from the 66% increase in the Short-term payables.

The Company's most liquid short-term assets i.e. Cash and cash equivalents grew by 60%. This helped improve the liquidity ratio to 0.31 times. The policy of increasing appropriation of capital from suppliers and debt restructuring has supported PVGas South to improve its net cash flow in 2018

EFFICIENCY RATIOS

PVGas South's average time of receivables is slightly lower than that of 2017, with 31.7 days. Facing competitive pressure in the market, the Company continues to maintain credit policies, loosen the time to collect from customers to increase competitiveness and support the ability to expand market share. The result is that revenue of the Company continues to maintain the growth trend in 2018, especially in CNG business - the segment with the highest revenue growth in 2018.

The average inventory time of the Company remained stable at 10 days, not much changed compared to 2017. Although the oil price remained at a higher level in the past year, the average inventory time is still not much volatile, showing the effectiveness in sales strategy, helping consumption and revenue of the Company grow well.

The average payment time of the Company reached 67.4 days, a strong increase compared to 2017 when PVGas South increased its capital appropriation to finance business activities. In addition to Equity, the accounts payable are always one of the major funding sources for the Company's business activities. Suppliers mostly belong to PetroVietnam Gas Corporation - JSC (Parent Company) and Vietnam Oil and



Gas Group (Parent company of PetroVietnam Gas Corporation - JSC) which have good relationship with PVGas South, helping the Company to be more favorable in maintaining credit policies for its suppliers.

Total asset turnover improved compared to 2017 to 2.76 times, showing the high efficiency in the use of assets for the Company's business activities.

LEVERAGE RATIOS

In 2018, debt remains the main source of funding for the Company's operations with debt/total capital resources of 62%. In which, mainly short-term debt / total capital reached 55%, it is worth noting that the restructuring of funding sources when the Company has sharply reduced the use of debt with the debt / total capital resource ratio is only 0.8% compared to nearly 13% in 2017.

CASH FLOW ANALYSIS

Item	2014	2015	2016	2017	2018
Net cash flow from operating activities	515.1	147.1	106.9	109.1	619.3
Net cash flow from investment activities	(295.2)	(202.0)	418.1	(132.5)	(94.4)
Net cash flow from financial activities	(193.9)	(156.2)	(194.9)	(115.4)	(364.1)
Net cash flow during the period	26.0	(211.0)	330.2	(138.9)	160.7
Cash and cash equivalents at the beginning of the period	593.8	619.8	77.5	407.7	268.8
Cash and cash equivalents at the end of the period	619.8	408.9	407.7	268.8	429.5

Net cash flow from operating activities is one of the most prominent points in the picture of business results of PVGas South in 2018. Specifically, net cash flow from business activities of the Company in 2018 reached 619.3 billion VND, an increase of 5.7 times compared to 2017. Cash flow surpluses come from payables (over 509 billion VND) and other items such as inventory, receivables. This helped the cash flow from operating activities grow strongly last year.

In 2018, construction investment activities were maintained, making the Company recorded more than 118.3 billion VND spending on procurement, construction of fixed assets and other long-term assets. Besides, no dividend made the Company no longer recognize the collection of loan interest, dividends and profits. These are the reasons for the net cash flow from investment activities to be negative at over 94 billion VND in 2018.

Meanwhile, net cash flow from financial activities was 364 billion VND, mainly due to the restructuring of business capital towards reducing the use of debt. Net loan principal repayment is over 262 billion VND. In 2018, PVGas South spent 88.4 billion VND on dividend payment for shareholders.





2019 VOLUME PLAN

No.	Item	Unit	2018 Actual	2019 Planned	%
1	LPG	Ton	302,943	312,572	103.2%
-	Residential LPG	Ton	189,320	202,572	107.0%
-	Industrial LPG	Ton	113,623	110,000	96.8%
2	Gas cylinder				
-	New cylinder	Cylinder	378,739	390,000	102.9%
-	Cylinder maintenance and repair	Cylinder	301,333	320,000	106.2%
3	CNG	Mil Sm³	134.4	131	97.4%
4	Petroleum and gasoline	Mil liters	4.7	4.1	87.2%

FINANCE

No.	Item	Unit	2018 Actual	2019 Planned	%
1	Total revenue	Billion VND	6,604	6,570	99.49%
2	Profit before tax	Billion VND	137.3	103.4	75.32%
3	Contribution to State budget	Billion VND	115.3	74.3	64.4%

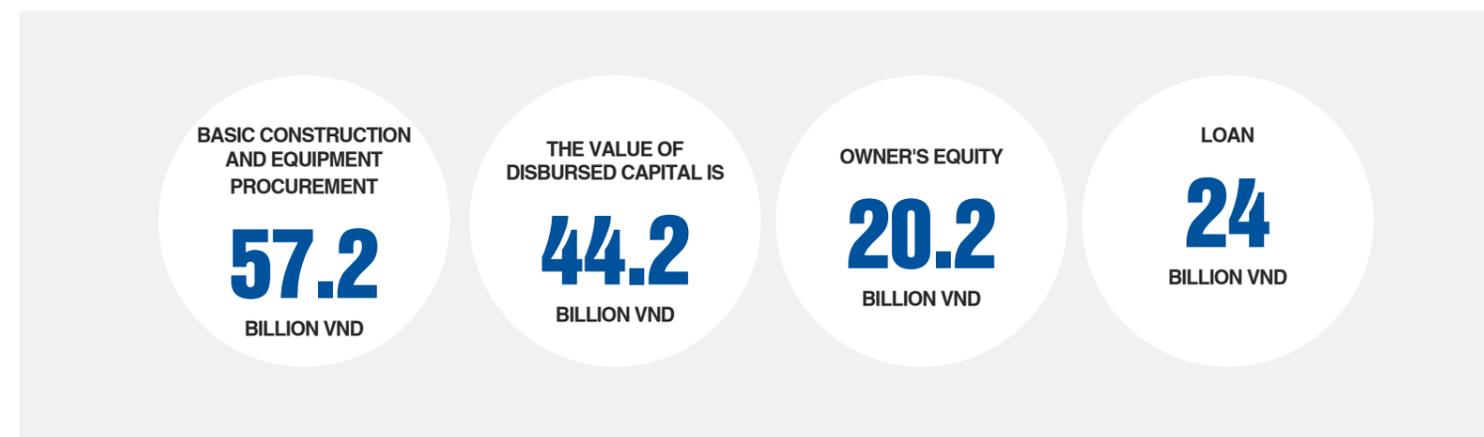
SAFETY IN PRODUCTION AND BUSINESS

In 2019, PVGas South continues to maintain measures on safety techniques, fire prevention and fighting, measures on labor hygiene, toxic prevention, improvement of working conditions, procurement of protective equipment individuals, health care for workers, propaganda and training on labor protection, with the total number of jobs in the Company, specifically:

No.	Content	Jobs
1	Measures on technical safety and fire prevention	148
2	Measures on labor hygiene, toxic prevention and improvement of working conditions	104
3	Procurement of personal protective equipment	65
4	Health care for employees	53
5	Propaganda, training on labor protection and Safety – Quality – Environment - Energy management system	79

BASIC CONSTRUCTION INVESTMENT

Based on the implementation in 2018 and the demand for production and business, the Company's 2019 basic construction investment plan is as follows:



No.	Item	Unit	2018 Actual	2019 Planned	%
1	Investment value	Billion VND	63.43	57.2	90.2%
2	Value of disbursed capital	Billion VND	95.29	44.2	46.4%
-	Equity	-	95.29	20.2	
-	Loans and others	-		24	

HUMAN RESOURCES AND TRAINING

The total number of employees in 2019 remained unchanged from 2018, with **985 employees**. The average salary of employees in 2019 is 13.5 million VND / person / month. Training plan for about **2,459 people** with the cost of **3.2 billion**.

No.	Item	Unit	2018 Actual	2019 Planned
1	Labor and salary			
-	Average number of employees	Person	985	985
-	Average salary	Mil VND/person	13.5	13.5
2	Training	Participant	1,974	2,459
3	Training costs	Billion VND	3.1	3.2



IMPLEMENTATION SOLUTIONS

SAFETY IN PRODUCTION AND BUSINESS

- » Maintain and continuously improve Safety - Quality - Environment – Energy Integrated Management System.
- » Maintain and promote 5S practice throughout the Company.
- » Regularly strengthen the monitoring of security, safety and firefighting and operation and maintenance of gas works to prevent risks of accidents and accidents, ensuring equipment in the good manner.
- » Select, transfer, apply and master modern and environmentally friendly technologies in production and business activities. Organize training courses for employees to raise awareness about environmental protection, occupational safety and fire prevention.
- » Strengthen safety inspection and periodic internal assessment at all production and business establishments in accordance with the regulations of the Company.
- » Renovate the fire prevention and fighting system at LPG extraction stations under manual control to semi-automatic control.
- » Implement the inspection of explosion-proof electrical equipment.
- » Hire a consultant to develop a chemical spill response plan for establishments that must be built according to the provisions of Decree 113/2017 / ND-CP.
- » Quarterly safety check.
- » Organize a review meeting of leaders on Safety - Quality - Environment – Energy Management System.
- » Develop safety instruction films according to the Company's regulations.
- » Organize safety training courses according to legal requirements for subjects according to the 2019 training plan.



BUSINESS SOLUTIONS

LPG business

Products and supplies:

- » Ensure a stable supply in respect of main sources: Dinh Co, Ca Mau, Dung Quat and import sources.
- » Continue to keep abreast and constantly update the competition situation in the market to have timely support for price policies.

Distribution channel:

- » Product development orientation for each market area. In particular, building a key distribution channel, building strategies, policies and sales methods for the Southeast region.
- » Set out a uniform policy for the distribution system, build close and loyal relationships.
- » The orientation of developing the main distribution channel of the Company is still the traditional channel of general agents / agents. Enhance effective management of available distribution channels.
- » Enhance the role of Retail Stores in creating brand coverage and brand awareness.
- » Apply science and technology in managing distribution channels. In early 2019, the Company signed the cooperation project to build a LPG distribution management system with Japan Cooperation Center for Petroleum (JCCP). The system of monitoring the volume attached to the cylinder will monitor and record the output of LPG customers use and send message information (SMS) to the LPG distribution center to conduct product coordination and delivery to customer. This system is expected to actively support and optimize delivery, reduce operating costs and take the initiative in timely distribution of LPG to consumers. In particular, with this modern application, customer care will be more attentive, reducing the number of employees performing at all stages from providing to after sales, ensuring gas quality, ensuring safety and use, maintain genuine gas cylinders of high quality.



Communication:

- » Continue to maintain brand promotion activities with good results.
- » Orient the communication plan in the future in the direction of focusing on the system of facilities, brand identification, standardization of product production process.
- » Implement the installation of signs and light boxes for general agents/agents in large provinces and cities to increase brand recognition. Focus on branding through building brand strategy, identifying new brands and investing heavily in communication to enhance customers' awareness and loyalty, reduce dependence on distribution agent.
- » Deploy uniform designs according to the brand identity of the Company.
- » Deploy seasonal sales staff along with sales staff of the Company and sales staff at general agents, market development agents in the region. Continuously update the KPIs system for seasonal staff to match the market situation.
- » Establish Customer Service and Care Center in big cities, central areas in big cities/provinces, create brand positioning in post-sales, contribute to increase consumer confidence.
- » Organize customer appreciation promotions, as well as attract new customers.



IMPLEMENTATION SOLUTIONS (continued)

BUSINESS SOLUTIONS (continued)



LPG Cylinder Business:

- » Actively update information on the situation of LPG cylinder material, plan the preparation of raw material sources to ensure the progress of production and supply of LPG cylinders. Concentrate on the production of cylinders for internal needs, for the Corporation and existing customers, ensuring the committed progress.
- » Ensure production to be safe, efficient and cost-effective thereby to enhance competitive advantages.
- » Upgrade the factory according to the Smart Factory model to reduce production costs, create competitive advantages compared to other rivals and anticipate the need for LPG cylinder maintenance and repair in the following years.
- » Complete the certification of products in accordance with common international standards such as DOT 4BA, EN 1442, ISO 4706, creating a premise to export LPG cylinders to foreign markets such as Bangladesh, South Africa ...
- » Actively seek new domestic and foreign customers.

CNG Business:

- » Take care and regularly visit existing customers, ensuring that CNG supply for customers is safe and continuous.
- » Research application of science and technology in the use of CNG to increase CNG business efficiency.
- » Look for FDI customers via the IP management boards, trade promotion centers of other countries ... to increase CNG consumption.
- » Promote to find customers using CNG fuel in industry in 03 main directions: (1) Direct access to customers who are using FO, LPG to negotiate and persuade to switch to CNG. (2) Coordinate and sign cooperation agreement with Industrial Zones Authority to invest in central gas supply stations, develop centralized customers, reduce investment and operation costs. (3) Sign agreement with the Trade Promotion Department of embassies about to invest in Vietnam (India, Korea ...) to approach potential investors.
- » Keep abreast and work with transport enterprises, Center of Public Transport Management, Department of Transport on projects of developing public passenger transport using clean fuel, thereby increasing gas output.
- » Develop plans and negotiate selling prices for 2019 for customers.
- » Continue to carry out related works with Osaka Gas and Sojitz joint ventures, to study technological solutions to supply CNG / LNG. Assess the impact of LNG on CNG business in the future.



FINANCE - ACCOUNTING SOLUTIONS

- » Make the most use of capital of financial institutions and the Corporation and the Group, ensure capital for investment, production and business needs.
- » Strengthen the work of reducing costs, strictly controlling costs, thereby reducing production and business costs, increasing competitiveness and increasing production and business efficiency.
- » Strictly control debts, take measures to recover with large and long-term liabilities; assess the level of risk and strengthen measures by letter of guarantee from banks.

HUMAN RESOURCE DEVELOPMENT AND TRAINING SOLUTIONS

- » Arrange and use labor reasonably, do not recruit more employees when the workload does not increase..
- » Develop training plans associated with production and business tasks, propose personnel to participate in training courses for the right people in accordance with each job title.
- » Build and complete remuneration policies according to the functions and tasks of each department and according to the capacity of each employee.
- » Build, maintain and develop young and dynamic, creative human resources.





STRENGTH
OF COHENSION
AND SHARING
WITH PARTNERS,
COMMUNITY

SUSTAINABLE DEVELOPMENT REPORT

5

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THIS SUSTAINABLE DEVELOPMENT REPORT IS PREPARED BY PVGAS SOUTH FOR THE FINANCIAL YEAR ENDED 31/12/2018 AND INTEGRATED INTO THE ANNUAL REPORT, AND FOCUSES ON MATERIAL ASPECTS RELATED TO THE COMPANY'S BUSINESS ACTIVITIES WHICH ARE NOT YET COVERED ELSEWHERE IN THE ANNUAL REPORT.

