

# **CONSOLIDATED FINANCIAL STATEMENTS**

**PETROVIETNAM ENGINEERING CONSULTANCY  
JOINT STOCK COMPANY**

For the fiscal year ended as at 31/12/2019  
audited

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## **REPORT OF THE BOARD OF GENERAL DIRECTORS**

The Board of General Directors of Petrovietnam Engineering Consultancy Joint Stock Company ("the Corporation") presents its report and the Corporation's Consolidated Financial Statements for the fiscal year ended as at 31 December 2019.

### **THE CORPORATION**

Petrovietnam Engineering Consultancy Joint Stock Company ("The Corporation") was established under Certificate of Business registration No. 0301479273, replacing the Certificate of Business registration No. 4103003829 issued by Ho Chi Minh City Department of Investment and Planning on 14 September 2005.

The Corporation was transformed from Petrovietnam Investment Construction Consultancy Company, a state-owned company and a member of the Vietnam Oil and Gas Group ("Petrovietnam"). In accordance with Resolution No. 1894/NQ-DKVN dated 9 August 2010 issued by the Members Council of Petrovietnam, the Corporation operates under holding - subsidiary and changed its name to Petrovietnam Engineering Consultancy Joint Stock Company under Certificate of Business registration for the 10th re-registered on 13 May 2011.

The Corporation's head office is located at 10th Floor, PV Gas Tower, No. 673 Nguyen Huu Tho, Phuoc Kien Commune, Nha Be District, Ho Chi Minh City.

### **BOARD OF MANAGEMENT, BOARD OF GENERAL DIRECTORS AND BOARD OF SUPERVISION**

The members of The Board of Management during the fiscal year and to the reporting date are:

|                    |                    |
|--------------------|--------------------|
| Mr. Le Huu Bon     | Chairman           |
| Mr. Do Van Thanh   | Member             |
| Mr. Dinh Van Dinh  | Member             |
| Mr. Fong Nyuk Loon | Member             |
| Mr. Le Thai Thanh  | Independent Member |

The members of The Board of General Directors during the fiscal year and to the reporting date are:

|                     |                         |                           |
|---------------------|-------------------------|---------------------------|
| Mr. Ngo Ngoc Thuong | General Director        | (Appointed on 20/07/2021) |
| Mr. Do Van Thanh    | General Director        | (Resigned on 20/07/2021)  |
| Mr. Pham Thanh Minh | Deputy General Director | (Resigned on 23/09/2019)  |
| Mr. Ngo Ngoc Thuong | Deputy General Director | (Resigned on 20/07/2021)  |
| Mr. Le Viet Hoai    | Deputy General Director |                           |

The members of the Board of Supervision are:

|                         |                            |
|-------------------------|----------------------------|
| Mr. Nguyen Ngoc Hai     | Head of Control Department |
| Mrs. Tran Thi Hanh Thuc | Member                     |
| Mr. Do Manh Hao         | Member                     |

### **AUDITORS**

The auditors of AASC Auditing Firm Company Limited take the audit of Consolidated Financial Statements for the Corporation.



**STATEMENT OF THE BOARD OF GENERAL DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The Board of General Directors is responsible for the Consolidated Financial Statements which give a true and fair view of the financial position of the Corporation, its operating results and its cash flows for the year. In preparing those Consolidated Financial Statements, the Board of General Directors is required to:

- Establish and maintain of an internal control system which is determined necessary by The Board of General Directors and Those charged with governance to ensure the preparation and presentation of Consolidated Financial Statements do not contain any material misstatement caused by errors or frauds;
- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Consolidated Financial Statements;
- Prepare the Consolidated Financial Statements on the basis of compliance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of Consolidated Financial Statements;
- Prepare the Consolidated Financial Statements on going concern basis unless it is inappropriate to presume that the Corporation will continue in business.

The Board of General Directors is responsible for ensuring that accounting records are kept to reflect the financial position of the Corporation, with reasonable accuracy at anytime and to ensure that the Consolidated Financial Statements comply with the registered accounting system. It is responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of General Directors, confirm that the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2019, its operation results and cash flows in the year 2019 of the Corporation in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of Consolidated Financial Statements.

**Other commitments**

The Board of General Directors pledges that the Corporation complies with Decree No. 71/2017/ND-CP on 06 June 2017 guiding on corporate governance applicable to public companies.

Ho Chi Minh City, 15 December 2021  
On behalf of The Board of General Directors  
General Director



Ngo Ngoc Thuong



No.: 170/22-002/BCTC.HCM

## INDEPENDENT AUDITORS' REPORT

**To: Shareholders, The Board of Management and The Board of General Directors  
Petrovietnam Engineering Consultancy Joint Stock Company**

We have audited the Consolidated Financial Statements of Petrovietnam Engineering Consultancy Joint Stock Company prepared on 15 December 2021, as set out on pages 07 to 48, including: Consolidated Statement of Financial position as at 31 December 2019, Consolidated Statement of Income, Consolidated Statement of Cash flows and Notes to the Consolidated Financial Statements for the fiscal year then ended.

### The Board of General Directors' responsibility

The Board of General Directors is responsible for the preparation and presentation of Consolidated Financial Statements that give a true and fair view in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to the preparation and presentation of Financial Statements and for such internal control as management determines is necessary to enable the preparation and presentation of Consolidated 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 Consolidated Financial Statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with standards and ethical requirements; plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the Consolidated Financial Statements that give a true and fair view 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 entity'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 General Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

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



### Basis for qualified opinion

We have fully conducted necessary audit procedures but we were unable to obtain sufficient appropriate audit evidences to evaluate the impacts of following matters onto the Consolidated Financial Statements for the fiscal year ended as at 31 December 2019:

- Because the time of appointment as an auditor is far from the end of the fiscal year, we were not able to conduct observation procedure the counting of cash, inventories, fixed assets with the value as at 31/12/2019 was VND 6,455,766,401, VND 812,122,620,630 and VND 18,778,510,488 respectively.
- As in Note No. 07 of the Consolidated Financial Statements, the Corporation has recorded the outstanding balance of receivables according to the progress of construction contracts of Con Dao Wind Power, Bio Ethanol Binh Phuoc Plant, Block B O Mon projects for a long time with the value of VND 53,193,280,261 as at 01/01/2019 and 31/12/2019. We have not been provided with relevant documents of these projects, therefore we cannot assess the conformity of recognizing accumulated revenue, accumulated cost and recover ability of these receivables.
- The Corporation has recorded the outstanding balance of other short-term receivables for a long time with the value of VND 44,497,746,950 and VND 48,209,098,957 as at 01/01/2019 and 31/12/2019, respectively. We cannot assess the recoverability of these receivables, consequently, we were unable to determine whether any provisions to these amounts were necessary.
- We were unable to assess the existence and net realizable value, the provision for devaluation of inventories need to be appropriated for the Nghi Son – Thanh Hoa project, Block B O Mon project and Feed Ca Mau project. The value of work in progress of these 03 works is being recoded in the item "Inventories" on the Consolidated Statement of Financial Position with a total value of VND 158,202,664,951 and VND 158,440,968,782 as at 01/01/2019 and 31/12/2019 respectively (Detailed as in Note No.10).
- As in Note No. 42 of Consolidated Financial Statements, the Corporation and subsidiary, Petrovietnam Engineering (Malaysia) Sdn. Bhd, are in dispute with the general contractor of the RAPID refinery and petrochemical complex in Malaysia, related to extra charges that are in the process of being negotiated with the general contractor. At the reporting date of this Consolidated Financial Statements, the Economic Arbitration in Malaysia has verdicts, however, the parties have not yet accepted these verdicts and have submitted the case to International Chamber of Commerce Arbitration for further dispute settlement. By the audit procedures performed, we were unable to obtain sufficient appropriate audit evidences to evaluate whether the Corporation's ability to win in the above case or not, therefore, we were unable to evaluate the impacts of such matters onto relevant items on the Consolidated Financial Statements, including: short-term trade receivables and work-in-progress as presented in Note No. 5 and 10 on the Consolidated Financial Statements with the amount of VND 53,485,848,437 and VND 606,887,557,235 respectively.
- As in Note No. 8(b) of the Consolidated Financial Statements, the Corporation has presented contributed capital under Business cooperation contract ("BCC") between the Corporation, Petrovietnam Gas Joint Stock Corporation and Phu Long Real estate Joint Stock Company with the value of VND 145,955,758,140 as at 01/01/2019 and 31/12/2019. At the reporting date, the Corporation has not recognized income summary from BCC for the period from 01/01/2016 to 31/12/2019 as the parties of BCC have not agreed with the adjustment of method to share and finalize income statement for the period from 2016 up to date. We were unable to determine whether any adjustments to these amounts were necessary.

In addition, the Corporation has reflected the outstanding balance of receivables from construction contracts that have been confirmed by customers but have not yet issued invoices on the item "Receivables according to the progress of construction contracts" which is not in accordance with the current accounting regulations. The Corporation's records indicate that if the current accounting regulations had been complied, on the Consolidated Statement of Financial Position as at 01/01/2019 and 31/12/2019, the item "Receivables according to the progress of construction contracts" (code 134) would have been decreased and the item "Short-term trade receivables" (code 131) would have been increased by VND 83,079,235,760 and VND 83,555,275,105 respectively.



### Qualified opinion

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" paragraph, the Consolidated Financial Statements give a true and fair view, in all material respects, of the financial position of Petrovietnam Engineering Consultancy Joint Stock Company as at 31 December 2019, its operating results and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to the preparation and presentation of Consolidated Financial Statements.

### Other matter

The Consolidated Financial Statements of Petrovietnam Engineering Consultancy Joint Stock Company for the fiscal year ended as at 31 December 2018 were audited by auditors and PwC (Vietnam) Limited. Auditors expressed a qualified opinion to those statements on 06 August 2019, due to the matters related to outstanding balances of receivables according to the progress of construction contracts, the value of work in progress of projects which backloged for a long time, the value of work in progress of Rapid-Malaysia projects and the matter that the Corporation had not recorded income summary from Business cooperation contract for the period from 01/01/2016 to 31/12/2018.



AASC Auditing Firm Company Limited

\_\_\_\_\_  
Ngô Minh Quy  
Deputy General Director  
Certificate of registration to audit practice  
No.: 2434-2018-002-1  
Ho Chi Minh City, 17 January 2022

\_\_\_\_\_  
Le Kim Yen  
Auditor  
Certificate of registration to audit practice  
No.: 0550-2020-002-1

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 31 December 2019*

| Code | ASSETS   | Note | 31/12/2019               | 01/01/2019               |
|------|--|------|--------------------------|--------------------------|
|      |  |      | VND                      | (Reclassified)<br>VND    |
| 100  | <b>A. CURRENT ASSETS</b>   |      | <b>1,185,385,752,978</b> | <b>1,422,889,210,578</b> |
| 110  | <b>I. Cash and cash equivalents</b>                                | 03   | <b>29,155,432,164</b>    | <b>51,467,300,412</b>    |
| 111  | 1. Cash  |      | 28,492,698,281           | 51,467,300,412           |
| 112  | 2. Cash equivalents  |      | 662,733,883              | -                        |
| 120  | <b>II. Short-term financial investments</b>                        | 04   | <b>4,432,248,946</b>     | <b>118,579,961</b>       |
| 123  | 2. Provision for devaluation of short-term investment              |      | 4,432,248,946            | 118,579,961              |
| 130  | <b>III. Short-term receivables</b>                                 |      | <b>302,076,885,352</b>   | <b>518,359,449,518</b>   |
| 131  | 1. Short-term trade receivables                                    | 05   | 135,120,711,573          | 302,929,745,493          |
| 132  | 2. Short-term prepayments to suppliers                             | 06   | 18,614,074,312           | 33,783,556,596           |
| 134  | 3. Receivables according to the progress of construction contracts | 07   | 83,555,275,105           | 83,079,235,760           |
| 136  | 4. Other short-term receivables                                    | 08   | 73,991,941,829           | 107,132,003,535          |
| 137  | 5. Short-term provision for doubtful debts                         |      | (9,205,117,467)          | (8,565,091,866)          |
| 140  | <b>IV. Inventories</b>   | 10   | <b>825,902,912,336</b>   | <b>836,226,120,028</b>   |
| 141  | 1. Inventories   |      | 825,902,912,336          | 836,226,120,028          |
| 150  | <b>V. Other current assets</b>                                     |      | <b>23,818,274,180</b>    | <b>16,717,760,659</b>    |
| 151  | 1. Short-term prepaid expenses                                     | 14   | 977,275                  | 303,754,801              |
| 152  | 2. Deductible VAT  |      | 23,301,107,672           | 14,886,125,354           |
| 153  | 3. Taxes and other receivables from the State                      | 18   | 516,189,233              | 1,527,880,504            |



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2019

(continued)

| Code | ASSETS                                  | Note | 31/12/2019               | 01/01/2019               |
|------|---|------|--------------------------|--------------------------|
|      |   |      | VND                      | (Reclassified)<br>VND    |
| 200  | <b>B. NON- CURRENT ASSETS</b>           |      | 182,740,553,250          | 194,304,648,143          |
| 210  | <b>I. Long-term receivables</b>         |      | 146,166,278,140          | 146,144,278,140          |
| 216  | 1. Other long-term receivables          | 8    | 146,166,278,140          | 146,144,278,140          |
| 220  | <b>II. Fixed assets</b>                 |      | 19,631,647,007           | 33,317,010,596           |
| 221  | 1. Tangible fixed assets                | 11   | 2,207,068,104            | 4,445,039,072            |
| 222  | - Historical costs                      |      | 68,597,653,457           | 73,104,207,311           |
| 223  | - Accumulated depreciation              |      | (66,390,585,353)         | (68,659,168,239)         |
| 224  | 2. Finance lease assets                 | 12   | 15,569,068,192           | 23,436,893,416           |
| 225  | - Historical costs                      |      | 47,169,216,000           | 47,169,216,000           |
| 226  | - Accumulated depreciation              |      | (31,600,147,808)         | (23,732,322,584)         |
| 227  | 3. Intangible fixed assets              | 13   | 1,855,510,711            | 5,435,078,108            |
| 228  | - Historical costs                      |      | 19,508,728,889           | 21,567,786,318           |
| 229  | - Accumulated depreciation              |      | (17,653,218,178)         | (16,132,708,210)         |
| 240  | <b>IV. Long-term assets in progress</b> |      | -                        | 1,543,250,686            |
| 242  | 1. Construction in progress             |      | -                        | 1,543,250,686            |
| 260  | <b>VI. Other long-term assets</b>       |      | 16,942,628,103           | 13,300,108,721           |
| 261  | 1. Long-term prepaid expenses           | 14   | 2,301,688,656            | 4,060,429,595            |
| 262  | 4. Deferred tax assets                  | 33   | 14,640,939,447           | 9,239,679,126            |
| 270  | <b>TOTAL ASSETS</b>                     |      | <u>1,368,126,306,228</u> | <u>1,617,193,858,721</u> |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2019

(continued)

| Code | CAPITAL  | Note | 31/12/2019               | 01/01/2019               |
|------|--|------|--------------------------|--------------------------|
|      |  |      | VND                      | (Reclassified)<br>VND    |
| 300  | <b>C. LIABILITIES</b>                                  |      | <b>1,048,061,465,688</b> | <b>1,308,642,806,117</b> |
| 310  | <b>I. Current liabilities</b>                          |      | <b>1,047,936,570,688</b> | <b>1,308,517,911,117</b> |
| 311  | 1. Short-term trade payables                           | 16   | 310,498,318,740          | 367,295,048,700          |
| 312  | 2. Short-term advances from customers                  | 17   | 6,971,865,027            | 174,151,163,461          |
| 313  | 3. Taxes and other payables to State budget            | 18   | 105,595,985,909          | 76,266,805,661           |
| 314  | 4. Payables to employees                               |      | 40,645,112,040           | 61,293,889,800           |
| 315  | 5. Short-term accrued expenses                         | 19   | 55,542,148,731           | 46,252,221,807           |
| 319  | 6. Other short-term payables                           | 20   | 100,761,187,362          | 67,401,356,789           |
| 320  | 7. Short-term borrowings and finance lease liabilities | 15   | 418,379,472,066          | 505,885,820,810          |
| 321  | 8. Short-term provisions for payables                  | 21   | 2,800,771,675            | 2,800,771,675            |
| 322  | 9. Bonus and welfare fund                              |      | 6,741,709,138            | 7,170,832,414            |
| 330  | <b>II. Non-current liabilities</b>                     |      | <b>124,895,000</b>       | <b>124,895,000</b>       |
| 337  | 1. Other long-term payables                            | 20   | 124,895,000              | 124,895,000              |
| 400  | <b>D. OWNER'S EQUITY</b>                               |      | <b>320,064,840,540</b>   | <b>308,551,052,604</b>   |
| 410  | <b>I. Owner's equity</b>                               | 22   | <b>320,064,840,540</b>   | <b>308,551,052,604</b>   |
| 411  | 1. Contributed capital                                 |      | 250,000,000,000          | 250,000,000,000          |
| 412  | 2. Share Premium                                       |      | 11,421,558,415           | 11,421,558,415           |
| 414  | 3. Other capital                                       |      | 1,600,295,812            | 1,600,295,812            |
| 417  | 4. Exchange rate differences                           | 23   | 25,376,400,318           | 2,873,534,907            |
| 418  | 5. Development investment funds                        |      | 24,754,339,515           | 24,675,250,591           |
| 421  | 6. Retained earnings                                   |      | (5,426,005,359)          | 6,091,710,120            |
| 421a | RE accumulated by the end of the previous year         |      | 6,179,468,462            | (4,309,374,182)          |
| 421b | RE for the current year                                |      | (11,605,473,821)         | 10,401,084,302           |
| 429  | 9. Non – Controlling Interests                         |      | 12,338,251,839           | 11,888,702,759           |
| 440  | <b>TOTAL CAPITAL</b>                                   |      | <b>1,368,126,306,228</b> | <b>1,617,193,858,721</b> |

Preparer

Chief Accountant

Ho Chi Minh City, 15 December 2021

General Director

Le Quang Thang

Nguyen Khac Chuong

Ngo Ngoc Thuong



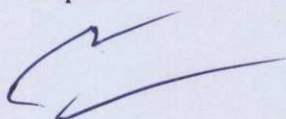


## CONSOLIDATED STATEMENT OF INCOME

Year 2019

| Code | Items   | Note | Year 2019        | Year 2018             |
|------|---|------|------------------|-----------------------|
|      |   |      | VND              | (Reclassified)<br>VND |
| 01   | 1. Revenue from sales of goods and rendering of services          | 25   | 385,558,538,726  | 1,440,812,808,881     |
| 02   | 2. Revenue deductions   |      | -                | -                     |
| 10   | 3. Net revenue from sales of goods and rendering of services      |      | 385,558,538,726  | 1,440,812,808,881     |
| 11   | 4. Cost of goods sold   | 26   | 288,183,958,637  | 1,297,758,965,319     |
| 20   | 5. Gross profit from sales of goods and rendering of services     |      | 97,374,580,089   | 143,053,843,562       |
| 21   | 6. Financial income   | 27   | 2,375,703,104    | 1,190,819,353         |
| 22   | 7. Financial expenses   | 28   | 48,455,212,948   | 38,920,769,602        |
| 23   | <i>In which: Interest expenses</i>                                |      | 47,200,329,118   | 35,875,832,056        |
| 24   | 8. Share of joint ventures and associates' profit or loss         |      |                  |                       |
| 26   | 10. General administrative expenses                               | 29   | 57,929,394,160   | 88,070,726,024        |
| 30   | 11. Net profit from operating activities                          |      | (6,634,323,915)  | 17,253,167,289        |
| 31   | 12. Other income  | 30   | 4,521,656,303    | 1,139,316,372         |
| 32   | 13. Other expenses  | 31   | 7,300,198,282    | 1,439,702,716         |
| 40   | 14. Other profit  |      | (2,778,541,979)  | (300,386,344)         |
| 50   | 15. Total profit before tax                                       |      | (9,412,865,894)  | 16,952,780,945        |
| 51   | 16. Current corporate income tax expense                          | 32   | 7,255,383,431    | 15,795,882,051        |
| 52   | 17. Deferred corporate income tax expense                         | 33   | (5,155,787,126)  | (9,445,561,220)       |
| 60   | 18. Profit after corporate income tax                             |      | (11,512,462,199) | 10,602,460,114        |
| 61   | 19. Profit after tax attributable to non-controlling interest     |      | 93,011,622       | 201,375,812           |
| 62   | 20. Profit after tax attributable to owners of the Parent Company |      | (11,605,473,821) | 10,401,084,302        |
| 70   | 21. Basic earnings per share                                      | 34   | (464)            | 416                   |