Reporting period: The report is prepared for the financial year ended 31/12/2018. The report is prepared on an annual basis.

Report boundary: The information and data presented in the report are collected and analyzed for the financial year 2018 within the Company and affiliates, including: Head Office in Ho Chi Minh City, Eastern Branch, Western Branch, Dong Nai Branch, Gas Cylinder Factory, VT Gas Branch, Central Branch and South Central Branch.

Applied standards: GRI Standards 2016 – Core Option.

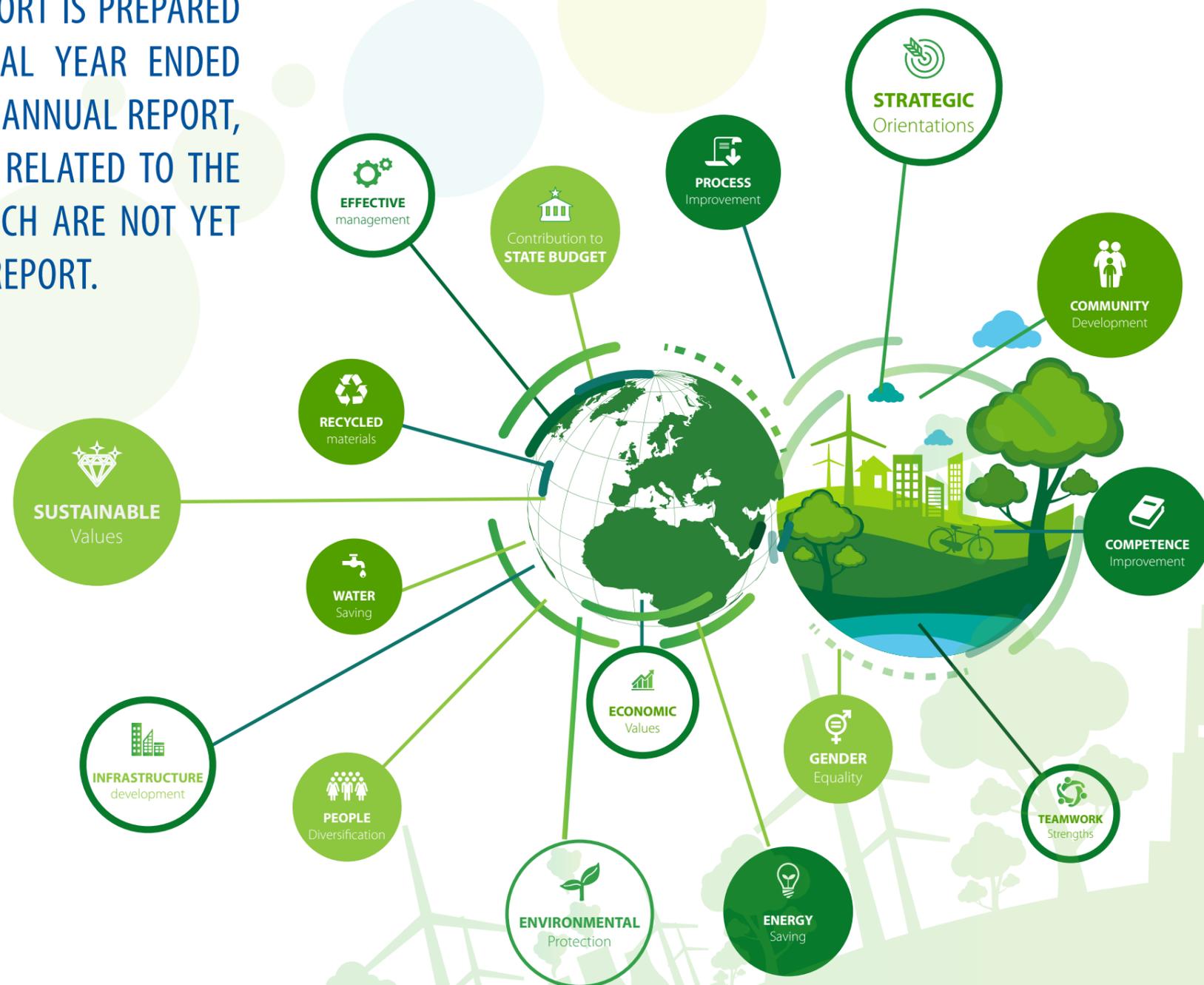
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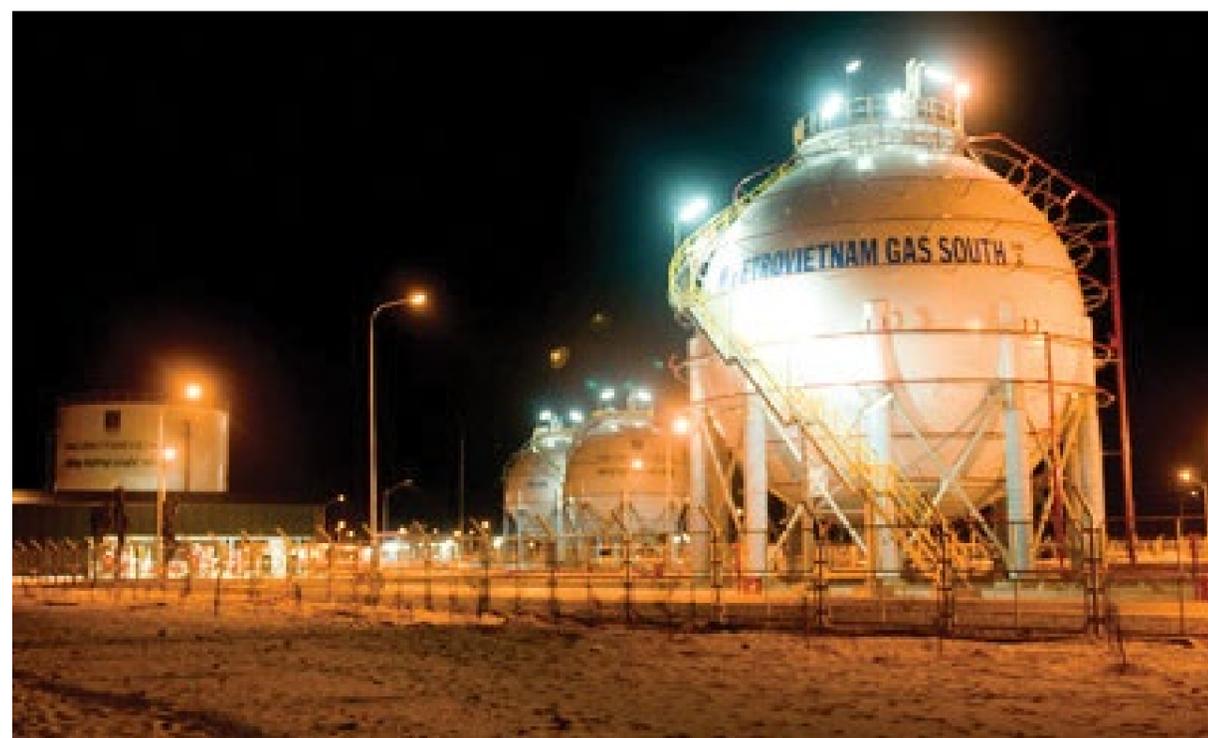


STRATEGIC ORIENTATIONS

Whether in the role of a fuel supplier, employer or a business, PVGas South aims to develop into a professional LPG, CNG and LNG company, the leading brand in Vietnam and Indochina markets. PVGas South continues to develop steadily in the direction of breakthrough and sustainability; expand the market share of gas and gas products, improve the quality of after-sales services; ensure safety, quality and efficiency; for common interests of the community, for a green, clean and unpolluted environment

2019 OBJECTIVES

1. Focus on developing retail market, coverage, increasing market share and enhancing brand identity, especially in big cities in the Southeast region. Focus on production of cylinders for PVGAS, meeting the internal needs and external customers. Maintain and develop CNG market for Industrial and Transport customers.
2. Strengthen business administration. Prepare, review and update production and business norms appropriate to the Company's operations. Regularly control, reduce costs and enhance debt management to increase business efficiency. Step up the efficient exploitation and use of the system of storages, extraction stations and gas cylinders; apply science and technology in management to reduce costs, improve competitive advantage.
3. Ensure absolute security, safety, compliance with legal regulations in production and business activities throughout the Company, especially regulations on production safety and environment.
4. Pay attention to and take care of the material and spirit of workers, attract talents; continue to maintain union activities, social security, community activities.



IDENTIFICATION OF MATERIAL TOPICS

Engagement of stakeholders :

Identifying and selecting stakeholders:

Each stakeholder is an important link in the operation and development of PVGas South. Therefore, assessing the interaction as well as influence of the parties related to the Company's activities and vice versa is one of the important activities and is carried out continuously, in order to help the Company orient and work out action plan to achieve sustainable development goals.

The process of identifying stakeholders in PVGas South consists of 4 steps: (1) Positioning strategies and business objectives, (2) Identifying stakeholders in the entire value chain and operations, (3) Determining priority levels and stakeholder consultation methods, and (4) Reviewing and re-evaluating periodically.

Approach to stakeholder engagement:

Stakeholders are divided into 6 main groups by PVGas South to apply appropriate approaches to ensure effective interaction and cohesion.

Customer	<ul style="list-style-type: none"> » Customer conference, Exchange program » Customer satisfaction survey » Face-to-face meeting and negotiation » Company website
Employee	<ul style="list-style-type: none"> » Employee's conference » Periodical reward evaluation meetings » Trade union activities » Education and training programs
Shareholder/ Investor	<ul style="list-style-type: none"> » Investor meeting » General Meeting of Shareholders » Company website and communication channels » Hotline
State management agencies	<ul style="list-style-type: none"> » Participate in conferences and seminars organized by the Government, Ministries/ Departments/ and the Group » Join organizations and associations
Local community	<ul style="list-style-type: none"> » Meet face-to-face, coordinate with local authorities and management agencies to understand the aspirations of local communities
Supplier	<ul style="list-style-type: none"> » Supplier's conferences and seminars » Email, phone » Face-to-face meeting and negotiation » Company website

ORIENTATIONS AND GOVERNANCE TOWARDS SUSTAINABLE DEVELOPMENT (continued)

Key topics and concerns raised:

Through consulting channels, the Company can identify issues that stakeholders are interested in and their expectations. The Company can continuously assess the importance and expectations of stakeholders to determine what needs to be done to maintain cohesion with stakeholders, serving sustainable development goals.

Stakeholder	Concerns and expectations	Importance of engagement with stakeholders
CUSTOMER	<ul style="list-style-type: none"> » Quality and price of products and services and after sales service » Terms and conditions of contract / purchase agreement » Continuous and stable operation, Safety in operation and transport, Impact on the environment 	<ul style="list-style-type: none"> » As a source of demand for all kinds of products and services » Affecting the business results of the Company » As one of the Company's competitive advantages
EMPLOYEE	<ul style="list-style-type: none"> » Labor regime: entitlement benefits, insurance, occupational safety ... » Working environment and promotion opportunities » Achievements and reputation of the Company in terms of economy, environment and society 	<ul style="list-style-type: none"> » Core element to create value for customers » One of the competitive advantages of the Company
SHAREHOLDER/ INVESTOR	<ul style="list-style-type: none"> » Performance of the Company in many fields: economy, society and environment » Investor relations activities, information disclosure 	Capital providers for the operation of the Company. Therefore, the expectation of Shareholders / Investors is the guarantee for business development and investment opportunities of the Company.
SUPPLIER	<ul style="list-style-type: none"> » Terms and conditions of contract / purchase agreement » Strong finance, stable and continuous operation 	<ul style="list-style-type: none"> » As a source of input materials for production activities. » Impact on price and quality of output products. » Being a supporter of the Company to achieve customer satisfaction. » One of the competitive advantages of the Company.
STATE MANAGEMENT AGENCIES	<ul style="list-style-type: none"> » Working environment, health care and occupational safety » Sewage and waste management, environmental issues » Compliance with legal regulations » Contribute to the local community 	Responsible for licensing all activities and controlling the Company's compliance.
LOCAL COMMUNITY	<ul style="list-style-type: none"> » Environment, production safety and benefits for local workers » Contribute to the local community 	» Directly affected by the Company's production and business activities, and how the Company behaves with this stakeholder will affect the investor's perception and the Company's image.

MATERIALITY MATRIX



MATERIAL TOPICS IN THE REPORT

Based on analysis and evaluation of concerns and expectations of stakeholders, PVGas South identifies the key topics of the Sustainable Development Report including:

ECONOMIC CONTRIBUTION	ENVIRONMENTAL PROTECTION	CONTRIBUTION TO COMMUNITY-SOCIETY
<ul style="list-style-type: none"> » Economic Performance » Indirect Economic Impacts » Anti-corruption 	<ul style="list-style-type: none"> » Energy and Water » Effluents and Waste » Environmental Compliance 	<ul style="list-style-type: none"> » Employment » Occupational Health and Safety » Training and Education » Diversity and Equal Opportunity » Non-discrimination and Freedom of Association and Collective Bargaining » Local Communities

CORPORATE GOVERNANCE

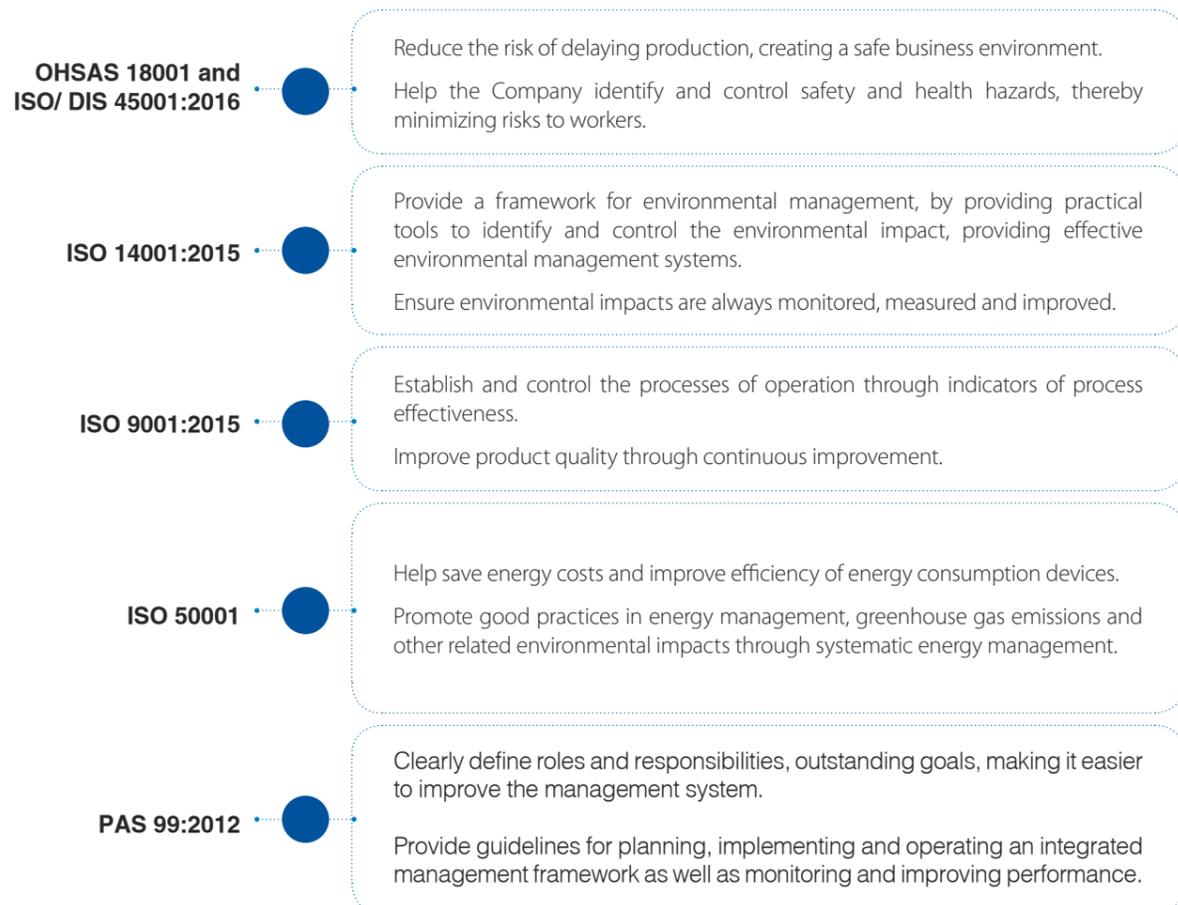
With the aim of complying with the current laws and best practices, PVGas South's corporate governance activities are based on the following principles: (1) Comply with the current regulations; (2) Ensure effective governance structure; (3) Ensure shareholders' rights and Equal treatment among shareholders; (4) Ensure the role of stakeholders; (5) Transparency in the Company's operations; (6) The BOD oriented and supervised, BOS effectively controlled the Company.

Management activities of the Company ensure the key issues raised by concerned parties are always focused, through which also constantly improve the competitive position and image of PVGas South. Please see more details in **the Corporate Governance section.**

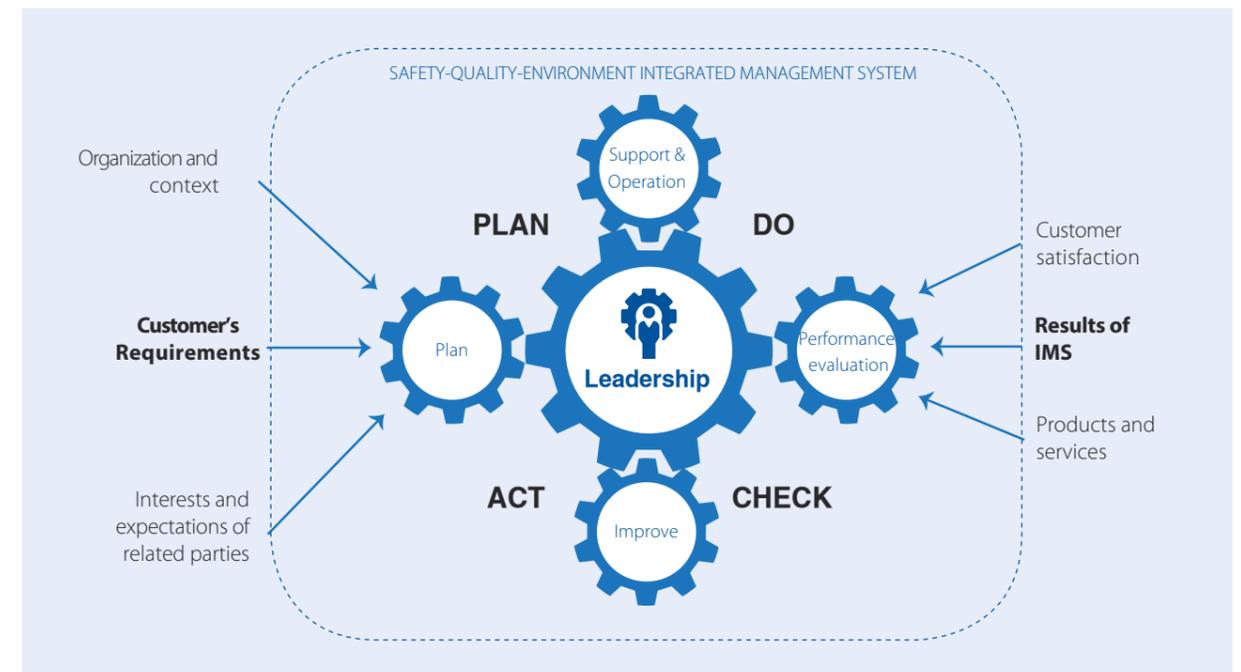
INTEGRATED MANAGEMENT SYSTEM: SAFETY - QUALITY - ENVIRONMENT - ENERGY

PVGas South applies the Safety - Quality - Environment Integrated Management System according to strict standards recognized and certified by British Standards Institute (BSI). The Company also continuously upgrades to the latest versions to enhance the performance of the integrated management system. Integrated management system Safety - Quality - Environment - Energy has been upgraded by the Company according to PAS 99: 2012. Besides, the integrated management system is also set up uniformly from the Company to its branches. The Safety Management materials set by the Government are completed and disseminated to the entire stations of the Company.

The Company's integrated management system is integrated in accordance with the following standards:



In order to ensure the operational efficiency of the Safety - Quality - Environment – Energy Integrated Safety Management System, continuous assessment and improvement is the core factor. Therefore, the Integrated Management System at PVGas South operates based on the PDCA Cycle (Plan-Do-Check-Act) principle. When implementing the PDCA cycle, leadership is placed in the central position. Leadership is the driving force behind improvement process, the following process repeats the previous process but at a higher level.



PLAN

(Plan, identify goals, scope, resources to implement, time and methods to achieve goals.)

- Determine the scope of Quality Management System (QMS) and QMS process through understanding the needs of each department interested in QMS.
- Place the whole QMS as a focus by defining the roles and responsibilities of the organization and establishing a quality policy under the commitment of the Company's leadership in directing the organization to focus on customers.
- Identify and record the risks and opportunities of QMS including establishing and planning the target quality and changing the support for continuous improvement.
- Identify and support the entire system to complete the plans.

DO

(Put the plan into action.)

- Control should be identified for the operation of QMS. Specifically, the requirements for products and services need to be identified and extended; and place control in providing external processes, services and products.
- The process of producing products and services needs to be completed with the issuance control, any nonconformities of products and services need to be recorded.

CHECK

(Based on the plan to check the performance.)

- Check the process in QMS based on the standard requirements to ensure that activities are being carried out as planned.
- Monitoring, measuring, analyzing and evaluating products and services to ensure they meet customers' requirements.
- The results of the inspection and evaluation process will be monitoring data to change and plan to solve the problems that occur.

ACT

(Based on the results obtained to set appropriate adjustments to start the cycle with new input.)

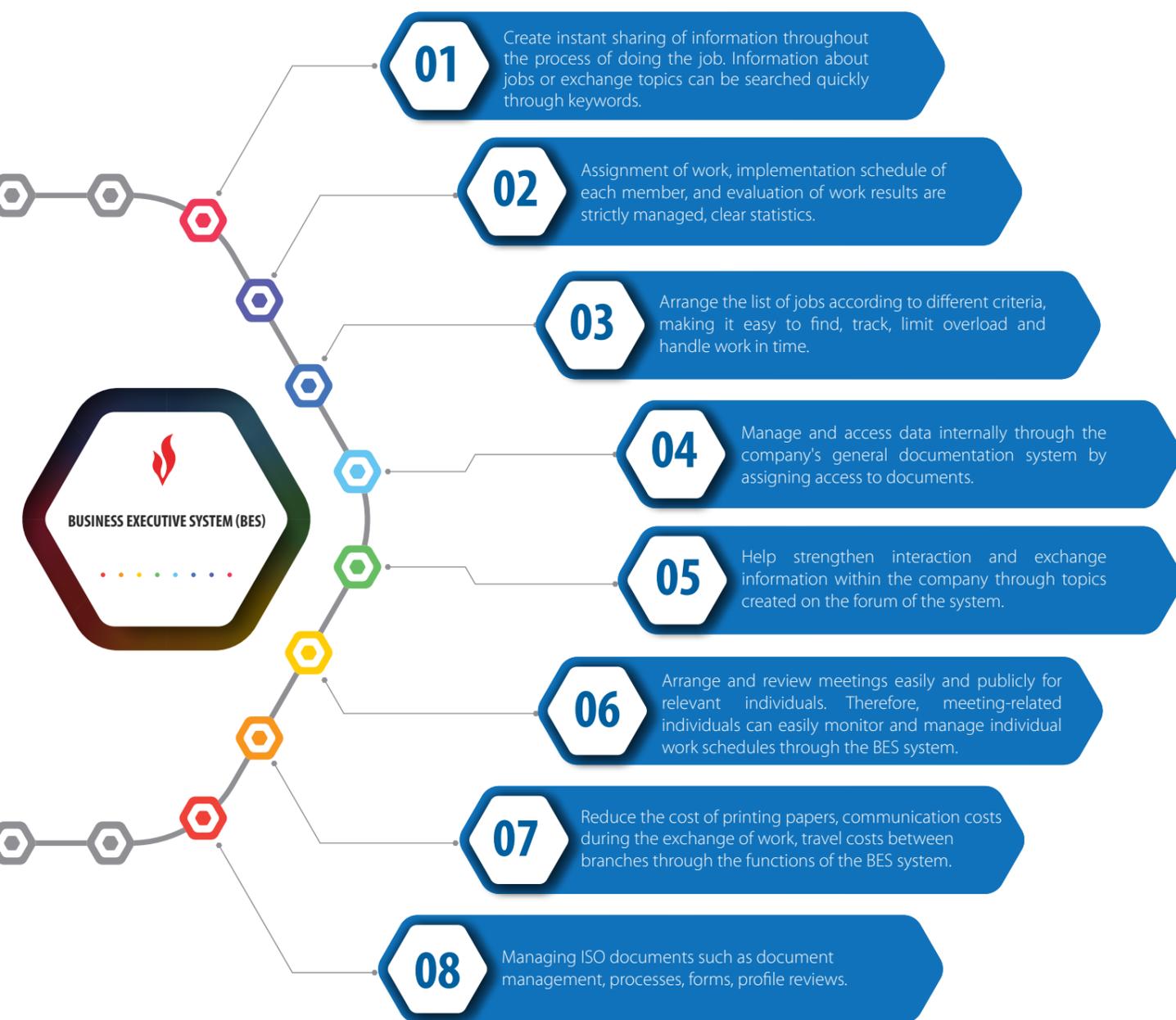
- Perform the necessary corrective actions to solve any problems detected during the test step.
- When making corrective actions, it is important to take measures to avoid repeating inappropriateness, eliminating the causes.

CORPORATE GOVERNANCE (continued)

BUSINESS EXECUTIVE SYSTEM (BES)

Most of the management of the Company is managed by the Business Executive System (BES) through internet or intranet with 3 main functional clusters: management, internal communication, and information exchange. Thanks to application of the BES system, the work efficiency is improved and many expenses are significantly reduced.

Specifically, the BES system helps:



5S PRACTICE

5S practice will help the Company ensure a healthy and safe working environment for employees; easy, convenient, save time in the work process; create a working spirit and open atmosphere. Since then, labor productivity and product and service quality have been improved, and many expenses have been reduced.

In 2018, PVGas South implemented 5S practice training for Western Branch, Eastern Branch and VT-Gas Branch from 09/01/2018 and continued to maintain the 5S Program in the entire company.





ECONOMIC PERFORMANCE

Building solid economic resources is the foundation for ensuring long-term benefits for stakeholders as well as implementing sustainable development strategies. Economic resources are evaluated based on economic performance, in which the direct economic value generated by the Company and the economic value distributed are two main aspects to consider.

Direct economic value generated by PVGas South in 2018:

Item (Billion VND)	2017	2018	% Change
Revenue	6,090.9	6,574.6	7.9%
Financial revenue	8.6	5.6	-34.2%
Other revenue	2.1	24.1	1,055.5%
Total	6,101.5	6,604.4	8.2%

In 2018, PVGas South generated a total revenue of 6,604.4 billion VND, increased by 8.2% over the previous year. In particular, net revenue from sales and services reached 6,574.6 billion VND, soared by 7.9% compared to 2017. Although financial revenue decreased to 5.6 billion VND, revenue from Other activities soared to 24.1 billion VND.

ECONOMIC VALUE DISTRIBUTED BY PVGAS SOUTH IN 2018

In addition to the assessment based on the economic value created, economic performance also considers the aspect of economic value distributed. Economic value distributed in 2018:

Item (Billion VND)	2017	2018	% Change
Operating costs	5,669.0	6,150.9	8.5%
Employee's costs	167.2	150.8	-9.8%
Payment to capital providers			
- Interest expenses	16.6	4.8	-71.1%
- Dividends for shareholders	88.4	88.4	0.0%
Investment for fixed assets	141.0	118.4	-16.0%
Contribution to State budget	670.3	115.1	-82.8%
Investment for the community and society	1.7	2.5	45.5%
Total	6,754.3	6,630.9	-1.8%

With the goal of sustainable development, ensuring the benefits for stakeholders is the focus of the Company. In 2018, the cost for suppliers of products and services related to production and business activities accounted for the largest proportion with 6,150.9 billion VND, an increase of 8.5% in line with the revenue growth. Payments to capital suppliers are also indicative of the responsibility of ensuring third party capital gains, including dividends and interest expenses, respectively 88.4 and 4.8 billion VND.

The Company always ensures compliance with relevant laws on taxes and obligations to contribute to State budget. In 2018, the Company's State budget payments totaled at 115.1 billion VND, declined mainly due to VAT liability. However, the Company increased its contributions to the community in the past year, reaching 2.5 billion VND.