Preparer



Le Quang Thang

Chief Accountant



Nguyen Khac Chuong

Ho Chi Minh City, 15 December 2021

General Director




Ngo Ngoc Thuong



## CONSOLIDATED STATEMENT OF CASH FLOWS

Year 2019

(Under indirect method)

| Code                                      | ITEMS   | Note | Year 2019         | Year 2018             |
|---|---|------|-------------------|-----------------------|
|   |   |      | VND               | (Reclassified)<br>VND |
| I. CASH FLOWS FROM OPERATING ACTIVITIES   |   |      |                   |                       |
| 01  | 1. Profit before tax  |      | (9,412,865,894)   | 16,952,780,945        |
|   | 2. Adjustments for  |      |                   |                       |
| 02  | Depreciation of fixed assets and investment properties                                      |      | 13,029,096,156    | 26,912,284,899        |
| 03  | Provisions  |      | 640,025,601       | 1,177,280,209         |
| 04  | Exchange gains/losses from retranslation of monetary items denominated in foreign currency  |      | 1,039,601,920     | 1,776,117,234         |
| 05  | Gains/losses from investing activities  |      | (2,022,028,931)   | (1,496,751,711)       |
| 06  | Interest expenses   |      | 47,200,329,118    | 35,875,832,056        |
| 08  | 3. Profit from operating activities before changes in working capital                       |      | 50,474,157,970    | 81,197,543,632        |
| 09  | Increase/Decrease in receivables  |      | 208,287,247,518   | (183,634,055,429)     |
| 10  | Increase/Decrease in inventories  |      | 10,323,207,692    | 54,752,857,179        |
| 11  | Increase/Decrease in payables (excluding interest payables, enterprise income tax payables) |      | (208,940,681,670) | 47,405,731,836        |
| 12  | Increase/Decrease in prepaid expenses   |      | 2,061,518,465     | 13,384,474,408        |
| 14  | Interest expenses paid  |      | (17,245,339,991)  | (35,867,825,716)      |
| 15  | Corporate income tax paid   |      | (911,979,707)     | (3,559,894,578)       |
| 17  | Other payments on operating activities  |      | (272,756,021)     | (2,326,669,522)       |
| 20  | Net cash flows from operating activities  |      | 43,775,374,256    | (28,647,838,190)      |
| II. CASH FLOWS FROM INVESTING ACTIVITIES  |   |      |                   |                       |
| 21  | 1. Purchase or construction of fixed assets and other long-term assets                      |      | (78,846,542)      | (863,980,585)         |
| 22  | 2. Proceeds from disposals of fixed assets and other long-term assets                       |      | 4,349,215,298     | 1,014,436,364         |
| 23  | 3. Loans and purchase of debt instruments from other entities                               |      | (4,313,668,985)   | -                     |
| 24  | 4. Collection of loans and resale of debt instrument of other entities                      |      | -                 | 175,068,987           |
| 27  | 7. Interest and dividend received   |      | 30,871,062        | 472,301,337           |
| 30  | Net cash flows from investing activities  |      | (12,429,167)      | 797,826,103           |
| III. CASH FLOWS FROM FINANCING ACTIVITIES |   |      |                   |                       |
| 33  | 3. Proceeds from borrowings   |      | 204,616,186,788   | 569,024,027,735       |
| 34  | 4. Repayment of principal   |      | (282,393,990,232) | (555,724,301,505)     |
| 35  | 5. Repayment of financial principal   |      | (9,728,545,300)   | (13,362,783,200)      |
| 36  | 6. Dividends or profits paid to owners  |      | (73,579,590)      | (183,300,000)         |
| 40  | Net cash flows from financing activities  |      | (87,579,928,334)  | (246,356,970)         |



## CONSOLIDATED STATEMENT OF CASH FLOWS

Year 2019  
(Under indirect method)

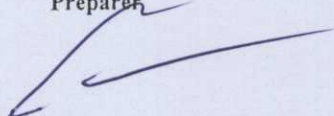
| Code ITEMS  | Note | Year 2019             | Year 2018<br>(Reclassified) |
|---|------|-----------------------|-----------------------------|
|   |      | VND                   | VND                         |
| 50 Net cash flows within the year                         |      | (43,816,983,245)      | (28,096,369,057)            |
| 60 Cash and cash equivalents at the beginning of the year |      | 51,467,300,412        | 74,744,603,419              |
| 61 Effect of foreign exchange fluctuation                 |      | 21,505,114,997        | 4,819,066,050               |
| 70 Cash and cash equivalents at the end of the year       | 03   | <u>29,155,432,164</u> | <u>51,467,300,412</u>       |

Preparer

Chief Accountant

Ho Chi Minh City, 15 December 2021

General Director




Le Quang Thang

Nguyen Khac Chuong



Ngô Ngọc Thương



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year 2019

### 1. GENERAL INFORMATION

#### Forms of Ownership

Petrovietnam Engineering Consultancy Joint Stock Company ("The Corporation") was established under Certificate of Business registration No. 0301479273, replacing the Certificate of Business registration No. 4103003829 issued by Ho Chi Minh City Department of Investment and Planning on 14 September 2005.

The Corporation was transformed from Petrovietnam Investment Construction Consultancy Company, a state-owned company and a member of the Vietnam Oil and Gas Group ("Petrovietnam"). In accordance with Resolution No. 1894/NQ-DKVN dated 9 August 2010 issued by the Members Council of Petrovietnam, the Corporation operates under holding - subsidiary and changed its name to Petrovietnam Engineering Consultancy Joint Stock Company under Certificate of Business registration for the 10th re-registered on 13 May 2011.

The Corporation's shares are listed on the Hanoi Stock Exchange ("HNX") with the share code as PVE. However, the Corporation received Document No. 520/SGDHN-QLNY on 14 April 2020 issued by the Hanoi Stock Exchange about the delisting of PVE shares. After that, the Corporation's shares were registered for trading on the Hanoi Stock Exchange ("UPCoM") according to Decision No. 233/QĐ-SGDHN on 28 May 2020.

The Corporation's head office is located at 10th Floor, PV Gas Tower, No. 673 Nguyen Huu Tho, Phuoc Kien Commune, Nha Be District, Ho Chi Minh City.

The Corporation's contributed charter capital: VND 250,000,000,000. Actual contributed capital as at 31 December 2019: VND 250,000,000,000.

As at 31 December 2019, the Corporation and subsidiaries had 392 employees (as at 01 January 2019: 913 employees).

#### Business field

Engineering consultancy and construction.

#### Business activities

Main business activities of the Corporation are:

- Consulting and managing;
- Architecture and consulting techniques; investment consulting (except for finance and accounting consulting);
- Exploring petrol projects and other construction projects;
- Surveying construction;
- Designing for civil and industrial infrastructure construction;
- Trading machinery, tools and supplies.

#### Operations of the Corporation in the fiscal year affecting the Consolidated Financial Statements

During the year, the Corporation's revenue from operating activities decreased by VND 1,055.2 billion, equivalent to a decline of 73.24% compared to the previous year because major contracts were mainly settled in 2018, in which mainly decreased in revenue from Rapid refinery and petrochemical complex in Malaysia. Cost of goods sold and rendering of services decreased by VND 1,009.6 billion, equivalent to a decrease of 77.79% compared to the previous year, therefore, gross profit from sales of goods and rendering of services this year decreased by VND 45.7 billion, equivalent to a fall of 31.93% compared to the previous year. At the same time, net loss from financial activities increased by VND 8.35 billion, equivalent to a rise of 22.13% compared to the previous year, due to an increase in interest expenses. Because of all the reasons abovementioned, the profit after corporate income tax reduced by VND 22.11 billion, equivalent to a dip of 208.58% compared to the previous year.



## Structure of enterprises

The Corporation's subsidiaries consolidated in the Consolidated Financial Statements as at 31 December 2019 include:

| No. | Name of Company                                | Address          | Rate of interest | Rate of voting rights | Principle activities                            |
|-----|--|------------------|------------------|-----------------------|---|
| 1   | PVE Oil Gas Project Management Consultancy JSC | Ho Chi Minh City | 71.61%           | 71.61%                | Project management consultancy                  |
| 2   | PVE Oil Gas Survey Consultancy JSC             | Ho Chi Minh City | 86.75%           | 86.75%                | Inspection Service                              |
| 3   | Petrovietnam Engineering (Malaysia) Sdn. Bhd   | Malaysia         | 100.00%          | 100.00%               | Project management consultancy and construction |

## 2. ACCOUNTING SYSTEM AND ACCOUNTING POLICY

### 2.1. Accounting period and accounting monetary unit

Annual accounting period commences from 1st January and ends as at 31st December.  
The Corporation maintains its accounting records in VND.

### 2.2. Accounting Standards and Accounting system

#### *Accounting Standards*

The Corporation applies Corporate Accounting System issued under the Circular No. 200/2014/TT-BTC dated 22 December 2014 by the Ministry of Finance and the Circular No. 53/2016/TT-BTC dated 21 March 2016 issued by Ministry of Finance amending and supplementing some articles of the Circular No. 200/2014/TT-BTC and the Circular No. 202/2014/TT-BTC dated 22 December 2014 by the Ministry of Finance guiding the preparation and presentation of Consolidated Financial Statements.

#### *Declaration of compliance with Accounting Standards and Accounting System*

The Corporation applies Vietnamese Accounting Standards and supplementary documents issued by the State. Financial Statements are prepared and presented in accordance with regulations of each standard and supplementary document as well as with current Accounting Standards and Accounting System.

### 2.3. Basis for preparation of Consolidated Financial Statements

Consolidated Financial Statements are prepared based on consolidating Separate Financial Statements of the Corporation and Financial Statements of its subsidiaries under its control (subsidiaries) for the fiscal year from 01/01/2019 to 31/12/2019. Control right is achieved when the Corporation has power to govern the financial and operating policies of invested companies to obtain benefits from their activities.

Consistent accounting policies are applied in Financial Statements of subsidiaries and the Corporation. If necessary, adjustments are made to the Financial Statements of subsidiaries to ensure the consistency of application of accounting policies among the Corporation and its subsidiaries.



Balance, main incomes and expenses, including unrealized profits from intra-group transactions are eliminated in full from the Consolidated Financial statements.

Non – controlling interests

Non – controlling interests represents the portion of profit or loss and net assets of subsidiaries not held by the Corporation.

## 2.4 . Financial Instruments

### *Initial recognition*

#### Financial assets

Financial assets of the Corporation including cash and cash equivalents, trade receivables, other receivables and loans. At initial recognition, financial assets are identified by purchasing price/issuing cost plus other expenses directly related to the purchase and issuance of those assets.

#### Financial liabilities

Financial liabilities of the Corporation including borrowings, trade payables and other payables, accrued expenses. At initial recognition, financial liabilities are determined by issuing price plus other expense directly related to the issuance

### *Subsequent measurement after initial recognition*

There are currently no regulations on revaluation of financial instruments after initial recognition.

## 2.5 . Translation of Financial Statements prepared in foreign currencies into Vietnam Dong

Financial Statements prepared in foreign currencies are translated to Financial Statements prepared in Vietnam Dong at the exchange rates as follows: Assets and liabilities are translated at the closing rate at the end of the year; Owner's equity is translated at the exchange rate on the date of contribution; Items of Statement of Income and Statement of Cash flows are translated at the rate ruling at the date of the transaction or the average exchange rate.

## 2.6 . Foreign currency transactions

The foreign currency transactions during the year are converted into Vietnam dong with the real exchange rate at the transaction date. Real exchange rates are determined as the following principles:

- When buying or selling foreign currency, applying the exchange rates specified in the contracts of foreign exchange sale between the Corporation and commercial banks;
- When recording receivables, applying the bid rate of the commercial bank stipulated by the Corporation for customers to make payment at the transaction time;
- When recording payables, applying the offer rate of the commercial bank where the Corporation expects to conduct transactions at the transaction time;
- When purchasing assets or paying immediately in foreign currency, applying the bid rate of the commercial bank where the Corporation makes payments.