INDIRECT ECONOMIC IMPACTS

During the year, the Company organized Spring Love Program, visit and give gifts to disabled and orphaned children in nurturing facilities in the business area of the Company. The total cost for community is 2.5 billion VND. In addition, PVGas South also creates employment opportunities for many employees in the Company where the business establishment is located, such as extraction stations and factories.

ANTI-CORRUPTION

PVGas South has been building a professional management platform according to international practices, so preventing negatively in business activities is one of the issues that the Company focuses on.

The public and transparent implementation of regulations and processes in the operation process of the Company has contributed to raising the awareness and responsibility of employees in the fight against corruption. In particular, the Company has promulgated the Regulation on decentralization of investment decisions and bidding management, ensuring that investment and bidding take place in a transparent and scientific manner, contributing to limiting corruption.

Communication methods on anti-corruption policies and procedures are currently being developed to disseminate the most effective anti-corruption issues to employees.

In the past few years, there has been no corruption case in the Company and its branches.

OPERATING IN THE OIL AND GAS FIELD, PVGAS SOUTH IS WELL AWARE OF THE COMPANY'S PRODUCTION AND BUSINESS ACTIVITIES THAT DIRECTLY AFFECT THE SURROUNDING ENVIRONMENT. THEREFORE, THE ENVIRONMENTAL PROTECTION IS ALWAYS FOCUSED AND THE COMPANY STRIVES TO MINIMIZE NEGATIVE IMPACTS ON THE ENVIRONMENT.

THE COMPANY HAS BEEN PRIORITIZING INVESTMENT IN MODERN TECHNOLOGIES TO CONTRIBUTE TO ENERGY - WATER SAVING AND REDUCE ENVIRONMENTAL POLLUTION. IN ADDITION, PVGAS SOUTH ALSO ACTIVELY PROMOTES AND ENCOURAGES THE USE OF LPG AND CNG IN PRODUCTION AND TRANSPORTATION ACTIVITIES AIMED AT USING MORE ENVIRONMENTALLY FRIENDLY ENERGY SOURCES, CONTRIBUTING POSITIVELY TO ACTIVITIES AGAINST CLIMATE CHANGE.

ENERGY AND WATER

Using energy economically and efficiently not only helps save costs in the Company but also contributes to protecting the environment, avoiding waste of resources. In addition to investing in modern and energy-saving equipment, the periodic inspection and maintenance of the equipment and machinery in use also contributed significantly to reducing energy consumption and improving operational efficiency.

The Company's natural gas and liquefied gas products are also actively used in activities at the Company, contributing to saving costs, reducing greenhouse gas emissions and negative impacts on the environment.

Specifically, although the Company's business activities are constantly expanding, the consumption of fuel and water tends to decrease sharply (see details in the table below).



Type of fuel, energy	Unit	2017	2018	% Change
CNG	Sm ³	4,278,971	2,649,380	-38.1%
LPG	ton	114,96	101	-12.1%
Gasoline	ton	-	6	
DO	ton	982,62	458	-53.4%
Electricity	Kwh	10,834,211	11,209,599	3.5%
Water	m ³	64,226	58,909	-8.3%
Groundwater	m ³	-	4,318	-

The Company encourages and has a reward regime for employees to offer energy saving initiatives, environmental protection ... Some energy saving and environmental protection initiatives in 2018 such as: Using Led lamps to replace old, damaged bulbs, or devices in the periodic replacement plan at CNG My Xuan Compressor Station, Vung Tau LPG Extraction Station, Go Dau LPG Storage, Cylinder Factory, ...

SEWAGE AND WASTE

PVGas South always strictly controls the stages of sewage and waste treatment to minimize the impact on the environment as well as ensure the production and business activities of the Company and its branches do not cause adverse impacts on the environment, biodiversity in the area of operation.

Solid waste is classified by category and labeled according to regulations. The Company also signed a contract with a service company to handle these solid wastes in accordance with environmental law.

Sewage	Unit	2017	2018	% Change
Industrial sewage	m ³	18,928	18,684	-1.3%
Domestic sewage	m ³	39,393	34,162	-13.3%
Rate of processing through IZ treatment system	%	100%	100%	-

Waste	Unit	2017	2018	% Change
Ordinary solid waste	ton	39.13	92.81	137.2%
Hazardous solid waste	ton	12.37	17.86	44.4%

ENVIRONMENTAL COMPLIANCE

The environmental regulations are complied and implemented synchronously by the Company, so there are no violations related to the environmental field in 2018. Besides, the Integrated Management System Safety - Quality - Environment - Energy is always fully updated to improve operational efficiency and minimize negative impacts on the surrounding environment and affect related parties. In addition, sewage and waste treatment processes are always strictly controlled by the Company. The Company also periodically implements programs to monitor air environment and water environment in accordance with the law to control and take timely measures.

The Youth Union regularly organizes environmental activities on the occasion of the World Environment Day every year such as the commitment to not litter the environment, organize activities to plant trees, pick up beach garbage...

Continuing promotion to bring CNG and LPG products to more customers to encourage green energy use, contributing to reduce greenhouse gas emissions



ENVIRONMENTAL COMPLIANCE (continued)

AIR ENVIRONMENT MONITORING PROGRAM FOR THE YEAR 2018

No.	Storage/Station	Total indicators analyzed	Total indicators fails to meet requirements	Failure area	Failure area
1	Go Dau LPG Storage	20	-	-	-
2	CNG My Xuan Station	20	-	-	-
3	CNG Hiep Phuoc Station	20	-	-	-
4	Samsung CNG station	20	-	-	-
5	Can Tho Port Storage	7	-	-	-
6	Binh Dinh Extraction Station	8	-	-	-
7	Gia Lai Extraction Station	8	-	-	-
8	Nha Trang Extraction Station	9	-	-	-
9	Dak Lak Extraction Station	24	-	-	-
10	Dong Nai Port Storage	10	-	-	-
11	Lam Dong Extraction Station	10	-	-	-
12	Da Nang Extraction Station	10	-	-	-
13	Quang Tri Extraction Station	10	-	-	-
14	Gas Cylinder Factory	9	-	-	-

WATER ENVIRONMENT MONITORING PROGRAM FOR THE YEAR 2018

No.	Storage/Station	Total indicators analyzed	Total indicators fails to meet requirements	Failure area	Reason
1	Go Dau LPG Storage	12	-	-	-
2	CNG My Xuan Station	12	-	-	-
3	CNG Hiep Phuoc Station	12	-	-	-
4	Samsung CNG station	12	-	-	-
5	Gia Lai Extraction Station	6	-	-	-
6	Nha Trang Extraction Station	9	-	-	-
7	Dong Nai Port Storage	7	-	-	-
8	Lam Dong Extraction Station	7	-	-	-
9	Da Nang Extraction Station	7	-	-	-
10	Quang Tri Extraction Station	7	-	-	-
11	Gas Cylinder Factory	11	-	-	-

EMPLOYMENT

TOTAL NUMBER OF LABOR

985 EMPLOYEES
AS AT 31/12/2018

NUMBER OF NEW EMPLOYEES AND SEVERANCE RATE

By the end of 2018, the Company had a total of 985 employees, with 100% of employees signed labor contracts in accordance with the law, of which most (75%) were signed an indefinite term contract, expressed the Company's long-term commitment to job security. 100% of employees are assigned jobs according to their professional capacity and there are no cases of job loss or job stoppages, contributing to helping the Company maximize utilization of the personnel resources.



No	Item	Unit	2018
1	Labor contract	Person	985
a	Indefinite term	Person	738
b	1-3 years term	Person	233
c	Less than 1 year term		14
2	Percentage of employees signed labor contracts	%	100%
3	Fluctuations in employees		
a	New recruits	Person	28
b	Severance	Person	28
	Retirement	Person	1
	Termination of contract	Person	27

EMPLOYMENT (continued)



WELFARE REGIME FOR EMPLOYEES

Human resources are considered as one of the competitive advantages of PVGas South, so in addition to the salary and bonus regime, the Company also actively pays attention to the spiritual life of employees.

Currently, the average salary of employees at PVGas South is 13.5 million VND / person / month. In addition, the Company also provides other benefits such as health care, non-regulated health insurance ...

Besides, the Party organizations, unions in the Company also take care of the material and spiritual life of the employees.

Specifically, there are many activities organized for employees such as the program of welcoming Lunar New Year, the program of Spring Love. In addition, the unions launched emulation of productive labor to celebrate the Party and Celebration of the Spring, organized the Arts and Sports Competition to celebrate the establishment of the Ho Chi Minh Communist Youth Union and the founding date of the Company.

The Union Committee successfully organized for staffs to participate in domestic and foreign holidays according to annual standards. The trade unions organized for all employees, branch employees to go on vacation at the local beauty places...

Item	2015	2016	2017	2018
Average salary of employees (Million VND / person / month)	13.5	13.6	13.5	13.5

No.	Item	Amount (billion VND)
1	Cost of accident insurance, health insurance for employees	2.46
2	Cost for health care activities	4.29

OCCUPATIONAL HEALTH AND SAFETY

Work safety, occupational health and safety is one of the activities strictly controlled by PVGas South to ensure the best working environment for employees as well as ensure business and production activities be continuous and uninterrupted by accidents, incidents.

Employees are always fully equipped with personal protective equipment. In addition, the regime of safety and occupational hygiene is also strictly followed by the Company according to current regulations. Labor safety and hygiene is strictly managed based on the integrated management system Safety - Quality - Environment - Energy. Inspection and calibration of machines, equipment and materials with strict requirements on occupational safety are guaranteed by PVGas South to comply with the requirements of the law.

In the past year, the internal accident emergency rescue has been held once a month at all the Company's production and business establishments. In addition, the 2018 Safety Conference was also successfully organized.

The Company also bought full fire insurance for offices, warehouses and LPG filling stations, CNG compressor stations, CNG gas supply stations for transportation and PRU stations at customers and product insurance coverage...



In 2018, the Safety and Hygiene Network has actively operated, instructing new employees with safe operating procedures, urging people to abide by labor regulations. Workplace safety regulations, the Safety and Security have discovered and reminded some employees not strictly abide by safety rules, labor rules such as parking in the wrong place, not using Full personal protection means, ... contribute to minimizing incidents and occupational accidents. The Company organized a professional training course on safety and hygiene for Safety and Health Network.

Maintenance and repair work is always concerned and thoroughly handled, to ensure a stable system of equipment.

RESULTS OF MAINTENANCE AND REPAIR AND PREVENTIVE WORK

Year	Preventive maintenance			Unexpected repair		
	Total number of jobs according to the plan	Number of completed jobs	Completion rate	Total number of jobs according to the plan	Number of completed jobs	Completion rate
2017	556	540	97.12%	563	526	93.43%
2018	551	473	85.84%	907	865	95.37%

Year	Regular maintenance		
	Total number of jobs according to the plan	Number of completed jobs	Completion rate
2017	411	409	99.51%
2018	387	380	98.19%

OCCUPATIONAL HEALTH AND SAFETY (continued)

2018 WORK SAFETY

No.	Content	Actual/Planned
1	Measures on technical safety and fire prevention	146/157
2	Measures on labor hygiene, toxic prevention and improvement of working conditions	108/114
3	Procurement of personal protective equipment	45/51
4	Health care for employees	38/43
5	Propaganda and training on labor protection	77/77

Employees of PVGas South receive periodic health examinations, especially for employees working in environments with strict safety requirements, with an examination every 6 months. Besides, the Company also organizes a private health examination for female employees.

During the year, PVGas South conducted periodic health examinations for 204 female employees; perform occupational disease detection and examination for 475 employees.

Year	Total employees			Health classification (type)					
	Registered	Participated	Rate	I	II	III	IV	V	Unclassified
2017	985	985	100%	38	652	230	45	0	0
2018	934	912	98%	47	599	215	42	7	2



TRAINING AND EDUCATION

BUILDING A HIGHLY QUALIFIED WORKFORCE PLAYS AN IMPORTANT ROLE IN THE SUSTAINABLE DEVELOPMENT OF A BUSINESS. THEREFORE, PVGAS SOUTH HAS BEEN INVESTING IN IMPROVING THE QUALITY OF HUMAN RESOURCES, TRAINING AND FOSTERING TALENTS IN ORDER TO IMPROVE THE COMPETITIVE ADVANTAGE FOR THE COMPANY IN THE CONTEXT OF DEEP INTEGRATION AS TODAY.

Technical training, retraining and technical training courses for employees and at the same time bring management and typical workers to participate in professional training courses organized by other units. In addition, internal training courses on occupational safety, operational safety, repair and maintenance are also organized for employees working directly in the environment with many risk factors to raise employees' awareness.

In 2018, PVGas South implemented 1,974 turns of professional training, improving skills and environmental health safety for employees with a total cost of 3.1 billion VND.

**URNS OF PROFESSIONAL TRAINING
1,974 TURNS
IN 2018**



No.	Training content	Participants	Results	
			2017	2018
1	Safety training in liquefied petroleum gas business	430	66	200
2	Safety in transport of dangerous industrial goods	130	20	60
3	Electrical safety techniques	63	14	55
4	OSH training for group 1	83	57	27
5	OSH training for group 2	26	18	7
6	OSH training for group 3	455	264	188
7	OSH training for group 4	429	207	315
8	OSH training for group 5	0	0	0
9	OSH training for group 6	116	94	11
10	First aid and emergency training	573	200	526
11	Rescue	389	0	70
12	Fire protection	388	207	277



DIVERSITY AND EQUAL OPPORTUNITY

Remuneration policies are based on performance that contributes to attracting human resources and retaining high quality labor as well as motivating work for all employees. Job position is arranged according to capacity, right person in place to create the highest working efficiency and create opportunities for employees to promote their own capacity. In addition, career opportunities are also evaluated on the ability and efficiency of work to create equal opportunities for employees.

Regarding gender equality, female workers currently account for 28% of the labor force of the Company. This is understandable when PVGas South operates in the field of natural gas production, so specific jobs are more suitable for men than Women. However, the Company also strives to implement gender equality when up to 2/3 of the BOS members are Women, while the Board of Directors also has 1 Female member, accounting for 25%.

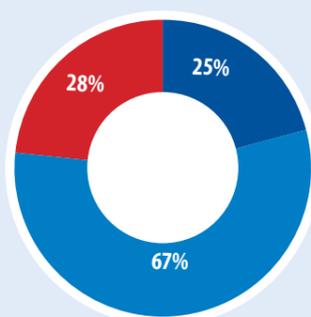
Human resources of the Company show relatively high level when there are up to 50% of the labor force with a college degree or higher, in order to meet the requirements of production and business activities in the new period. The labor force also shows the youthfulness and dynamism when 67% (more than 2/3) of employees are under 40 years old.