Real exchange rate when revaluating monetary items denominated in foreign currencies at the reporting date of Financial Statements is determined under the following principles:

- For asset accounts, applying the bid rate of the commercial bank where the Corporation regularly conducts
- For foreign currency deposited in bank, applying the bid rate of the bank where the Corporation opens its foreign currency accounts;
- For liability accounts, applying the offer rate of the commercial bank where the Corporation regularly conducts transaction.



All exchange differences arising from foreign currency transactions in the year and from revaluation of remaining foreign currency monetary items at the end of the year are recorded immediately to operating results of the fiscal year. In which, exchange gains from retranslation of monetary items denominated in foreign currencies are not used to distribute profit or pay dividends.

#### **2.7 . Cash and cash equivalents**

Cash includes cash on hand, demand deposits.

Cash equivalents are short-term investments with the maturity of not over than 3 months from the date of investment, that are highly liquid and readily convertible into known amount of cash and that are subject to an insignificant risk of conversion into cash.

#### **2.8 . Financial investments**

Investments held to maturity are term deposits held to maturity to earn profits periodically and other held to maturity investments. The provision for investments held to maturity shall be made based on the recovery capacity in accordance with statutory regulations.

#### **2.9 . Receivables**

The receivables shall be recorded in details in terms of due date, entities receivable, types of currency and other factors according to requirements for management of the Corporation. Receivables are classified as short-term and long-term in the Consolidated Financial Statements based on the remaining maturity of the receivables at the reporting date.

The provision for doubtful debts is made for receivables that are overdue under an economic contract, a loan agreement, a contractual commitment or a promissory note and for receivables that are not due but difficult to be recovered. Accordingly, the provisions for overdue debts shall be based on the due date stipulated in the initial sale contract, exclusive of the debt rescheduling between contracting parties and the case where the debts are not due but the debtor is in bankruptcy, in dissolution, or missing and making fleeing.

#### **2.10 . Inventories**

Work in progress at reporting date comprises all costs of raw materials, direct materials, direct labors, depreciation of construction machine, general manufacturing costs incurred during the year related to the cost of construction, survey and construction design, as well as the costs of subcontractors which have been completed and handed over during the year but have not been determined the exact consumption. Net realizable value is selling price of inventory estimated in an ordinary course of business minus (-) estimated cost of product improvement or cost of consumption.

Inventory is recorded by periodic method.

Method for valuation of work in process at the end of the year: the value of work in progress is recorded for each construction project that is incomplete or of which revenue is unrecognised, corresponding to the amount of work in progress at the end of the year.

Allowances for devaluation of inventories made at the end of the year are the excess of original cost of inventory over their net realizable value.



## 2.11 . Fixed assets and Financial fixed assets

Fixed assets (tangible and intangible) are initially stated at the historical cost. During the using time, fixed assets (tangible and intangible) are recorded at cost, accumulated depreciation and carrying amount. Depreciation is used the straight-line method.

The cost of finance lease fixed assets is recognised at fair value or present value of the minimum lease payments (in case the fair value is greater than present value of minimum lease payments amounts) plus initial direct costs incurred in connection with financial leasing activities (excluding value added tax). During the using time, finance lease fixed assets are recorded at historical cost, accumulated depreciation and net book value. Depreciation of financial lease fixed assets is depreciated over the lease term and charge to operating costs in order to recover all capital.

Fixed assets are depreciated (amortised) using the straight-line method over their estimated useful lives as follows:

|                                      |               |
|--------------------------------------|---------------|
| - Buildings, structures              | 05 - 25 years |
| - Machinery, equipment               | 03 - 10 years |
| - Vehicles, transportation equipment | 03 - 10 years |
| - Office equipment and furniture     | 03 - 10 years |
| - Software                           | 05 - 08 years |

## 2.12 . Business Cooperation Contract (BCC)

Business Cooperation Contract (BCC) is a contractual agreement between two or more venturers with the objectives of cooperating to carry out specific business activities without constitution of a new legal entity. This operation may be jointly controlled by venturers under BCC or controlled by one of them.

In case of receiving money or assets from other entities in the BCC, they should be recorded as payables. In case of contributing money or assets to BCC, they should be recorded as receivables. According to the terms of BCC, profit and loss shall be shared among venturers according to the operating results of BCC. The Coporation shall record its share profits in accordance with BCC's agreement on the Consolidated Statement of Income.

## 2.13 . Construction in progress

Construction in progress includes fixed assets which is being purchased and constructed as at the balance sheet date and is recognised in historical cost. This includes costs of construction, installation of equipment and other direct costs.

## 2.14 . Prepaid expenses

The expenses incurred but related to operating results of several accounting periods are recorded as prepaid expenses and are allocated to the operating results in the following accounting periods.

The calculation and allocation of long-term prepaid expenses to operating expenses in each accounting period should be based on the nature of those expenses to select a reasonable allocation method and criteria.

Types of prepaid expenses of the Corporation include:

- Tools and supplies include assets held by the Corporation for use in the normal operating activities, the historical cost of each asset less than VND 30 million, so it is not eligible to be recognized as a fixed asset in accordance with current regulations. The cost of tools and supplies is allocated on a straight-line basis over their useful lives.
- Other prepaid expenses are stated at historical cost and allocated on a straight-line basis over their useful lives.



#### **2.15 . Payables**

The payables shall be kept records in details according to period payables, entities payables, types of currency payable and other factors according to requirements for management of the Corporation. The amounts payable are classified into long-term payables or short-term payables in the Consolidated Financial Statements according to their remaining terms at the reporting date.

#### **2.16 . Operating lease**

Operating leases is fixed asset leasing in which a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made under operating leases are charged to income statement on a straight-line basis over the period of the lease.

#### **2.17 . Borrowings and finance lease liabilities**

The value of finance lease liabilities is the total payable amount calculated on the present value of minimum lease payments or the fair value of leased assets.

Borrowings and finance lease liabilities shall be recorded in details in terms of lending entities, loan agreement and terms of borrowings. In case of borrowings denominated in foreign currency, they shall be recorded in details in terms of types of currency.

#### **2.18 . Borrowing costs**

Borrowing costs are recognized as operating expenses in the year, in which it is incurred excepting those which are directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost of that asset in accordance with VAS No. 16 "Borrowing costs". Besides, regarding borrowings serving the construction of fixed assets and investment properties, the interests shall be capitalized even when the construction duration is under 12 months.

#### **2.19 . Accrued expenses**

Accrued expenses include payables to goods or services received from the suppliers or provided for the customers during the reporting year, but the payments for such goods or services have not been made and other payables such as interest expenses, other accrued expenses, etc. which are recorded as operating expenses of the reporting year.

The recording of accrued expenses as operating expenses during the year shall be carried out under the matching principle between revenues and expenses during the year. Accrued expenses are settled with actual expenses incurred. The difference between accrued and actual expenses is reverted.

#### **2.20 . Provision for payables**

Provisions for construction projects is made at 1% for repair service project with the warranty period from 1 year to 2 years from hand-over date. The balance of provisions stated on the balance sheet is the estimated expenses that the Corporation has to pay to repair or replace items during the warranty period due to the contract not yet being finalised.



## **2.21 . Owner's equity**

Owner's equity is stated at actually contributed capital of owners.

Share premium is recorded at the difference between the par value with costs directly attributable to the issuance of shares and issue price of shares (including the case of re-issuing treasury shares) and can be a positive premium (if the issue price is higher than par value and costs directly attributable to the issuance of shares) or negative premium (if the issue price is lower than par value and costs directly attributable to the issuance of shares).

Other capital is the operating capital formed from the operating results or from gifts, presents, financing, assets revaluation (if these items are allowed to be recorded as a decrease or increase in the owner's equity).

Retained earnings are used to present the Coporation's operating results (profit, loss) after corporate income tax and profit appropriation or loss handling of the Coporation. The distribution of net profits is made when the net profit of the Corporation does not exceed the net profit presented on the Consolidated Financial Statements after eliminating the profits from cheap purchase. Net profit can be distributed to investors based on capital contribution rate after being approved by General Meeting of Shareholders and after being appropriated to funds in accordance with the Coporation's Articles of Incorporation and Vietnamese statutory requirements.

The Corporation's retained earnings is distributed to other funds according to recommendation of the Board of Management and approval of shareholders at annual General Meeting of Shareholders:

- Development and investment funds: The fund is reserved for the purpose of business expansion or in depth investment.
- Bonus and welfare fund and bonus for the Board of General Directors: The fund is reserved for the purpose of bonus, material incentives, common benefit and increasing welfare for employees and presented as a liability on the Consolidated Statement of Financial position.

Dividends to be paid to shareholders are recognised as a payable in the Consolidated Statement of Financial position after the announcement of dividend payment from the Board of Management and announcement of cut-off date for dividend payment of Vietnam Securities Depository Center.

## **2.22 . Revenue**

### *Sales of goods*

Revenue from sales of goods shall be recognized when all the following conditions have been satisfied:

- Significant risks and rewards associated with the ownership of the goods have been transferred to the buyer;
- The Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Corporation;
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

### *Rendering of services*

Revenue from rendering of services shall be recognised when all the following conditions have been satisfied:

- The amount of the revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Corporation;
- The stage of the completion of the transaction at the reporting date can be measured reliably;
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

The stage of the completion of the transaction may be determined by evaluating the volume of work performed.

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*Revenue from construction contract*

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose of use.

When the outcome of a contract can be reliably estimated and certified by customers, contract revenue and contract costs are recognised over the period of the contract as revenue and expenses respectively. The Corporation uses the planned rate of return method to determine the appropriate amount of costs to be recognised in the fiscal year. The planned rate of return is measured by reference to the proportion of costs to the total estimated costs of each construction contract. Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense.

When the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable. Contract costs are only recognised when incurred during the year.

When the outcome of a construction contract certified by customer but not yet billed is recognised as construction contracts in - progress receivables.

*Financial income*

Revenue arising from interests, dividends and profits received and other financial incomes shall be recognized if they simultaneously satisfy the two (2) conditions below:

- It is probable that the economic benefits associated with the transaction will flow to the Corporation;
- The amount of the income can be measured reliably.

Dividend income shall be recognised when the Corporation's right to receive dividend is established.

**2.23 . Cost of goods sold**

The recognition of cost of goods sold is matched against revenue in the year and complies with the prudence principle. Cases of loss of materials and goods exceeded the norm, abnormal expenses and losses of inventories after deducting the responsibility of collective and individuals concerned, etc. is recognized fully and promptly into cost of goods sold in the year.

**2.24 . Financial expenses**

Items recorded into financial expenses consist of:

- Expenses or losses relating to financial investment activities;
- Borrowing costs.

The above items are recorded by the total amount arising in the year without offsetting against financial income.