Labor structure by position	Male	Female	% Female employees
Board of Directors	4	1	25%
Board of Management	5	0	0%
Board of Supervisors	1	2	67%
Employees	759	213	28%

Labor structure by qualifications	2018	Rate (%)
Master	22	2%
University	397	40%
College	75	8%
Intermediate	120	12%
Technical worker	371	38%
Total	985	100%

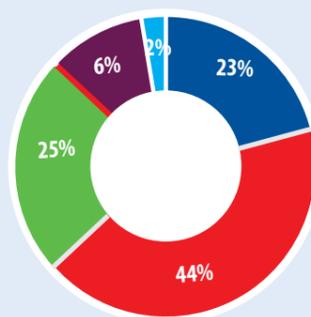
Labor structure by age	2018	Rate (%)
21 years old - 30 years old	223	23%
31 years old - 39 years old	438	44%
40 years old - 49 years old	244	25%
50 years old - 55 years old	61	6%
56 years old - 60 years old	19	2%
Total	985	100%

% FEMALE EMPLOYEES



- Board of Directors; 25%
- Board of Management; 0%
- Board of Supervisors; 67%
- Employees; 28%

LABOR STRUCTURE BY AGE



- 21 - 30 years old
- 31 - 39 years old
- 40 - 49 years old
- 50 - 55 years old
- 56 - 60 years old

NON-DISCRIMINATION AND FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING



PVGAS SOUTH EMPLOYEES ALWAYS TREAT EACH OTHER FRIENDLY, WITHOUT ANY DISCRIMINATION IN TERMS OF GENDER, ETHNICITY...

Collective labor agreement aims to unify the agreement between the labor collective and the employer with the rights and obligations of both parties to ensure mutual benefits contribute to maintaining the cohesion. Long-term bundle between employees and businesses. In addition to the collective labor agreement, the Company and the Trade Union also hold a regular employee conference to understand the aspirations and difficulties of employees to promptly record and adjust, contributing to strengthening linking between the Company and employees. In addition, collective activities and trade union activities are also organized to help enhance the interaction between members in the Company.



LOCAL COMMUNITIES

Evaluating the performance of enterprises does not stop at economic activities but also in the sustainable values that businesses bring to the local community. PVGas South regularly has activities to take care of the material and spiritual life for local people such as creating job opportunities for local workers, or good programs to contribute to sharing difficulties with people at operating areas of the Company.

In the past year, the Company organized a visit program to give gifts to disabled and orphaned children at nurturing centers in the province where the Company / Branch is headquartered on the occasion of New Year, Children's Day and Lunar New Year. In 2018, PVGas South spent 2.5 billion VND on community activities.

**TOTAL COST OF
COMMUNITY ACTIVITIES
IN 2018**

2.5 BILLION VND



**CUSTOMER HEALTH AND SAFETY
/ MARKETING AND LABELING**

Quality of products and services, output supplied to customers is one of the objectives of the processes of the Company and is strictly controlled through the Integrated Management System Safety - Quality - Environment - Energy. The main business products of the Company are natural gas, lighter than air, so when a leak happens, it will quickly evaporate, thus less affecting the safety of customers. The Company also regularly maintains pipeline systems to ensure safety for customers.

PVGas South's requirements for trademark, products and services are always complied with by law as well as by the Corporation and the Group. In 2018, PVGas South has launched brand identity for CNG business segment of the Company. In addition, the Company does not allow any incident related to non-compliance related to information and trademarks of products and services as well as marketing communications



GREEN CAPITAL MARKET ACTIVITIES

LPG and CNG products that PVGas South is trading and manufacturing are environmentally friendly fuel and bring high efficiency. Because LPG and CNG do not generate toxic substances CO2, SOx, NOx pollutes the air like traditional fuels. The Company's business contributes to increasing the use of environmentally friendly fuels and minimizing harmful emissions to the environment. It can be said that investing in PVGas South is an investment in an environmentally friendly industry, and the Company is also investing in green projects.





STRENGTH OF SUSTAINABLE FINANCE

FINANCIAL STATEMENTS

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The Board of Executive Officers of PetroVietnam Southern Gas Joint Stock Company (the "Company") presents this report together with the Company's financial statements for the year ended 31 December 2018.

BOARDS OF DIRECTORS AND EXECUTIVE OFFICERS

The members of the Boards of Directors and Executive Officers of the Company who held office during the year and to the date of this report are as follows:

Board of Directors

Mr. Do Tan	Chairman
Mr. Vu Quy Hieu	Member
Ms. Nguyen Minh Ngoc	Member
Mr. Tran Van Nghi	Member
Mr. Ha Anh Tuan	Member (Appointed on 19 April 2018)

Board of Executive Officers

Mr. Vu Quy Hieu	Chief Executive Officer
Mr. Dang Van Vinh	Deputy Chief Executive Officer
Mr. Tran Van Nghi	Deputy Chief Executive Officer
Mr. Dao Huu Thang	Deputy Chief Executive Officer
Mr. Nguyen Hai Long	Deputy Chief Executive Officer

BOARD OF EXECUTIVE OFFICERS' STATEMENT OF RESPONSIBILITY

The Board of Executive Officers of the Company is responsible for preparing the financial statements, which give a true and fair view of the financial position of the Company as at 31 December 2018 and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these financial statements, the Board of Executive Officers is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the financial statements so as to minimize errors and frauds.

The Board of Executive Officers is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. The Board of Executive Officers is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Executive Officers confirms that the Company has complied with the above requirements in preparing these financial statements. For and on behalf of the Board of Executive Officers,



VU QUY HIEU
Chief Executive Officer
13 March 2019

To: The Shareholders
The Boards of Directors and Executive Officers of
PetroVietnam Southern Gas Joint Stock Company

We have audited the accompanying financial statements of PetroVietnam Southern Gas Joint Stock Company (the "Company") prepared on 13 March 2019 as set out from page 3 to page 28, which comprise the balance sheet as at 31 December 2018, the statement of income, the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Executive Officers' Responsibility for the Financial Statements

The Board of Executive Officers is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting and for such internal control as the Board of Executive Officers determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Executive Officers, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



VO THAI HOA
Audit Partner
Audit Practising Registration Certificate
No. 0138-2018-001-1



KIEU PHI
Auditor
Audit Practising Registration Certificate
No. 3190-2015-001-1

BRANCH OF DELOITTE VIETNAM COMPANY LIMITED
13 March 2019
Ho Chi Minh City, S.R. Vietnam



BALANCE SHEET

As at 31 December 2018

FORM B 01 - DN

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		1,239,638,015,309	1,104,690,960,687
I. Cash and cash equivalents	110	4	429,530,779,968	268,755,686,149
1. Cash	111		309,530,779,968	103,230,686,149
2. Cash equivalent	112		120,000,000,000	165,525,000,000
II. Short-term financial investments	120		7,654,000,000	7,450,000,000
1. Held-to-maturity investments	123		7,654,000,000	7,450,000,000
III. Short-term receivables	130		601,323,097,117	626,031,322,090
1. Short-term trade receivables	131	5	564,170,382,575	576,519,075,419
2. Short-term advances to suppliers	132		35,687,433,855	38,549,172,677
3. Other short-term receivables	136	6	13,816,067,959	22,644,922,208
4. Provision for short-term doubtful debts	137	7	(12,350,787,272)	(11,681,848,214)
IV. Inventories	140	8	147,897,690,341	155,630,597,161
1. Inventories	141		147,897,690,341	155,630,597,161
V. Other short-term assets	150		53,232,447,883	46,823,355,287
1. Short-term prepayments	151	9	24,109,246,211	31,138,843,088
2. Value added tax deductibles	152		27,509,098,521	14,064,323,013
3. Taxes and other receivables from the State budget	153	17	1,614,103,151	1,620,189,186
B. NON-CURRENT ASSETS	200		1,249,043,490,858	1,163,148,092,771
I. Long-term receivables	210		6,669,249,323	8,577,826,012
1. Other long-term receivables	216	6	6,669,249,323	8,577,826,012
II. Fixed assets	220		617,860,574,873	618,207,372,453
1. Tangible fixed assets	221	10	567,436,303,947	550,476,243,606
- Cost	222		1,767,313,631,762	1,610,663,069,883
- Accumulated depreciation	223		(1,199,877,327,815)	(1,060,186,826,277)
2. Finance lease assets	224	11	20,023,931,745	36,763,701,195
- Cost	225		49,178,501,219	86,943,925,878
- Accumulated depreciation	226		(29,154,569,474)	(50,180,224,683)
3. Intangible assets	227	12	30,400,339,181	30,967,427,652
- Cost	228		39,690,148,666	37,890,148,666
- Accumulated amortisation	229		(9,289,809,485)	(6,922,721,014)
III. Long-term assets in progress	240		7,780,932,414	22,175,363,879
1. Construction in progress	242	13	7,780,932,414	22,175,363,879
IV. Long-term financial investments	250		-	-
1. Equity investments in other entities	253	14	50,000,000,000	50,000,000,000
2. Provision for impairment of long-term financial investments	254	14	(50,000,000,000)	(50,000,000,000)
V. Other long-term assets	260		616,732,734,248	514,187,530,427
1. Long-term prepayments	261	9	604,980,156,553	502,549,359,270
2. Deferred tax assets	262	15	11,752,577,695	11,638,171,157
TOTAL ASSETS (270=100+200)	270		2,488,681,506,167	2,267,839,053,458

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		1,533,445,394,657	1,306,557,798,027
I. Current liabilities	310		1,370,303,492,014	1,149,390,410,857
1. Short-term trade payables	311	16	1,258,667,467,230	756,363,390,350
2. Short-term advances from customers	312		13,442,372,014	1,477,962,637
3. Taxes and amounts payable to the State budget	313	17	6,431,449,556	13,184,656,181
4. Payables to employees	314		23,936,517,727	41,241,932,139
5. Short-term accrued expenses	315	18	21,199,347,138	23,187,700,506
6. Short-term unearned revenue	318		433,112,772	626,837,758
7. Other current payables	319	19	9,585,280,931	17,533,351,859
8. Short-term loans and obligations under finance lease	320	20	17,835,260,924	274,172,844,667
9. Bonus and welfare funds	322		18,772,683,722	21,601,734,760
II. Long-term liabilities	330		163,141,902,643	157,167,387,170
1. Other long-term payables	337	19	161,770,850,348	136,474,055,970
2. Long-term loans and obligations under finance lease	338	21	1,371,052,295	20,693,331,200
D. EQUITY	400		955,236,111,510	961,281,255,431
I. Owners' equity	410	22	955,236,111,510	961,281,255,431
1. Owners' contributed capital	411		500,000,000,000	500,000,000,000
- Ordinary shares carrying voting rights	411a		500,000,000,000	500,000,000,000
2. Share premium	412		45,594,384,212	45,594,384,212
3. Treasury shares	415		(12,061,327)	(12,061,327)
4. Investment and development fund	418		362,934,290,222	362,934,290,222
5. Retained earnings	421		46,719,498,403	52,764,642,324
- Retained earnings to the prior year end	421a		12,565,607,124	18,316,619,851
- Retained earnings of the current year	421b		34,153,891,279	34,448,022,473
TOTAL RESOURCES (440=300+400)	440		2,488,681,506,167	2,267,839,053,458

Nguyen Ngoc Dan
Preparer

Ngo An Hoa
Chief Accountant



Vu Quy Hieu
Chief Executive Officer
13 March 2019

The accompanying notes are an integral part of these financial statements

INCOME STATEMENT

For the year ended 31 December 2018

FORM B 02 - DN

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01		6,939,395,418,608	6,398,580,066,395
2. Deductions	02		364,799,330,259	307,717,004,908
3. Net revenue (10=01-02)	10	25	6,574,596,088,349	6,090,863,061,487
4. Cost of sales	11	26	5,452,507,797,166	4,965,208,913,953
5. Gross profit (20=10-11)	20		1,122,088,291,183	1,125,654,147,534
6. Financial income	21		5,642,812,314	8,569,251,460
7. Financial expenses	22		4,314,084,986	16,770,745,197
<i>In which: Interest expense</i>	23		3,660,533,397	16,634,115,964
8. Selling expenses	25	28	910,578,563,903	900,876,445,105
9. General and administration expenses	26	28	79,407,058,528	79,550,696,263
10. Operating profit (30=20+(21-22)-(25+26))	30		133,431,396,080	137,025,512,429
11. Other income	31	29	24,125,143,109	2,087,848,615
12. Other expenses	32	30	20,254,699,857	895,143,074
13. Profit from other activities (40=31-32)	40		3,870,443,252	1,192,705,541
14. Accounting profit before tax (50=30+40)	50		137,301,839,332	138,218,217,970
15. Current corporate income tax expense	51	31	27,777,766,591	28,829,553,161
16. Deferred corporate tax income	52		(114,406,538)	(358,151,663)
17. Net profit (60=50-51-52)	60		109,638,479,279	109,746,816,472
18. Basic earnings per share	70	32	1,679	1,689

Nguyen Ngoc Dan
Preparer

Ngo An Hoa
Chief Accountant



Vu Quy Hieu
Chief Executive Officer
13 March 2019

The accompanying notes are an integral part of these financial statements

CASH FLOW STATEMENT

For the year ended 31 December 2018

FORM B 03 - DN

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	137,301,839,332	138,218,217,970
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	128,208,899,271	110,106,278,062
Provisions	03	668,939,058	1,693,851,951
Foreign exchange gain arising from translating foreign currency items	04	(42,052,250)	(98,180,664)
Gain from investing activities	05	(5,099,369,468)	(8,488,051,988)
Interest expense	06	3,660,533,397	16,634,115,964
3. Operating profit before movements in working capital	08	264,698,789,340	258,066,231,295
Decrease in receivables	09	12,509,173,131	(93,954,552,898)
Increase in inventories	10	7,912,900,039	(35,106,761,162)
Decrease in payables	11	511,115,913,424	59,671,692,838
Increase in prepaid expenses	12	(109,709,386,933)	(19,487,050,056)
Interest paid	14	(4,826,786,913)	(16,600,726,692)
Corporate income tax paid	15	(32,350,916,183)	(23,791,932,634)
Other cash outflows	17	(28,529,051,038)	(19,833,269,107)
Net cash generated by operating activities	20	620,820,634,867	108,963,631,584
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets	21	(118,345,453,916)	(141,007,969,707)
2. Proceeds from disposal of fixed assets and other long-term assets	22	18,928,386,842	-
3. Cash outflow for buying debt instruments of other entities	23	(204,000,000)	-
4. Interest earned, dividends and profits received	27	5,176,959,624	8,488,051,988
Net cash used in investing activities	30	(94,444,107,450)	(132,519,917,719)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	-	1,000,000,000,000
2. Repayment of borrowings	34	(262,860,638,322)	(1,007,338,500,924)
3. Repayment of obligations under finance lease	35	(12,799,224,326)	(19,651,716,033)
4. Dividends and profits paid	36	(89,983,623,200)	(88,374,747,587)
Net cash used in financing activities	40	(365,643,485,848)	(115,364,964,544)
Net (decrease)/increase in cash (50=20+30+40)	50	160,733,041,569	138,921,250,679
Cash and cash equivalents at the beginning of the year	60	268,755,686,149	407,677,036,164
Effects of changes in foreign exchange rates	61	42,052,250	(99,336)
Cash and cash equivalents at the end of the year (70=50+60+61)	70	429,530,779,968	268,755,686,149

Nguyen Ngoc Dan
Preparer

Ngo An Hoa
Chief Accountant



Vu Quy Hieu
Chief Executive Officer
13 March 2019

1. GENERAL INFORMATION

Structure of ownership

PetroVietnam Southern Gas Joint Stock Company (the "Company") was established under Business Registration Certificate No. 0305097236 dated 15 May 2015 issued by the Department of Planning and Investment of Ho Chi Minh City with the charter capital of VND 500,000,000,000. This Business Registration Certificate replaces Business Registration Certificate No. 4103007397 dated 25 July 2007 and amended certificates. The Company's shares are listed in the Hanoi Stock Exchange with the code "PGS".