**2.25 . Corporate income tax**

a) Deferred income tax asset

Deferred income tax asset is recognized for deductible temporary differences and the carrying forward of unused tax losses and unused tax credits.



b) Current corporate income tax expenses and Deferred corporate income tax expenses

Current corporate income tax expenses are determined based on taxable income during the year and current corporate income tax rate.

Deferred corporate income tax expenses are determined based on deductible temporary differences, the taxable temporary differences and corporate income tax rate.

Current corporate income tax expenses and deferred corporate income tax expenses are not offset against each other.

c) Current corporate income tax rate:

- For business operation in Vietnam: The Corporation is subject to corporate income tax rate of 20% for operation activities that have taxable income to corporate income tax for the fiscal year ended from 1 January 2019 to 31 December 2019.
- For business operation in Malaysia: The Corporation is subject to corporate income tax rate of 17% for the first MYR 500,000 taxable income and 24% for taxable income over MYR 500,000 for the fiscal year from 1 January 2019 to 31 December 2019.

**2.26 . Related Parties**

The parties are regarded as related parties if that party has the ability to control or significantly influence the other party in making decisions about the financial policies and activities. The Corporation's related parties include:

- Companies, directly or indirectly through one or more intermediaries, having control over the Corporation or being under the control of the Corporation, or being under common control with the Corporation, including the Parent Company, subsidiaries and associates;
- Individuals, directly or indirectly, holding voting power of the Corporation that have a significant influence on the Corporation, key management personnel including directors and employees of the Corporation, the close family members of these individuals;
- Enterprises that the above-mentioned individuals directly or indirectly hold an important part of the voting power or have significant influence on these enterprises.

In considering the relationship of related parties to serve for the preparation and presentation of the Consolidated Financial Statements, the Corporation should consider the nature of the relationship rather than the legal form of the relationship.

**2.27 . Segment information**

A segment is a distinguishable component of the Corporation that is engaged in providing an individual or group of related products or services (business segment), or providing products or services within a particular economic environment (geographical segment). Each segment is subject to risks and returns that are different from other components.

Segment information should be prepared in conformity with the accounting policies adopted for preparing and presenting the Financial Statements of the Corporation in order to help users of Financial Statements better understand and make more informed judgements about the Corporation as a whole.

**3 . CASH AND CASH EQUIVALENTS**

|                       | 31/12/2019            | 01/01/2019            |
|-----------------------|-----------------------|-----------------------|
|                       | VND                   | VND                   |
| Cash on hand          | 6,511,056,680         | 9,181,734,951         |
| Demand deposit (*)    | 21,981,641,601        | 42,285,565,461        |
| Cash equivalents (**) | 662,733,883           | -                     |
|                       | <u>29,155,432,164</u> | <u>51,467,300,412</u> |



(\*) As at 31/12/2019, the outstanding balances of demand deposits include:

The amount of VND 20,000,000 in bank account at Joint stock Commercial Bank for Investment and Development of Vietnam - Binh Chanh Branch was used as contract performance guarantee, detailed information as in Note No. 41.

The amount of VND 8,791,739,947 at Ocean Commercial One Member Limited Library Bank has been blocked and cannot be used because this bank is being investigated by the competent authority (as at 01/01/2019: VND 8,670,211,117).

(\*\*) As at 31/12/2019, the cash equivalents are deposits with term of from 1 month to 3 months with the amount of VND 662,733,883 at Joint stock Commercial Bank for Investment and Development of Vietnam - Binh Chanh Branch, which was used as contract performance guarantee.

4 . FINANCIAL INVESTMENT  
Held to maturity investments

|                        | 31/12/2019           |           | 01/01/2019         |           |
|------------------------|----------------------|-----------|--------------------|-----------|
|                        | Original cost        | Provision | Original cost      | Provision |
|                        | VND                  | VND       | VND                | VND       |
| Short-term investments | 4,432,248,946        | -         | 118,579,961        | -         |
| - Term deposits        | 4,432,248,946        | -         | 118,579,961        | -         |
|                        | <u>4,432,248,946</u> | <u>-</u>  | <u>118,579,961</u> | <u>-</u>  |

5 . SHORT-TERM TRADE RECEIVABLES

|  | 31/12/2019             |                        | 01/01/2019<br>(Reclassified) |                        |
|--|------------------------|------------------------|------------------------------|------------------------|
|  | Value                  | Provision              | Value                        | Provision              |
|  | VND                    | VND                    | VND                          | VND                    |
| a) Trade receivables detailed by customers with large account balances |                        |                        | -                            | -                      |
| - SAIPEM S.P.A   | 8,144,837,327          | -                      | -                            | -                      |
| - Tecnicas Reunidas Malaysia Sdn Bhd                                   | 53,485,848,437         | -                      | 244,595,082,654              | -                      |
| - Samsung Engineering (M) Sdn Bhd                                      | 33,100,220,274         | -                      | -                            | -                      |
| - Others   | 40,389,805,535         | (7,992,154,355)        | 58,334,662,839               | (7,352,128,754)        |
|  | <u>135,120,711,573</u> | <u>(7,992,154,355)</u> | <u>302,929,745,493</u>       | <u>(7,352,128,754)</u> |
| b) Trade receivables from related parties                              | 11,431,591,171         | -                      | 23,010,573,588               | -                      |

(Detailed as in Note No. 40)



6 . SHORT-TERM PREPAYMENTS TO SUPPLIERS

|   | 31/12/2019            |           | 01/01/2019            |           |
|---|-----------------------|-----------|-----------------------|-----------|
|   | Value                 | Provision | Value                 | Provision |
|   | VND                   | VND       | VND                   | VND       |
| <b>a) Short-term prepayments to suppliers detailed by customers with large account balances</b> |                       |           |                       |           |
| - CN Co., Ltd.  | 6,218,705,543         | -         | 7,335,125,352         | -         |
| - Basic Interior Co., Ltd.  | 5,257,842,570         | -         | 5,257,842,570         | -         |
| - Others  | 7,137,526,199         | -         | 21,190,588,674        | -         |
|   | <b>18,614,074,312</b> | <b>-</b>  | <b>33,783,556,596</b> | <b>-</b>  |
| <b>b) Short-term prepayments to suppliers from related parties</b>                              | <b>370,423,600</b>    | <b>-</b>  | <b>370,423,600</b>    | <b>-</b>  |
| <i>(Detailed as in Note No. 40)</i>   |                       |           |                       |           |

7 . RECEIVABLES ACCORDING TO THE PROGRESS OF CONSTRUCTION CONTRACTS

|   | 31/12/2019            |           | 01/01/2019<br>(Reclassified) |           |
|---|-----------------------|-----------|------------------------------|-----------|
|   | Value                 | Provision | Value                        | Provision |
|   | VND                   | VND       | VND                          | VND       |
| <b>Receivables according to the progress of main projects</b> |                       |           |                              |           |
| - Con Dao Wind Power Project <sup>(1)</sup>                   | 17,922,250,000        | -         | 17,922,250,000               | -         |
| - Binh Phuoc Bio Ethanol Plant Project <sup>(2)</sup>         | 21,594,397,285        | -         | 21,594,397,285               | -         |
| - Block B O Mon Project <sup>(3)</sup>                        | 13,676,632,976        | -         | 13,676,632,976               | -         |
| - Others  | 30,361,994,844        | -         | 29,885,955,499               | -         |
|   | <b>83,555,275,105</b> | <b>-</b>  | <b>83,079,235,760</b>        | <b>-</b>  |

Receivables according to the progress mainly include receivables related to engineering consultancy services and construction that the Corporation has performed according to request of customers, but has not yet issued an invoice. Detail information of receivables according to the progress of large backlog projects are as follows:

- <sup>(1)</sup> In 2013, the Corporation was assigned by the owner, Green Resources Technology Development Joint Stock Company, to be the general contractor to build a wind power plant in Con Dao District with a total investment of VND 345 billion. In 2014, the Corporation completed the technical design and was implementing detailed design. The project is currently in the process of connection agreement between the owner and the Southern Power Corporation as well as submitting the power purchase agreement to the Ministry of Trade and Industry and Vietnam Electricity Corporation.
- <sup>(2)</sup> This is the retention of 5% of the consulting contract for the Binh Phuoc Bio Ethanol Plant Project, in which, the Owner was Orient Bio-Fuels Company Limited, the general contractor was Public Toyo Thai Co., Ltd and the Corporation is the subcontractor.
- <sup>(3)</sup> This is the remainder of the Consulting contract No. 9/11/VSP05-PVE/SPMB dated on 15 October 2011 for the offshore pipeline, the onshore pipeline and stations of Block B O Mon Gas pipeline project between Vietsovpetro Joint Venture (General contractor) and the Corporation (Subcontractor of the project). At the reporting date of these Consolidated Financial Statements, the Board of General Directors is in the process of negotiating with the general contractor for payment of the remain.

At the reporting date of these Consolidated Financial Statements, the Board of General Directors believes that the recovery of receivables according to the progress of these projects is certain, therefore, provision has not been created.



8 . OTHER RECEIVABLES

|  | 31/12/2019             |                        | 01/01/2019<br>(Reclassified) |                        |
|--|------------------------|------------------------|------------------------------|------------------------|
|  | Value                  | Provision              | Value                        | Provision              |
|  | VND                    | VND                    | VND                          | VND                    |
| <b>a) Short-term</b>                                       |                        |                        |                              |                        |
| - Advances <sup>(1)</sup>                                  | 55,621,756,456         | -                      | 88,402,158,585               | -                      |
| - Mortgages  | 368,935,562            | -                      | -                            | -                      |
| - Others   | 18,001,249,811         | (1,212,963,112)        | 18,729,844,950               | (1,212,963,112)        |
|  | <u>73,991,941,829</u>  | <u>(1,212,963,112)</u> | <u>107,132,003,535</u>       | <u>(1,212,963,112)</u> |
| <b>b) Long-term</b>  |                        |                        |                              |                        |
| - Mortgages  | 210,520,000            | -                      | 188,520,000                  | -                      |
| - Contributed capital under BCC <sup>(2)</sup>             | 145,955,758,140        | -                      | 145,955,758,140              | -                      |
|  | <u>146,166,278,140</u> | <u>-</u>               | <u>146,144,278,140</u>       | <u>-</u>               |
| <b>c) In which: Other receivables from related parties</b> | <u>153,739,271,781</u> | <u>-</u>               | <u>153,423,641,120</u>       | <u>-</u>               |

(Detailed as in Note No. 40)

<sup>(1)</sup> Receivables from employees are advances to employees of the Corporation for the purpose of performing contracts for providing design consulting services and construction at domestic and abroad.

<sup>(2)</sup> Details of the Business Cooperation Contract ("BCC") of the Corporation are as follows:

BCC was signed in 2009 between the Corporation and other parties including PetroVietnam Gas Joint Stock Corporation, a member of Petrovietnam ("PV Gas") and Phu Long Real Estate Corporation, to contribute capital to construct and operate Dragon Tower office building project ("the Project") with a total estimated investment of VND 827 billion, in which, the Corporation's capital contribution ratio is 20%. The term of investment cooperation is 50 years from the effective date of the contract. According to the BCC, PV Gas is the Administrator of BCC, depreciation and profit are distributed to each party according to the capital portion after tax settlement and appropriation of funds.

Upon the completion of the Project, the Corporation signed lease contracts with PV Gas to rent a part of the building to use as offices for the Corporation and subsidiaries at agreed rental price. In 2014, the Corporation and PV Gas adjusted the partnership's rental price applied for the BCC's partners.

Thereafter, according to the Announcement No. 1651/KVN-VP dated 8 August 2016 ("Announcement No.1651"), the Corporation and PV Gas adjusted the partnership rental unit price for the period from year 2011 to year 2013 and reallocation of asset depreciation and business results for the period from year 2011 to year 2015. In accordance with to Announcement No. 1651/KVN-VP, the Corporation adjusted and recorded the profit divided for the period from year 2011 to year 2015 with the amount of VND 7,467,882,980. However, Announcement No. 1651 has not yet been approved by a party in BCC, Phu Long Real Estate Corporation. At the reporting date of these Consolidated Financial Statements, PV Gas, as the Administrator of BCC and other parties have not yet confirmed business results from the BCC for the period from year 2016 to year 2019. Therefore, the Corporation has not yet recorded profit or loss from BCC from year 2016 to year 2019.

The Corporation has used the rights and benefits arising from BCC to mortgage for bank borrowings (Note No. 15). The Board of Management of the Corporation issued Resolution No. 21/NQ-TKDK-HDQT dated 31/07/2019 approving the policy to transfer contributed capital in business cooperation and Resolution No. 05B/NQ-TKDK-HDQT dated 09/06/2020 approving the transfer price negotiation plan. As at the reporting dated, Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh City Branch has announced the sale of collateral as a business cooperation contribution of the Corporation.



9 . DOUBTFUL DEBTS

|  | 31/12/2019            |                       | 01/01/2019            |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
|  | Original cost         | Recoverable value     | Original cost         | Recoverable value     |
|  | VND                   | VND                   | VND                   | VND                   |
| Total value of receivables and debts that are overdue or not due but difficult to be recovered | 28,454,915,718        | 19,249,798,251        | 53,961,484,454        | 45,396,392,588        |
| + <i>Petroleum Equipment Assembly And Metal Structure Co., Ltd.</i>                            | 2,303,469,581         | -                     | 2,303,469,581         | 1,203,814,578         |
| + <i>C.T Group Vietnam</i>   | 1,212,963,112         | -                     | 1,212,963,112         | -                     |
| + <i>DungQuat Shipbuilding Industry Co., Ltd.</i>  | -                     | -                     | 1,197,900,000         | 598,950,000           |
| + <i>Others</i>  | 24,938,483,025        | 19,249,798,251        | 49,247,151,761        | 43,593,628,010        |
|  | <u>28,454,915,718</u> | <u>19,249,798,251</u> | <u>53,961,484,454</u> | <u>45,396,392,588</u> |

10 . INVENTORIES

|                     | 31/12/2019             |           | 01/01/2019<br>(Reclassified) |           |
|---------------------|------------------------|-----------|------------------------------|-----------|
|                     | Original cost          | Provision | Original cost                | Provision |
|                     | VND                    | VND       | VND                          | VND       |
| Raw material        | 2,320,000              | -         | 46,300,000                   | -         |
| Tools, supplies     | -                      | -         | 111,323,870                  | -         |
| Work in process (*) | 825,900,592,336        | -         | 836,068,496,158              | -         |
|                     | <u>825,902,912,336</u> | <u>-</u>  | <u>836,226,120,028</u>       | <u>-</u>  |

Some projects with backlog balance as at 31 December 2019 are as follows:

|   | 31/12/2019             | 01/01/2019             |
|---|------------------------|------------------------|
|   | VND                    | VND                    |
| - Nghi Son - Thanh Hoa Project <sup>(1)</sup> | 114,591,802,744        | 114,353,498,913        |
| - Block B O Mon Project <sup>(2)</sup>        | 39,271,574,696         | 39,271,574,696         |
| - Feed - Ca Mau Project <sup>(3)</sup>        | 4,577,591,342          | 4,577,591,342          |
| - Rapid - Malaysia Project <sup>(4)</sup>     | 606,887,557,235        | 613,108,548,759        |
|   | <u>765,328,526,017</u> | <u>771,311,213,710</u> |



<sup>(1)</sup> This is the cost incurred due to the changes in the initial design of the service contract of steel structure implementation, equipment and pipeline installation for Nghi Son refinery and petrochemical plant under Contract No. CNT-6495-SMP5A5B-001 dated 10 July 2014 between the General contractor - JGCS Consortium and the Contractor - the Corporation, the Investor - Nghi Son Refinery and Petrochemical Limited Liability Company. This project has been completed the testing phase and put into operation since August 2018, currently, the project is in the process of settlement between the General contractor and the Investor about the contract performance value and including this incurred cost. The Board of General Directors assesses that the possibility to settlement with the General contractor is strong because of the certain evidences.

<sup>(2)</sup> This is the cost incurred due to the change in the input parameters of the Consulting Contract No. 9/11/VSP05-PVE/SPMB dated 15 October 2011 for the offshore pipeline, the onshore pipeline and stations, Block B O Mon Gas pipeline Project between Vietsovpetro Joint Venture - general contractor and the Corporation - contractor of the project. The Board of General Directors assesses that the possibility to settlement with the General contractor is strong because of the certain evidences.

<sup>(3)</sup> This is cost of project of survey, engineering design (FEED) and estimating the work of Ca Mau Gas Processing Plant under Contract No. 06/2012/PVGAS/BCM-PVE/D4 dated 24 July 2012 with the implementation value of VND 33,439,700,372. Thereafter, the value of implementation was increased to VND 46,028,892,832 according to Contract Appendix 2 dated 31 December 2014. However, according to Inspection Conclusion No. 441/KL-TTr dated 22 August 2017 of the Ministry of Construction for this project, there are a number of errors such as: overcharging the cost of project management consultants and cost of supervision and assessment of construction investment projects, miscalculation of survey and technical design costs, etc., resulting in the remainder of this receivable still not being recovered. The Board of General Directors of the Corporation has responded to the investor to present the reasonableness of the additional costs and believes that the possibility of recovery is certain.

<sup>(4)</sup> Detailed information as in Note No. 42.

At the reporting date of these Consolidated Financial Statements, the Board of General Directors has not created any provision for these projects because they consider net realizable value to be reasonable.



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**11 . TANGIBLE FIXED ASSETS**

|   | Buildings, structures | Machinery,<br>equipment | Vehicles,<br>transportation<br>equipment | Management<br>equipment | Others             | Total                 |
|---|-----------------------|-------------------------|--|-------------------------|--------------------|-----------------------|
|   | VND                   | VND                     | VND                                      | VND                     | VND                | VND                   |
| <b>Historical cost</b>                                    |                       |                         |  |                         |                    |                       |
| Beginning balance   | 16,845,112,644        | 37,790,374,339          | 7,614,265,903                            | 9,602,783,912           | 1,251,670,513      | 73,104,207,311        |
| - Purchase in the year                                    | -                     | -                       | -  | 38,181,818              | -                  | 38,181,818            |
| - Completed construction investment                       | -                     | 1,284,915,410           | -  | -                       | -                  | 1,284,915,410         |
| - Difference due to conversion of<br>financial statements | 281,439,993           | 412,481,940             | 34,712,175                               | 12,979,900              | -                  | 741,614,008           |
| - Liquidation, disposal                                   | -                     | -                       | (895,660,095)                            | -                       | (706,259,000)      | (1,601,919,095)       |
| - Other decrease  | (197,221,450)         | (4,717,959,463)         | -  | (54,165,082)            | -                  | (4,969,345,995)       |
| <b>Ending balance</b>                                     | <b>16,929,331,187</b> | <b>34,769,812,226</b>   | <b>6,753,317,983</b>                     | <b>9,599,780,548</b>    | <b>545,411,513</b> | <b>68,597,653,457</b> |
| <b>Accumulated depreciation</b>                           |                       |                         |  |                         |                    |                       |
| Beginning balance   | 16,296,038,110        | 35,179,197,395          | 6,867,518,551                            | 9,096,018,891           | 1,220,395,292      | 68,659,168,239        |
| - Depreciation for the year                               | 557,734,075           | 2,288,708,016           | 358,711,608                              | 415,023,929             | 20,583,336         | 3,640,760,964         |
| - Liquidation, disposal                                   | -                     | -                       | (895,660,095)                            | -                       | (706,259,000)      | (1,601,919,095)       |
| - Difference due to conversion of<br>financial statements | 272,780,452           | 341,788,711             | 34,712,175                               | 12,639,902              | -                  | 661,921,240           |
| - Other decrease  | (197,221,450)         | (4,717,959,463)         | -  | (54,165,082)            | -                  | (4,969,345,995)       |
| <b>Ending balance</b>                                     | <b>16,929,331,187</b> | <b>33,091,734,659</b>   | <b>6,365,282,239</b>                     | <b>9,469,517,640</b>    | <b>534,719,628</b> | <b>66,390,585,353</b> |
| <b>Net carrying amount</b>                                |                       |                         |  |                         |                    |                       |
| Beginning balance   | 549,074,534           | 2,611,176,944           | 746,747,352                              | 506,765,021             | 31,275,221         | 4,445,039,072         |
| <b>Ending balance</b>                                     | <b>-</b>              | <b>1,678,077,567</b>    | <b>388,035,744</b>                       | <b>130,262,908</b>      | <b>10,691,885</b>  | <b>2,207,068,104</b>  |

*In which:*

- Cost of fully depreciated tangible fixed assets but still in use: VND 61,474,143,888.



## 12 . FINANCIAL LEASE FIXED ASSETS

Financial lease fixed assets are machinery and equipment with historical cost and accumulated depreciation as at 31 December 2019 are VND 47,169,216,000 and VND 31,600,147,808 respectively (as at 01 January 2019 are VND 47,169,216,000 and VND 23,732,322,584 respectively). Depreciation for the year 2019 is VND 7,867,825,224.