The Company's head office is located on the 4th Floor, PetroVietnam Tower, 1-5 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam.

The number of employees as at 31 December 2018 was 985 (as at 31 December 2017: 985).

Principal activities

The Company's principal activities are to import and export Liquefied Petroleum Gas (LPG) (inactive in Ho Chi Minh City), gas-related products, and materials, equipment and vehicles for transportation, storage, bottling and trading of LPG (except for gas trading at the Company's head office); to construct, install and consult with LPG works, gas industry works; transfer technology, provide maintenance services for LPG-related civil works; to transport LPG and freight container; to provide services related to LPG and gas-related products in industrial, civil and transportation fields; to trade petrol, lubricant and relevant additives; to trade fertilizer; to trade real estates; and to load and unload cargos; production, filling and distribution of LPG and compressed natural gas; manufacturing metal containers for compressed gas, liquefied petroleum gas and natural gas; repair of tank containers, metal containers; painting, maintenance and repair of tanks, reservoirs, pipelines, oil and gas storage types; wholesale of machinery, equipment and other machine parts; construction and finishing works of civil engineering.

Normal production and business cycle

The Company's normal production and business cycle is carried out for a time period of 12 months or less.

The Company's structure

The Company has branches including Dong Nai branch, Gas Cylinder branch, Mien Dong branch, VTGas branch, Mien Tay branch, Mien Trung branch and Nam Trung Bo branch.

Disclosure of information comparability in the financial statements

Comparative figures are the figures of the audited financial statements for the year ended 31 December 2017.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Financial year

The Company's financial year begins on 1 January and ends on 31 December.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Company in the preparation of these financial statements, are as follows:

Estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires the Board of Executive Officers to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the Board of Executive Officers' best knowledge, actual results may differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Receivables

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

Held-to-maturity investments

Held-to-maturity investments comprise term deposits to earn interest income periodically. Interest income from held-to-maturity investments is recognised in the income statement on accrual basis.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises cost of purchases, direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working conditions and locations for their intended use. The costs of tangible fixed assets formed from construction investment by contractual mode or self-construction or self-generating process are the settled costs of the invested construction projects in accordance with the Company's financial policies, directly-related expenses and registration fee (if any).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible fixed assets and depreciation (continued)

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

	Years
Buildings and structures	05 - 25
Machinery and equipment	03 - 10
Motor vehicles	03 - 08
Office equipment	03 - 04
Others	03 - 04

Loss or gain resulting from sales and disposals of tangible fixed assets is the difference between profit from sales or disposals of assets and their residual values and is recognised in the income statement.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs (see below).

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives, as follows:

	Years
Machinery and equipment	05
Motor vehicles	03 - 06

Intangible assets and amortization

Intangible assets represent land use rights, trademarks and computer software and are stated at cost less accumulated amortization. Land use rights are amortized using the straight-line method over the duration of the right to use the land. Indefinite-term land use rights are not amortized. Trademarks are amortized using the straight-line method over 09 years. Computer software is amortized using the straight-line method over 03 years.

Construction in progress

Properties in the course of construction for production, rental and administrative purposes or for other purposes are carried at cost. The cost includes any costs that are necessary to form the asset including construction cost, equipment cost, other directly attributable costs in accordance with the Company's accounting policy. Such costs will be included in the estimated costs of the fixed assets (if settled costs have not been approved) when they are put into use.

Equity investments in other entities

Equity investments in other entities represent the Company's investments in ordinary shares of the entities over which the Company has no control, joint control, or significant influence.

Equity investments in other entities are carried at cost less provision for impairment. Provisions for impairment of investments in other entities are made in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance on "Guiding the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad debts and warranty for products, goods and construction works at enterprises", Circular No. 89/2013/TT-BTC dated 28 June 2013 by the Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and prevailing accounting regulations.

Long-term prepayments

Allocation of gas cylinders

The costs of gas cylinders are recognized as long-term prepayments and charged to the income statement on a straight-line basis over their estimated useful life from 5 years to 10 years.

Land rentals, land use advantage and office rentals

Land rentals, land use advantage and office rentals are charged to the income statement using the straight-line method over the lease term.

Other types of long-term prepayments

Other types of long-term prepayments comprise office improvement expenditure, costs of CNG tanks, costs of CNG converters, costs of trademark developing strategy and other expenditures which are expected to provide future economic benefits to the Company for one year or more. These expenditures are allocated to the income statement using the straight-line method over their useful lives.

Allocation of the deposits received from customers for gas cylinders

Deposits received from customers for gas cylinders are allocated to income over the allocation period of gas cylinders. The remaining unallocated deposits are presented in the "Other long-term payables" item in the balance sheet.

Revenue recognition

Revenue from the sale of goods is recognized when all five (5) following conditions are satisfied:

- (a) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) The amount of revenue can be measured reliably;
- (d) It is probable that the economic benefits associated with the transaction will flow to the Company; and
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue of a transaction involving the rendering of services is recognized when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several periods, revenue is recognized in each period by reference to the percentage of completion of the transaction at the balance sheet date of that period. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) The amount of revenue can be measured reliably;
- (b) It is probable that the economic benefits associated with the transaction will flow to the Company;
- (c) The percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the income statement.

Borrowing costs

Borrowing costs are recognised in the income statement in the year when incurred.

Payable provisions

Payable provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Board of Executive Officers' best estimate of the expenditure required to settle the obligation as at the balance sheet date.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognized on significant differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

4. CASH AND CASH EQUIVALENTS

	VND	
	Closing balance	Opening balance
Cash on hand	17,596,840,381	14,567,490,052
Bank demand deposits	291,933,939,587	88,663,196,097
Cash equivalents	120,000,000,000	165,525,000,000
	429,530,779,968	268,755,686,149

Cash equivalents represent time deposits in Vietnam Dong at commercial banks in term of 1 month which earn interest rates 5.5% per annum (2017: From 0.3% per annum to 6% per annum).

5. SHORT-TERM TRADE RECEIVABLES

	VND	
	Closing balance	Opening balance
a. Short-term trade receivables		
- Mien Trung Gas Co., Ltd.	49,971,426,165	104,591,325,355
- Petro Mien Trung JSC.	13,869,700,032	31,536,111,774
- LPG System Co., Ltd.	33,963,821,638	30,325,931,957
- Nam Kim Steel JSC.	10,552,886,236	16,996,683,974
- POMINA JSC.	19,254,736,316	11,706,828,154
- Others	402,434,521,067	361,644,352,730
b. Receivables from related parties	34,123,291,121	19,717,841,475
	564,170,382,575	576,519,075,419

6. OTHER RECEIVABLES

	VND	
	Closing balance	Opening balance
a. Other short-term receivables		
- Deposits	1,395,485,900	1,328,271,267
- Receivables regarding authorized import agreements	1,085,646,142	2,048,246,059
- Advance to employees	3,300,923,918	3,780,134,335
- Receivables regarding deposits at Vietnam Investment and Asset Trading Joint Stock Company Vietnam	3,300,000,000	3,300,000,000
- Other receivables	4,731,980,562	12,186,078,528
b. Other short-term receivables from related parties	2,031,437	2,192,019
	13,816,067,959	22,644,922,208
c. Long-term receivables		
- Deposits	6,669,249,323	8,577,826,012

7. BAD DEBTS

	Closing balance			Opening balance		
	Cost	Recoverable amount	Provision	Cost	Recoverable amount	Provision
Total amount of receivables past due						
Between over 6 months and under one year	2,109,870,619	1,600,172,826	509,697,793	2,609,247,217	1,826,473,052	782,774,165
Between 1 year and under 2 years	14,975,594,987	3,525,310,508	11,450,284,479	3,352,597,144	1,676,298,572	1,676,298,572
Between 2 year and under 3 years	41,329,081	41,329,081	-	407,416,410	122,224,923	285,191,487
For 3 years or more	390,805,000	-	390,805,000	8,937,583,990	-	8,937,583,990
	17,517,599,687	5,166,812,415	12,350,787,272	15,306,844,761	3,624,996,547	11,681,848,214

8. INVENTORIES

	Closing balance		Opening balance	
	Cost	Provision	Cost	Provision
Raw materials	47,883,598,091	-	26,537,347,165	-
Tools and supplies	44,894,548,193	-	52,751,035,388	-
Work in progress	4,946,868,620	-	3,760,708,147	-
Finished goods	11,143,769,034	-	11,745,448,122	-
Merchandise	39,028,906,403	-	60,824,659,909	-
Goods on consignment	-	-	11,398,430	-
	147,897,690,341	-	155,630,597,161	-

As at 31 December 2018 and 31 December 2017, the Company did not have any slow - moving, damaged and sub-standard inventories needing making provisions.

9. PREPAYMENTS

	VND	
	Closing balance	Opening balance
a. Short-term		
- Advertising fee	2,603,294,103	19,040,078,283
- Prepaid insurance fee	1,827,867,641	2,772,748,017
- Tools and supplies waiting for allocation	3,965,979,095	2,510,362,141
- Rental fee	7,377,454,617	4,067,083,249
- Others	8,334,650,755	2,748,571,398
	24,109,246,211	31,138,843,088
b. Long-term		
- Gas cylinders costs waiting for allocation (1)	432,960,201,750	334,627,890,078
- Prepaid land rentals and land use privilege (2)	76,044,766,982	87,834,741,233
- Office rental prepaid (3)	39,697,759,188	40,651,624,541
- Consulting fee for brand strategy build up	4,166,127,459	7,760,016,909
- Prepaid expense for rental and renovation of offices in Nha Trang City	2,259,056,406	2,655,234,604
- Prepaid expense for renovation of the interior in Le Duan Office	1,473,169,496	772,622,299
- Consulting fee	288,972,884	1,090,765,553
- Maintenance and repair fees of CNG My Xuan workstation	1,046,020,000	2,521,004,447
- Tools awaiting for allocation	18,873,676,446	1,984,898,437
- Others	28,170,405,942	22,650,561,169
	604,980,156,553	502,549,359,270

(1) Movements in the costs of gas cylinders for the year were as follows:

	VND	
	Current year	Prior year
Opening balance	334,627,890,078	328,643,631,204
Additions	175,361,722,102	77,664,163,000
Allocated to expenses	(76,748,825,655)	(71,071,552,570)
Disposals	(280,584,775)	(608,351,556)
Ending balance	432,960,201,750	334,627,890,078

(2) Prepaid land rentals includes:

- Land rental of 6,675 m² in My Xuan A Industrial Zone, Ba Ria - Vung Tau Province, which has been prepaid to Vietnam Urban and Industrial Zone Development Investment Corporation with a lease term of 43.6 years starting from 28 November 2008.
- Land rental of 30,000 m² in Tra Noc II Industrial Park, Can Tho City, which has been prepaid to Can Tho Industrial Parks Developing Company with a lease term of 35 years from 2009 to 2044.
- Land rental of 10,098 m² in Nhon Hoi Industrial Park, Binh Dinh Province, which has been prepaid to Saigon Nhon Hoi Industrial Park Joint Stock Company with a lease term of 45 years from 18 March 2011 to 21 June 2056.
- Land rental of 13,000 m² in Textile Nhon Trach Industrial Zone, Dong Nai Province with a lease term from 16 December 2010 to 12 September 2053.
- Land rental of 12,011.475 m² in Textile Nhon Trach Industrial Zone, Dong Nai Province, which has been prepaid to Vinatex - Tan Tao Investment Joint Stock Company with a lease term of 39.3 years starting from 30 June 2014.
- Land rental of 7,659 m² in Lien Chieu Industrial Zone, Da Nang City, which has been prepaid to Saigon - Da Nang Investment Joint Stock Company with a lease term from 8 January 2015 to 12 December 2046.
- Land rental of 28,120.8 m² in Khanh An Industrial Zone with a lease term from 24 June 2016 to 17 February 2065.
- Land rental of 9,624 m² in Bac Dong Phu Insutrial Zone, which has been prepaid to Bac Dong Phu Industrial Joint Stock Company with a lease term from 21 July 2010 to 23 November 2059.

(3) Office rental of 670,02 m², which has been prepaid to Vietnam Oil and Gas Group with a lease term of 50 years starting from 01 October 2010.

As disclosed in Note 21, the Company has pledged its land use rights of lot A208, A209, A210, A211 and A212 in Nhon Trach 2 Industrial Park with the historical cost and the remaining value as at 31 December 2018 of VND 35,905,142,044 and VND 33,955,541,569 respectively (as at 31 December 2017: the historical cost and the remaining amount is VND 37,933,907,500 and VND 34,930,341,808 respectively) to secure the loans under the credit agreement with Shinhan Bank Vietnam Limited - Ho Chi Minh City Branch.

10. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

VND

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Others	Total
COST						
Opening balance	566,966,177,583	981,086,687,263	30,270,176,922	6,985,834,969	25,354,193,146	1,610,663,069,883
Additions	10,344,421,340	28,832,541,411	4,057,506,363	652,496,272	-	43,886,965,386
Transfer from construction in progress	18,139,442,463	68,733,484,313	-	-	-	86,872,926,776
Transfer from Financial Lease	-	37,765,424,659	-	-	-	37,765,424,659
Reclassification	(14,498,272,472)	14,664,998,679	-	263,636	-	166,989,843
Disposal	-	(8,891,657,907)	(3,150,086,878)	-	-	(12,041,744,785)
Closing balance	580,951,768,914	1,122,191,478,418	31,177,596,407	7,638,594,877	25,354,193,146	1,767,313,631,762
ACCUMULATED DEPRECIATION						
Opening balance	212,113,031,700	790,963,851,446	27,604,813,941	5,335,372,647	24,169,756,543	1,060,186,826,277
Additions	41,221,095,694	71,249,622,778	685,513,911	549,791,699	392,597,412	114,098,621,494
Transfer from Financial Lease	-	32,768,844,515	-	-	-	32,768,844,515
Reclassification	(189,774,602)	189,774,602	-	-	-	-
Disposal	-	(5,321,040,024)	(1,855,924,447)	-	-	(7,176,964,471)
Closing balance	253,144,352,792	889,851,053,317	26,434,403,405	5,885,164,346	24,562,353,955	1,199,877,327,815
NET BOOK VALUE						
Opening balance	354,853,145,883	190,122,835,817	2,665,362,981	1,650,462,322	1,184,436,603	550,476,243,606
Closing balance	327,807,416,122	232,340,425,101	4,743,193,002	1,753,430,531	791,839,191	567,436,303,947

The cost of the Company's tangible fixed assets as at 31 December 2018 includes an amount of VND 730,495,844,643 (as at 31 December 2017: VND 690,351,378,161) of the assets which have been fully depreciated but are still in use.

As disclosed in Note 21, the Company has pledged its buildings, structures, machinery and equipment with the cost and net book value of VND 43,393,997,946 and VND 6,509,099,697 as at 31 December 2018 (as at 31 December 2017: cost and net book value of VND 43,393,997,946 and VND 15,187,899,285) to secure loans granted to the Company as per credit contracts signed with Shinhan Bank Vietnam Limited – Ho Chi Minh City Branch.

11. INCREASES, DECREASES IN FINANCE LEASE ASSETS

VND			
	Machinery and equipment	Motor vehicles	Total
COST			
Opening balance	85,422,690,878	1,521,235,000	86,943,925,878
Transferred to Tangible fixed assets	(37,765,424,659)	-	(37,765,424,659)
Closing balance	47,657,266,219	1,521,235,000	49,178,501,219
ACCUMULATED DEPRECIATION			
Opening balance	48,658,989,683	1,521,235,000	50,180,224,683
Charge for the year	11,743,189,306	-	11,743,189,306
Transferred to Tangible fixed assets	(32,768,844,515)	-	(32,768,844,515)
Closing balance	27,633,334,474	1,521,235,000	29,154,569,474
NET BOOK VALUE			
Opening balance	36,763,701,195	-	36,763,701,195
Closing balance	20,023,931,745	-	20,023,931,745

The cost of the Company's finance lease assets as at 31 December 2018 included an amount of VND 1,521,235,000 (as at 31 December 2017: VND 1,521,235,000) of the assets which have been fully depreciated but are still in use,

12. INCREASES, DECREASES IN INTANGIBLE ASSETS

VND				
	Land use rights	Trademarks	Computer software	Total
COST				
Opening balance	28,839,738,884	1,464,370,376	7,586,039,406	37,890,148,666
Additions	-	-	1,800,000,000	1,800,000,000
Closing balance	28,839,738,884	1,464,370,376	9,386,039,406	39,690,148,666
ACCUMULATED AMORTISATION				
Opening balance	2,371,803,350	1,231,680,702	3,319,236,962	6,922,721,014
Charge for the year	343,355,436	162,707,820	1,861,025,215	2,367,088,471
Closing balance	2,715,158,786	1,394,388,522	5,180,262,177	9,289,809,485
NET BOOK VALUE				
Opening balance	26,467,935,534	232,689,674	4,266,802,444	30,967,427,652
Closing balance	26,124,580,098	69,981,854	4,205,777,229	30,400,339,181

The cost of the Company's intangible fixed assets as at 31 December 2018 includes an amount of VND 2,730,267,906 (as at 31 December 2017: VND 127,230,585) of the assets which have been fully depreciated but are still in use,

13. CONSTRUCTION IN PROGRESS

VND		
	Closing balance	Opening balance
Relocation of LPG depots and filling stations of VTGas in Dong Nai	371,826,500	371,826,500
Land rental and clearance costs to build CNG filling station at Can Tho	4,773,738,018	4,773,738,018
Binh Khi Plant expansion and upgrade	-	3,845,759,168
Binh Khi Plant Painting Production Line	-	10,087,240,899
Others	2,635,367,896	3,096,799,294
	7,780,932,414	22,175,363,879

14. EQUITY INVESTMENTS IN OTHER ENTITIES

VND				
	Closing balance		Opening balance	
	Cost	Provision	Provision	Dự phòng
Vinabenny Energy Joint Stock Company	50,000,000,000	50,000,000,000	50,000,000,000	50,000,000,000

Investment in Vinabenny Energy Joint Stock Company ("Vinabenny") was equivalent to 14% of charter capital of Vinabenny. Vinabenny has lost its ability to pay, has ceased its investment activities since the end of 2012; therefore, the Company decided to make full provisions for this investment from previous years.

The Company does not recognize the fair value of financial investments as at the balance sheet date because there are no specific guidance on the fair value of the investments.

15. DEFERRED TAX ASSETS

VND			
	Closing balance		Opening balance
Corporate income tax rates used for determination of value of deferred tax assets		20%	20%
Deferred tax assets related to deductible temporary differences		11,752,577,695	11,638,171,157
Deferred tax assets		11,752,577,695	11,638,171,157

16. TRADE PAYABLES

VND				
	Closing balance		Opening balance	
	Amount	Amount able to be paid off	Amount	Amount able to be paid off
a. Short-term trade payables				
PTT International Trading Pte Ltd	-	-	70,686,627,593	70,686,627,593
An Duong Trading Petroleum JSC	23,971,068,000	23,971,068,000	913,501,600	913,501,600
Dai Loc Mechanical Company Limited	20,285,701,568	20,285,701,568	5,700,772,138	5,700,772,138
Binh An Energy Co., Ltd	19,824,446,400	19,824,446,400	11,335,426,410	11,335,426,410
Ky Long Service Trading Investment Co., Ltd	17,831,280,163	17,831,280,163	13,060,934,508	13,060,934,508
Others	36,013,663,352	36,013,663,352	64,856,858,857	64,856,858,857
b. Trade payables to related parties				
	1,140,741,307,747	1,140,741,307,747	589,809,269,244	589,809,269,244
	1,258,667,467,230	1,258,667,467,230	756,363,390,350	756,363,390,350

17. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

VND

	Opening balance	Addition in the year	Deduction in the year	Closing balance
a. Receivables				
Land rental tax, environment tax and other taxes overpaid	1,620,189,186	256,426,895	(262,512,930)	1,614,103,151
	1,620,189,186	256,426,895	(262,512,930)	1,614,103,151
b. Payables				
Value added tax	3,783,058,598	71,973,588,730	(72,046,501,000)	3,710,146,328
Import tax	-	1,356,842,696	(1,356,842,696)	-
Corporate income tax	6,876,544,310	27,777,766,591	(32,328,812,579)	2,325,498,322
Personal income tax	2,525,053,273	7,163,111,669	(9,292,360,036)	395,804,906
	13,184,656,181	108,271,309,686	(115,024,516,311)	6,431,449,556

18. SHORT-TERM ACCRUED EXPENSES

VND

	Closing balance	Opening balance
Interest expense	95,216,206	1,261,469,722
Insurance expense	-	6,079,930,703
Gas cylinder rental fee	6,928,360,733	2,542,276,700
Transportation fee	6,754,090,556	6,551,849,528
Others	7,421,679,643	6,752,173,853
	21,199,347,138	23,187,700,506

19. OTHER PAYABLES

VND

	Closing balance	Opening balance
a. Other current payables		
- Short-term deposits received	165,561,400	597,357,400
- Personal income tax on dividends	1,552,630,412	1,623,081,612
- Trade union fee	648,728,602	756,595,620
- Social insurance	229,362,100	-
- Health insurance	32,244,384	55,110,555
- Unemployment insurance	6,880,913	13,620,566
- LPG owed	1,052,407,222	7,236,244,787
- Others	5,897,465,898	7,251,341,319
	9,585,280,931	17,533,351,859
b. Other long-term payables		
- Long-term deposits received (*)	161,770,850,348	136,474,055,970
	161,770,850,348	136,474,055,970

(*) Long-term deposits represent the deposits for gas cylinders received from customers. The movement is as follows:

VND

	Current year	Prior year
Opening balance	136,474,055,970	119,296,714,960
Additions	63,484,015,000	47,305,754,712
Allocated to revenue	(33,713,660,337)	(28,949,055,702)
Liquidation of deposit contracts	(4,473,560,285)	(1,179,358,000)
Closing balance	161,770,850,348	136,474,055,970

20. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

VND

	Closing balance	Opening balance
Vietnam Joint Stock Commercial Bank for Industry and Trade - North Sai Gon branch (1)	-	150,000,000,000
Shinhan Bank Vietnam Limited - Ho Chi Minh City branch (2)	-	100,000,000,000
Current portion of long-term loans (see Note 21)	7,302,080,000	11,372,849,228
Current portion of long-term obligations under finance leases (see Note 21)	10,533,180,924	12,799,995,439
	17,835,260,924	274,172,844,667

The unsecured loans obtained from Vietnam Joint Stock Commercial Bank for Industry and Trade – North Sai Gon branch and Shinhan Bank Vietnam Limited - Ho Chi Minh City branch have been fully paid by the Company in the year.

21. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

VND

	Closing balance	Opening balance
Shinhan Bank Vietnam Limited - Ho Chi Minh City branch	5,804,880,000	14,840,529,228
Military Commercial Joint Stock Bank - Dong Nai branch	-	2,327,789,094
Vietnam Joint Stock Commercial Bank for Industry and Trade - North Saigon branch	1,497,200,000	2,994,400,000
Total long-term loans	7,302,080,000	20,162,718,322
Vietnam International Leasing Company Limited	11,904,233,219	24,703,457,545
Total long-term liabilities	11,904,233,219	24,703,457,545
Including:		
Current portion of loans (Note 20)	(7,302,080,000)	(11,372,849,228)
Current portion of liabilities (See Note 20)	(10,533,180,924)	(12,799,995,439)
	1,371,052,295	20,693,331,200

Long-term loans

Long-term loans at 31 December 2018 represent loans from Shinhan Bank Vietnam Limited – Ho Chi Minh City branch with terms of 3 years and 5 years; which have the interest rate of 7.00% and 7.84%. These loans are used for the purpose of financing the project for relocation of the Gas Cylinder Factory and gas tanks. These loans are secured by machinery and equipment, and the Company's rights to use land lots at the Company's Cylinder Factory (see Note 9 and Note 10).

Long-term loans at 31 December 2018 represent loans from Vietnam Joint Stock Commercial Bank for Industry and Trade - North Saigon branch. The loan term is 5 years and the loan bear interest rates at 7% per annum and floating rate with the margin of 2.5%. These loans are used for the purpose of financing the project station at Phu Hoi Industrial Zone, Duc Trong District, Lam Dong Province, land rental and the station. These loans are secured by the assets formed from the loans.

Long-term liabilities

Long-term liabilities consist of obligations under finance leases from Vietnam International Leasing Company Limited, with the lease terms ranging from 3 to 5 years and will be expired in February 2020. The interest rate of finance lease is from 8.25% to 8.5% per annum (in 2017: from 8.09% to 9.00% per annum).

21. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES (continued)

The repayment schedule of obligations under finance leases is as follows:

	Minimum lease payments		Present value of minimum lease payments	
	Closing balance	Opening balance	Closing balance	Opening balance
Amounts payable under finance leases:				
Within one year	11,124,599,893	14,311,096,389	10,533,180,924	12,799,995,439
In the second year	1,384,296,853	11,124,599,893	1,371,052,295	10,532,409,832
In the third to fifth year inclusive	-	1,384,296,853	-	1,371,052,274
	12,508,896,746	26,819,993,135	11,904,233,219	24,703,457,545
Less: Future finance charges	(604,663,527)	(2,116,535,590)	-	-
Present value of lease obligations	11,904,233,219	24,703,457,545	11,904,233,219	24,703,457,545
Less: Amount due for settlement within 12 months (Note 20)			(10,533,180,924)	(12,799,995,439)
Amount due for settlement after 12 months			1,371,052,295	11,903,462,106

22. OWNERS' EQUITY

	Closing balance	Opening balance
Authorise to be issued and fully contributed		
Number (share)	50,000,000	50,000,000
Par value (VND/share)	10,000	10,000
Total (VND)	500,000,000,000	500,000,000,000
Shares		
- Number of shares issued to the public		
+ Ordinary shares	50,000,000	50,000,000
- Number of treasury shares		
+ Ordinary shares	1,206	1,206
- Number of outstanding shares in circulation		
+ Ordinary shares	49,998,794	49,998,794

The Company only issues ordinary shares which carry no right to fixed dividend. Ordinary shareholders are entitled to receive dividends as declared and are entitled to one vote per share at the shareholders' meetings. All shares rank equally with regards to the Company's net assets.