## 13 . INTANGIBLE FIXED ASSETS

|                                 | Software<br>VND       | Land use rights<br>VND | Total<br>VND          |
|---------------------------------|-----------------------|------------------------|-----------------------|
| <b>Historical cost</b>          |                       |                        |                       |
| Beginning balance               | 19,209,728,889        | 2,358,057,429          | 21,567,786,318        |
| - Purchase in the year          | 299,000,000           | -                      | 299,000,000           |
| - Liquidation, disposal         | -                     | (2,358,057,429)        | (2,358,057,429)       |
| <b>Ending balance</b>           | <b>19,508,728,889</b> | <b>-</b>               | <b>19,508,728,889</b> |
| <b>Accumulated depreciation</b> |                       |                        |                       |
| Beginning balance               | 16,132,708,210        | -                      | 16,132,708,210        |
| - Depreciation for the year     | 1,520,509,968         | -                      | 1,520,509,968         |
| <b>Ending balance</b>           | <b>17,653,218,178</b> | <b>-</b>               | <b>17,653,218,178</b> |
| <b>Net carrying amount</b>      |                       |                        |                       |
| Beginning balance               | 3,077,020,679         | 2,358,057,429          | 5,435,078,108         |
| <b>Ending balance</b>           | <b>1,855,510,711</b>  | <b>-</b>               | <b>1,855,510,711</b>  |

In which:

- Cost of fully depreciated intangible fixed assets but still in use: VND 123,481,000.

## 14 . PREPAID EXPENSES

|   | 31/12/2019<br>VND    | 01/01/2019<br>VND    |
|---|----------------------|----------------------|
| <b>a) Short-term</b>                            |                      |                      |
| - Software license                              | -                    | 257,679,479          |
| - Insurance premiums                            | 977,275              | 19,991,993           |
| - Tools and supplies                            | -                    | 10,633,332           |
| - Others  | -                    | 15,449,997           |
|   | <b>977,275</b>       | <b>303,754,801</b>   |
| <b>b) Long-term</b>                             |                      |                      |
| - Cost of interior decoration and office repair | 1,468,127,990        | 2,984,435,781        |
| - Tools and supplies                            | 15,243,061           | 177,589,491          |
| - Others  | 818,317,605          | 898,404,323          |
|   | <b>2,301,688,656</b> | <b>4,060,429,595</b> |



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**15 . SHORT-TERM BORROWINGS AND FINANCIAL LEASE LIABILITIES**

|   | 01/01/2019          |                    | During the year |                 | 31/12/2019          |                    |
|---|---------------------|--------------------|-----------------|-----------------|---------------------|--------------------|
|   | Outstanding balance | Amount can be paid | Increase        | Decrease        | Outstanding balance | Amount can be paid |
| <b>a) Short-term borrowings</b>   |                     |                    |                 |                 |                     |                    |
| - Joint Stock Commercial Bank for Foreign Trade of Vietnam <sup>(1)</sup>     | 338,282,356,796     | 338,282,356,796    | 65,760,261,835  | 86,035,056,565  | 318,007,562,066     | 318,007,562,066    |
| - Joint Stock Commercial Bank for Investment and Development of Vietnam       | 36,784,417,398      | 36,784,417,398     | -               | 36,784,417,398  | -                   | -                  |
| - Vietnam Joint stock Commercial Bank for Industry and Trade <sup>(2)</sup>   | 118,840,501,316     | 118,840,501,316    | 32,339,014,953  | 137,279,516,269 | 13,900,000,000      | 13,900,000,000     |
| - Nam Song Hau Trading Investing Petroleum Joint Stock Company <sup>(3)</sup> | -                   | -                  | 20,000,000,000  | 15,000,000,000  | 5,000,000,000       | 5,000,000,000      |
| - Individual <sup>(4)</sup>   | -                   | -                  | 86,516,910,000  | 5,045,000,000   | 81,471,910,000      | 81,471,910,000     |
| <b>Long-term borrowings due within 1 year</b>                                 |                     |                    |                 |                 |                     |                    |
| - Joint Stock Commercial Bank for Foreign Trade of Vietnam                    | 2,250,000,000       | 2,250,000,000      | -               | 2,250,000,000   | -                   | -                  |
| <b>Financial lease due within 1 year</b>                                      |                     |                    |                 |                 |                     |                    |
| - Kexim Viet Nam Leasing Company Limited                                      | 9,728,545,300       | 9,728,545,300      | -               | 9,728,545,300   | -                   | -                  |
|   | 505,885,820,810     | 505,885,820,810    | 204,616,186,788 | 292,122,535,532 | 418,379,472,066     | 418,379,472,066    |

**b) Borrowings from related parties are as follows:**

|                       | Relation          | 31/12/2019     |               | 01/01/2019    |              |
|-----------------------|-------------------|----------------|---------------|---------------|--------------|
|                       |                   | Principal VND  | Interest VND  | Principal VND | Interest VND |
| <b>Borrowings</b>     |                   |                |               |               |              |
| - Mr. Do Van Thanh    | Member of the BOM | 66,715,150,000 | 2,770,186,170 | -             | -            |
| - Mr. Ngo Ngoc Thuong | General Director  | 6,633,000,000  | 547,146,630   | -             | -            |
|                       |                   | 73,348,150,000 | 3,317,332,800 | -             | -            |



SHORT-TERM BORROWINGS AND FINANCE LEASE LIABILITIES (Continued)

c) Unpaid overdue borrowings

|              | 31/12/2019             |                       | 01/01/2019       |                 |
|--------------|------------------------|-----------------------|------------------|-----------------|
|              | Principal<br>VND       | Interest<br>VND       | Principal<br>VND | Interest<br>VND |
| - Borrowings | 231,761,535,942        | 23,458,491,007        | -                | -               |
|              | <u>231,761,535,942</u> | <u>23,458,491,007</u> | <u>-</u>         | <u>-</u>        |



**Detail information on short-term borrowings is as follows**

Outstanding balance as at 31/12/2019 from following Credit contracts:

(1) Outstanding balance as at 31/12/2019 from following Credit contracts:

(1.1) Credit Contract No. 0033/1838/C-CTD dated 28/03/2018, with the following terms:

- Credit line: VND 354,500,000,000;
- Loan purpose: Supplementing working capital;
- Term of contract: According to each indebtedness receipts;
- Interest rate: According to each indebtedness receipts;
- Outstanding principal balance: VND 273,632,625,233;
- Type of security: The rights and benefits arising from BCC between the Corporation, PetroVietnam Gas Joint Stock Corporation and Phu Long Real Estate Corporation (detailed as in Note No.8b).

(1.2) Short-term borrowings of subsidiary - PVE Oil Gas Survey Consutancy Joint Stock Company at JSC Bank of Foreign Trade of Vietnam with credit line of VND 30 billion, interest rate of 7% - 8.5%/year and guaranteed by the Corporation to support short-term credit needs for business operations. Outstanding principal balance VND 22,872,396,568.

(1.3) Short-term borrowings of subsidiary - PVE Oil Gas Project Management Consutancy Joint Stock Company at JSC Bank of Foreign Trade of Vietnam - Ho Chi Minh City Branch with credit line of VND 80 billion, interest rate of 7% - 7.5%/year and guaranteed by the Corporation to support short-term credit needs for business operations. Outstanding principal balance VND 21,502,540,265.

(2) Credit Contract No. 0402/2019 - HDCVTL/NHCT924 - PVE dated 05/04/2019, with the following terms:

- Credit line: VND 40,000,000,000;
- Loan purpose: Supplementing working capital;
- Term of contract: 09 months from the next day of the first disbursement date;
- Interest rate: 9%/year;
- Outstanding principal balance: VND 13,900,000,000;
- Type of security: Mortgage of third party's land use rights and debt collection rights arising from Economic contract No. 1265078 dated 5 March 2019 and related Contract Appendixes (if any) between the Corporation and Saipem S.p.A. under the mortgage contract No. 0504/2019/HDDDB/NHCT924-PVE dated 05/04/2019.

(3) Credit Contract dated 09/04/2019, with the following terms:

- Credit line: VND 20,000,000,000;
- Loan purpose: Supplementing working capital;
- Term of contract: 12 months;
- Interest rate: 9.5%/year;
- Outstanding principal balance: VND 5,000,000,000;
- Type of security: Unsecured.

(4) Short-term borrowing contracts with individuals with an interest rate of 11%/year, type of security is unsecured.



16 . SHORT-TERM TRADE PAYABLES

|   | 31/12/2019             |                        | 01/01/2019<br>(Reclassified) |                        |
|---|------------------------|------------------------|------------------------------|------------------------|
|   | Outstanding balance    | Amount can be paid     | Outstanding balance          | Amount can be paid     |
|   | VND                    | VND                    | VND                          | VND                    |
| <b>a) Trade payables detailed by suppliers with large account balances</b>  |                        |                        |                              |                        |
| - PetroVietnam Gas Joint Stock Corporation                                  | 73,234,434,739         | 73,234,434,739         | 58,234,767,351               | 58,234,767,351         |
| - Recaa Insulation Systems SDN BHD  | 23,578,104,796         | 23,578,104,796         | 5,304,169,318                | 5,304,169,318          |
| - Sugiko Malaysia SDN BHD   | 14,322,549,110         | 14,322,549,110         | 12,097,248,497               | 12,097,248,497         |
| - Others  | 199,363,230,095        | 199,363,230,095        | 291,658,863,534              | 291,658,863,534        |
|   | <u>310,498,318,740</u> | <u>310,498,318,740</u> | <u>367,295,048,700</u>       | <u>367,295,048,700</u> |
| <b>b) Trade payables to related parties</b><br>(Detailed as in Note No. 40) | <u>82,652,260,087</u>  | <u>82,652,260,087</u>  | <u>66,848,896,152</u>        | <u>66,848,896,152</u>  |

17 . SHORT-TERM PREPAYMENT FROM CUSTOMERS

|  | 31/12/2019           | 01/01/2019             |
|--|----------------------|------------------------|
|  | VND                  | VND                    |
| - Tecnicas Reunidas Malaysia Sdn Bhd   | -                    | 148,383,103,423        |
| - Samsung Engineering (M) Sdn Bhd  | -                    | 13,779,409,649         |
| - Vietnam - Russia joint venture Vietsovpetro                                    | 471,864,139          | 465,749,189            |
| - Others   | 6,500,000,888        | 11,522,901,200         |
|  | <u>6,971,865,027</u> | <u>174,151,163,461</u> |
| <b>In which: Prepayment from related parties</b><br>(Detailed as in Note No. 40) | <u>1,638,108,702</u> | <u>3,881,113,236</u>   |



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**18 . TAXES AND OTHER PAYABLES TO STATE BUDGET**

|  | Tax receivable at<br>the beginning of the<br>year<br>(Reclassified)<br>VND | Tax payable at the<br>beginning of the<br>year<br>(Reclassified)<br>VND | Tax payable in the<br>year<br>VND | Tax paid in the<br>year<br>VND | Difference due to<br>conversion of<br>financial statements<br>VND | Tax receivable at<br>the end of the year<br>VND | Tax payable at the<br>end of the year<br>VND |
|--|--|---|-----------------------------------|--------------------------------|---|---|--|
| - Value added tax                        | -  | 642,143,546   | 22,590,913,830                    | 9,022,200,432                  | 651,047   | -   | 14,211,507,991                               |
| - Corporate income tax                   | 445,795,227  | 31,367,546,575  | 7,255,383,431                     | 1,023,795,773                  | 111,816,066   | 515,795,227                                     | 37,780,950,299                               |
| - Personal income tax                    | 1,068,086,574  | 40,850,252,494  | 3,347,981,002                     | 876,181,774                    | 141,414,445   | 394,006   | 44,687,505,719                               |
| - Property tax and land rental           | -  | 3,158,426,628   | 1,472,273,929                     | -                              | -   | -   | 4,630,700,557                                |
| - Other taxes                            | 13,998,703   | 248,436,418   | 1,267,810,827                     | 6,000,000                      | -   | -   | 1,510,266,822                                |
| - Tax, charge, fee and other obligations | -  | -   | 2,749,091,963                     | -                              | 25,962,558  | -   | 2,775,054,521                                |
|  | <b>1,527,880,504</b>   | <b>76,266,805,661</b>   | <b>38,683,454,982</b>             | <b>10,928,177,979</b>          | <b>279,844,116</b>  | <b>516,189,233</b>                              | <b>105,595,985,909</b>                       |

At the reporting date of the Consolidated Financial Statements, overdue taxes is VND 82,145,225,789.