The list of shareholders at the balance sheet date was as follows:

Shareholders' name	Closing balance & Opening balance	
	VND	%
PetroVietnam Gas Joint Stock Corporation	176,315,790,000	35,26
Other shareholders	323,684,210,000	64,74
	500,000,000,000	100

22. OWNERS' EQUITY (continued)

Movements in owners' equity:

	Owners' contributed capital	Share premium	Treasury shares	Investment and development fund	Retained earnings to the prior year end	Retained earnings of this year	Total
Prior year's opening balance	500,000,000,000	45,594,384,212	(12,061,327)	357,387,422,404	3,591,218,324	60,271,304,545	966,832,668,158
Profit for the year	-	-	-	-	60,271,304,545	109,746,816,472	170,018,121,017
Distribution of funds	-	-	-	5,546,867,818	(5,546,867,818)	-	-
Distribution to bonus and welfare funds	-	-	-	-	-	(25,000,000,000)	(25,000,000,000)
Distribution to bonus fund to Board of Management	-	-	-	-	-	(300,000,000)	(300,000,000)
Dividends declared	-	-	-	-	(39,999,035,200)	(49,998,793,999)	(89,997,829,199)
Transfer Retained earnings of this year to Retained earnings to the prior year end	-	-	-	-	-	(60,271,304,545)	(60,271,304,545)
Current year's opening balance	500,000,000,000	45,594,384,212	(12,061,327)	362,934,290,222	18,316,619,851	34,448,022,473	961,281,255,431
Profit for the year	-	-	-	-	-	109,638,479,279	109,638,479,279
Distribution to bonus and welfare funds	-	-	-	-	-	(25,000,000,000)	(25,000,000,000)
Distribution to bonus fund to Board of Management	-	-	-	-	-	(500,000,000)	(700,000,000)
Dividends declared	-	-	-	-	(39,999,035,200)	(49,984,588,000)	(89,983,623,200)
Transfer Retained earnings of this year to Retained earnings to the prior year end	-	-	-	-	34,448,022,473	(34,448,022,473)	-
Current year's closing balance	500,000,000,000	45,594,384,212	(12,061,327)	362,934,290,222	12,565,607,124	34,153,891,279	955,236,111,510

- Distribution of funds for the year includes additional distribution to Investment and development fund from the current year retained earnings; Bonus and Welfare fund from this year retained earnings under Resolution No. 01/NQ-DHDCD passed at the General Meeting of Shareholders on 19 April 2018.
- Under Resolution No. 206/NQ-KMN dated 24 May 2018 of the Boards of Directors, the Company has declared dividends of VND 39,999,035,200 equivalent to 8% of owners' equity to the shareholders from the prior year's retained earnings.
- Under Resolution No. 443/NQ-KMN dated 17 October 2018 of the Boards of Directors, the Company has declared dividends of VND 49,984,588,000 equivalent to 10% of owners' equity to the shareholders from the current year's retained earnings.

23. OFF BALANCE SHEET ITEMS

Operating lease assets

Minimum lease payment in the future under non-cancellable operating lease under the following terms:

	VND	
	Closing balance	Opening balance
Within one year;	3,133,682,475	2,717,733,900
In the second to fifth year inclusive;	12,218,721,900	7,331,646,000
After five years;	8,569,231,344	10,248,227,203

Assets held under trust

	VND	
	Closing balance	Opening balance
LPG	-	15,315,293,700

Foreign currencies:

	VND	
	Closing balance	Opening balance
United States Dollar (USD)	546	14,941
Euro (EUR)	927	927

24. BUSINESS AND GEOGRAPHICAL SEGMENTS

The principal activities of the Company are trading LPG and CNG. Additionally, other activities mainly are trading petroleum, gasoline, lubricant, producing and trading of gas cylinders, provision of gas cylinder maintenance services and warehouses for lease. Revenue from other activities merely accounts for an immaterial rate in the total revenue (about 5%). Revenue and cost of sales from operating activities are presented in Note 26 and Note 27. In respect of geographical segments, the Company merely operates within Vietnam. Accordingly, the Board of Executive Officers has assessed and believes that no segment and geographic area reporting in the financial statements for the year ended 31 December 2018 is appropriate with Vietnam Accounting Standard No. 28 "Segment report" and in accordance with the current business situation of the Company.

25. NET REVENUE FROM GOODS SOLD AND SERVICES RENDERED

	VND	
	Current year	Prior year
Sales of merchandise and services		
In which:		
- Sales of LPG	5,026,659,336,172	4,945,248,594,824
- Sales of CNG	1,595,001,025,078	1,154,408,173,310
- Sales of gas cylinders	130,758,948,181	152,188,551,819
- Sales of petroleum and lubricant	92,563,237,949	71,104,223,668
- Sales of services	54,179,827,664	40,675,298,303
- Income from deposits for gas cylinders	33,713,731,170	28,949,055,702
- Sales of scraps	4,797,435,909	4,040,689,088
- Sales of others	1,721,876,485	1,965,479,681
	6,939,395,418,608	6,398,580,066,395
Deductions		
Sales discounts	364,799,330,259	307,717,004,908
Net sales of merchandise and services	6,574,596,088,349	6,090,863,061,487

26. COST OF SALES

	VND	
	Current year	Prior year
Cost of LPG sold	4,166,950,237,056	4,128,994,461,310
Cost of CNG sold	955,743,812,896	533,505,486,543
Cost of gas cylinders sold	119,036,720,803	139,984,912,809
Cost of petroleum and lubricant sold	87,370,995,228	66,793,195,009
Cost of services rendered	40,357,525,155	12,692,064,861
Allocation of cost of gas cylinders	76,748,825,655	71,071,552,570
Cost of scraps sold	4,831,185,397	4,170,861,829
Cost of others	1,468,494,976	7,996,379,022
	5,452,507,797,166	4,965,208,913,953

27. OPERATING COST BY NATURE

	VND	
	Current year	Prior year
Raw materials and consumables	266,331,219,165	190,467,849,596
Labour cost	266,166,441,871	262,168,417,088
Depreciation and amortisation	128,208,899,271	110,106,278,062
Out-sourced services	428,278,173,895	666,398,801,907
Other monetary expenses	244,075,691,612	55,022,860,707
	1,333,060,425,814	1,284,164,207,360

28. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	VND	
	Current year	Prior year VND
General and administration expenses		
- Salary expenses	25,647,244,798	26,855,706,773
- Consulting and royalty expenses	9,251,516,632	10,670,410,127
- Tools expenses	143,394,259	454,021,900
- Depreciation expenses	1,778,533,698	1,041,881,950
- Business trip expense	9,676,465,603	8,222,133,151
- Rental expense	8,414,845,766	8,267,927,733
- Others	24,495,057,772	24,038,614,629
	79,407,058,528	79,550,696,263
Selling expenses		
- Salary expenses	222,394,085,561	237,234,236,723
- LPG and CNG transportation expenses	224,476,646,260	183,702,089,707
- Tools expenses	67,519,130,187	87,763,757,701
- Depreciation expenses	116,595,926,185	98,746,276,600
- Advertising expenses	72,664,018,000	57,826,121,865
- Others	206,928,757,710	235,603,962,509
	910,578,563,903	900,876,445,105

29. OTHER INCOME

	VND	
	Current year	Prior year
Income from transfer of land use right	16,225,895,442	-
Others	7,899,247,667	2,087,848,615
	24,125,143,109	2,087,848,615

30. OTHER EXPENSES

	VND	
	Current year	Prior year
Expenses from transfer of land use right	14,141,196,684	-
Others	6,113,503,173	895,143,074
	20,254,699,857	895,143,074

31. CURRENT CORPORATE INCOME TAX EXPENSE

	VND	
	Current year	Prior year
Profit before tax	137,301,839,332	138,218,217,970
Adjustments for assessable income		
Add back: non-deductible expenses	1,586,993,623	5,929,547,836
Taxable income	138,888,832,955	144,147,765,806
Taxable profit at normal tax rate	20%	20%
Corporate income tax expense in the current year	27,777,766,591	28,829,553,161

The Company is obliged to pay corporate income tax at the rate of 20% of its taxable income.

32. BASIC EARNINGS PER SHARE

The calculation of the earnings per share attributable to ordinary shareholders of the company is based on the following data:

	VND	
	Current year	Prior year
Accounting profit after corporate income tax	109,638,479,279	109,746,816,472
Distribution of the Bonus and Welfare funds under Resolution of General Meeting of Shareholders	25,700,000,000	25,300,000,000
Profit attributable to ordinary shareholders	83,938,479,279	84,746,816,472
Average ordinary shares in circulation for the year	49,998,794	49,998,794
Basic earnings per share	1,679	1,689

33. COMMITMENTS

Lease commitments

Operating lease commitments represent:

- Contract regarding a lease of 9,210 m² land in Go Dau A Port, Phuoc Thai Commune, Long Thanh District, Dong Nai Province no. 01-04-08/HĐKT.CĐN signed with Dong Nai Port Joint Stock Company, the lease term is 20 years from 01 August 2008.

- Appendix 1 to contract signed with Dong Nai Port Joint Stock Company regarding a lease of 2,170 m² land in Go Dau A Port, Phuoc Thai Commune, Long Thanh District, Dong Nai Province no. 01-04-08/HĐKT.CĐN, the lease term is 16.5 years from 01 February 2012.

- Contract regarding a lease of 8th Floor, PetroVietnam Tower, No. 1-5 Le Duan Street, no. 6917C/2013/HĐ ĐKVN - PV Gas South with Vietnam Oil and Gas Corporation dated 30 Sep 2013; lease term of 5 years. After the due date, the contract has been renewed with a 5-year lease term from 30 Sep 2018.

In addition, the Company has car rental agreements signed with Cuu Long Petro Gas Transportation Joint Stock Company with terms from 3 to 4 years.

Capital commitments

As at 31 December 2018, the Company has the capital commitments relating to relocation of LPG depots and filling stations in Dong Nai, construction and expansion of CNG gas supply stations, relocation and upgrade of gas cylinder repair lines with the total value of VND 1,308,545,276 (as at 31 December 2017: VND 15,294,570,698).

34. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties having significant transactions and balances in 2018:

Related Parties	Abbreviation	Relationship
PetroVietnam Gas Joint Stock Corporation	(PVGas)	Shareholder
Vietnam Oil and Gas Group	(PVN)	Parent Company of PVGas
PetroVietnam Insurance Joint-Stock Company	(PVI)	Subsidiary of PVN
Petrovietnam Transportstation Corporation	(PVTrans)	Subsidiary of PVN
PetroVietnam General Services Joint Stock Corporation	(PET)	Subsidiary of PVN
PetroVietnam Oil Corporation	(PVOIL)	Subsidiary of PVN
Binh Son Refining and Petrochemical Company Limited	(BSR)	Subsidiary of PVN
Petrovietnam Fertilizer And Chemicals Corporation	(DPM)	Subsidiary of PVN
PVGas's Subsidiaries		
CNG Vietnam Joint Stock Company	(CNG)	Subsidiary of PVGas
Branch of PetroVietnam Gas Joint Stock Company - PV Gas Trading Company Limited	(KDK)	Subsidiary of PVGas
PetroVietnam Northern Gas Joint Stock Company	(PVGN)	Subsidiary of PVGas
Branch of PetroVietnam Gas Joint Stock Company - Vung Tau Gas Processing Company	(KVT)	Branch of PVGas
Branch of PetroVietnam Gas Joint Stock Company - PetroVietnam Gas South East Transmission Company	(KNB)	Branch of PVGas
Branch of PetroVietnam Gas Joint Stock Company - PetroVietnam Gas Services Company	(DVK)	Branch of PVGas
PetroVietnam Coating Joint Stock Company	(PVCOATING)	Subsidiary of PVGas
Branch of PetroVietnam Gas Joint Stock Company - PetroVietnam Gas Projects Management Company	(PV GAS PMB)	Branch of PVGas
PetroVietnam Low Pressure Gas Distribution Joint Stock Company	(PVG D)	Subsidiary of PVGas
PetroVietnam Gas City Investment and Development Joint Stock Company	(PVGas City)	Affiliate of PVGas
Subsidiaries (Controlled Party) of Vietnam Oil and Gas Group		
International Gas Product Shipping Joint Stock Company	(Gas Shipping)	Subsidiary of PVTrans
Indochina Petroleum Transportation Joint Stock Company	(PVTRANS DD)	Subsidiary of PVTrans
Sao Mai Ben Dinh Petroleum Investment Joint Stock Company	(PVSb)	Subsidiary of PTSC
Petro Vung Tau Insurance Corporation	(PVI VT)	Subsidiary of PVN
PVI Insurance Ho Chi Minh Company Limited	(PVI HCM)	Subsidiary of PVN
PVOIL Vung Tau Joint Stock Company	(PVOIL VT)	Subsidiary of PVOIL
Branch of PetroVietnam Security Service Corporation - Mien Trung Branch	(PV SECURITY)	Subsidiary of PVN
Branch of PetroVietnam Transportation Corporation - PetroVietnam Transportation Oilfield Services	(PVTRANS OFS)	Branch of PVTrans
Mien Trung Petroleum Trading and Services Joint Stock Company	(PSMT)	Subsidiary of PET
Petroleum Offshore Trading and Services Joint Stock Company	(POTS)	Subsidiary of PET
Vung Tau Petroleum Transportation Joint Stock Company	(PVTRANS VT)	Subsidiary of PVTrans
Petrosetco Vung Tau General Services joint Stock Company	(PSV)	Subsidiary of PET

34. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

During the year, the Company entered into some significant transactions with its related parties as follows:

	VND	
	Current year	Prior year
Revenue		
Gas Shipping	165,066,862,675	409,781,544,580
PVGas	137,726,771,410	122,475,584,000
CNG	129,085,121,574	54,596,325,567
PVSB	111,100,166,623	53,280,884,256
PSMT	2,517,402,713	13,252,888,807
KDK	24,347,874,696	10,438,575,966
KVT	7,456,906,637	5,921,777,602
PVTRANS DD	-	2,586,334,937
PVGas City	-	1,199,532,927
Purchase		
KDK	2,413,294,183,619	2,375,394,499,643
PVG D	987,364,958,169	463,634,516,260
PVSB	-	53,280,884,256
Gas Shipping	1,731,265,670	32,010,336,463
PVTRANS OFS	11,141,887,323	7,751,595,430
PVN	2,330,206,180	5,890,639,361
PVGas	9,872,360,733	5,492,676,700
PVGas City	728,314,421	-
BSR	1,345,444,888,492	1,183,339,779,623
PVTRANS DD	16,656,430,609	-

Remuneration paid to the Company's Board of Executive offices during the year was as follows:

	VND	
	Current year	Prior year
Salaries, bonus and benefits in kinds	5,604,326,651	5,843,328,252

Significant related parties balances at the balance sheet date were as follows:

	VND	
	Current year	Prior year
Receivables		
PVGas	1,560,823,594	8,111,677,415
Gas Shipping	12,077,779,618	5,534,363,566
CNG	19,276,217,034	5,103,948,416
Others	1,208,470,875	967,852,078
	34,123,291,121	19,717,841,475
Advances from customers		
PVGas	11,393,760,294	-
Payables		
BSR	174,793,874,384	241,738,383,743
KDK	755,170,026,530	196,321,798,643
PVGas	3,238,400,000	-
PVG D	205,328,601,814	150,228,041,820
Other	2,210,405,019	1,521,045,038
	1,140,741,307,747	589,809,269,244
Other payables		
PVGas	6,928,360,733	-

35. APPROVAL OF FINANCIAL STATEMENTS ISSUANCE

The financial statements for the year ended 31 December 2018 were approved for issuance on 13 March 2019 by the Board of Directors.



Nguyen Ngoc Dan
Preparer



Ngo An Hoa
Chief Accountant



Vu Quy Hieu
Chief Executive Officer
13 March 2019

SOUTHERN GAS TRADING JOINT STOCK COMPANY

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