The Corporation's tax settlements are subject to examination by the tax authorities. Because the application of tax laws and regulations on many types of transactions is susceptible to varying interpretations, amounts reported in the Consolidated Financial Statements could be changed at a later date upon final determination by the tax authorities.



19 . SHORT-TERM ACCRUED EXPENSES

|  | 31/12/2019            | 01/01/2019<br>(Reclassified) |
|--|-----------------------|------------------------------|
|  | VND                   | VND                          |
| - Borrowing expenses                     | 718,285,663           | 641,033,407                  |
| - Accrued cost of construction contracts | 54,150,491,680        | 33,750,023,581               |
| - Accrued labour expenses                | -                     | 3,114,137,864                |
| - Others                                 | 673,371,388           | 8,747,026,955                |
|  | <u>55,542,148,731</u> | <u>46,252,221,807</u>        |

20 . OTHER PAYABLES

|  | 31/12/2019             | 01/01/2019            |
|--|------------------------|-----------------------|
|  | VND                    | VND                   |
| a) Short-term  |                        |                       |
| - Trade union fund   | 3,156,683,127          | 3,164,950,751         |
| - Social insurance   | 8,773,693,975          | 6,760,018,705         |
| - Expenses source for non-business                                     | 2,513,000,000          | 2,513,000,000         |
| - Mutual support fund  | 4,619,476,030          | 4,569,930,431         |
| - Interest expenses  | 29,877,736,871         | -                     |
| - Dividend   | 42,903,797,326         | 42,977,376,916        |
| - Short-term deposits received   | 1,957,200,000          | -                     |
| - Others   | 6,959,600,033          | 7,416,079,986         |
|  | <u>100,761,187,362</u> | <u>67,401,356,789</u> |
| b) Long-term   |                        |                       |
| - Long-term deposits received  | 10,000,000             | -                     |
| - Others   | 114,895,000            | 124,895,000           |
|  | <u>124,895,000</u>     | <u>124,895,000</u>    |
| c) Unpaid overdue payables   |                        |                       |
| - Interest expenses  | 26,135,552,247         | -                     |
| - Dividend   | 42,867,396,916         | 42,867,396,916        |
|  | <u>69,002,949,163</u>  | <u>42,867,396,916</u> |
| d) Other payables from related parties<br>(Detailed as in Note No. 40) | <u>2,513,000,000</u>   | <u>2,513,000,000</u>  |

21 . SHORT-TERM PROVISION FOR PAYABLES

|  | 31/12/2019           | 01/01/2019           |
|--|----------------------|----------------------|
|  | VND                  | VND                  |
| - Warranty provision for construction projects | 2,800,771,675        | 2,800,771,675        |
|  | <u>2,800,771,675</u> | <u>2,800,771,675</u> |



**22 . OWNER'S EQUITY**

**a) Changes in owner's equity**

|  | Contributed capital | Share premium  | Other capital | Exchange rate differences (Reclassified) | Investment and development funds (Reclassified) | Retained earnings (Reclassified) | Non – Controlling Interests (Reclassified) | Total            |
|--|---------------------|----------------|---------------|--|---|----------------------------------|--|------------------|
|  | VND                 | VND            | VND           | VND                                      | VND   | VND                              | VND  | VND              |
| <b>Beginning balance of the previous year</b>        | 250,000,000,000     | 11,421,558,415 | 1,600,295,812 | (1,115,436,629)                          | 24,790,918,257                                  | 14,305,116,890                   | 11,879,761,800                             | 312,882,214,545  |
| Profit of the previous year                          | -                   | -              | -             | -  | -   | 10,401,084,302                   | 201,375,812                                | 10,602,460,114   |
| Appropriate to Bonus and welfare fund                | -                   | -              | -             | -  | -   | (2,003,106,318)                  | (96,692,327)                               | (2,099,798,645)  |
| Appropriate to Investment and Development Fund       | -                   | -              | -             | -  | 126,082,166                                     | (126,082,166)                    | -  | -                |
| Appropriate to Executive Board reward                | -                   | -              | -             | -  | -   | (1,000,000,000)                  | -  | (1,000,000,000)  |
| Profit distribution                                  | -                   | -              | -             | -  | -   | (16,250,000,000)                 | (109,980,000)                              | (16,359,980,000) |
| Difference due to conversion of financial statements | -                   | -              | -             | 3,988,971,536                            | -   | -                                | -  | 3,988,971,536    |
| Other fluctuation                                    | -                   | -              | -             | -  | (241,749,832)                                   | 764,697,412                      | 14,237,474                                 | 537,185,054      |
| <b>Ending balance of the previous year</b>           | 250,000,000,000     | 11,421,558,415 | 1,600,295,812 | 2,873,534,907                            | 24,675,250,591                                  | 6,091,710,120                    | 11,888,702,759                             | 308,551,052,604  |
| <b>Beginning balance of the current year</b>         | 250,000,000,000     | 11,421,558,415 | 1,600,295,812 | 2,873,534,907                            | 24,675,250,591                                  | 6,091,710,120                    | 11,888,702,759                             | 308,551,052,604  |
| Loss for this year                                   | -                   | -              | -             | -  | -   | (11,605,473,821)                 | 93,011,622                                 | (11,512,462,199) |
| Appropriate to Bonus and welfare fund                | -                   | -              | -             | -  | -   | (68,608,913)                     | (10,480,011)                               | (79,088,924)     |
| Appropriate to Investment and Development Fund       | -                   | -              | -             | -  | 79,088,924                                      | (79,088,924)                     | -  | -                |
| Difference due to conversion of financial statements | -                   | -              | -             | 22,502,865,411                           | -   | -                                | 367,017,469                                | 22,869,882,880   |
| Other fluctuation                                    | -                   | -              | -             | -  | -   | 235,456,179                      | -  | 235,456,179      |
| <b>Ending balance of the current year</b>            | 250,000,000,000     | 11,421,558,415 | 1,600,295,812 | 25,376,400,318                           | 24,754,339,515                                  | (5,426,005,359)                  | 12,338,251,839                             | 320,064,840,540  |



b) Details of owner's invested capital

|                               | Rate | 31/12/2019      | Rate | 01/01/2019      |
|-------------------------------|------|-----------------|------|-----------------|
|                               | %    | VND             | %    | VND             |
| Vietnam Oil and Gas Group     | 29%  | 72,500,000,000  | 29%  | 72,500,000,000  |
| Technip Geoproduction Sdh Bhd | 10%  | 25,000,000,000  | 10%  | 25,000,000,000  |
| Others                        | 61%  | 152,500,000,000 | 61%  | 152,500,000,000 |
|                               | 100% | 250,000,000,000 | 100% | 250,000,000,000 |

c) Capital transactions with owners and distribution of dividends and profits

|  | Year 2019       | Year 2018       |
|--|-----------------|-----------------|
|  | VND             | VND             |
| Owner's invested capital                             |                 |                 |
| - At the beginning of the year                       | 250,000,000,000 | 250,000,000,000 |
| - At the end of the year                             | 250,000,000,000 | 250,000,000,000 |
| Distributed dividends and profit                     |                 |                 |
| - Dividend payment from last year's profit           | -               | 16,359,980,000  |
| - Estimated dividend payment from this year's profit | -               | -               |

d) Share

|                                       | 31/12/2019 | 01/01/2019 |
|---------------------------------------|------------|------------|
| Quantity of Authorized issuing shares | 25,000,000 | 25,000,000 |
| Quantity of issued shares             |            |            |
| - Common shares                       | 25,000,000 | 25,000,000 |
| Quantity of circulation shares        |            |            |
| - Common shares                       | 25,000,000 | 25,000,000 |
| Par value per share VND 10,000        |            |            |

e) Corporation's funds

|                                  | 31/12/2019     | 01/01/2019     |
|----------------------------------|----------------|----------------|
|                                  | VND            | VND            |
| Investment and development funds | 24,754,339,515 | 24,675,250,591 |
|                                  | 24,754,339,515 | 24,675,250,591 |

23 . EXCHANGE DIFFERENCES

|   | Year 2019      | Year 2018       |
|---|----------------|-----------------|
|   | VND            | VND             |
| Beginning balance   | 2,873,534,907  | (1,115,436,629) |
| Increases in the year   | 22,502,865,411 | -               |
| - Due to the translation of Financial Statements from foreign currency to VND | 22,502,865,411 | -               |
| Decrease in the year  | -              | 3,988,971,536   |
| - Due to the translation of Financial Statements from foreign currency to VND | -              | 3,988,971,536   |
| Ending Balance  | 25,376,400,318 | 2,873,534,907   |



**24 . OFF STATEMENT OF FINANCIAL POSITION ITEMS**

**a) Operating leased assets**

The Corporation leases the office under the operating lease. As at 31/12/2019, future lease payments under operating lease contracts are presented as follows:

|                | 31/12/2019            | 01/01/2019            |
|----------------|-----------------------|-----------------------|
|                | VND                   | VND                   |
| - Under 1 year | 11,906,292,585        | 13,000,818,960        |
|                | <u>11,906,292,585</u> | <u>13,000,818,960</u> |

**b) Foreign currencies**

|                     | 31/12/2019 | 01/01/2019   |
|---------------------|------------|--------------|
| - USD               | 244,671.81 | 56,277.00    |
| - Malaysian Ringgit | 166,490.25 | 2,435,883.00 |

**25 . TOTAL REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES**

|  | Year 2019              | Year 2018<br>(Reclassified) |
|--|------------------------|-----------------------------|
|  | VND                    | VND                         |
| Revenue from rendering of engineering consultancy services             | 107,795,832,435        | 113,557,598,639             |
| Revenue from sales of merchandise                                      | -                      | 15,684,386,341              |
| Revenue from construction contracts                                    | 262,453,307,518        | 1,293,295,508,984           |
| Revenue from rendering of survey services                              | 10,958,694,226         | 13,437,608,528              |
| Others   | 4,350,704,547          | 4,837,706,389               |
|  | <u>385,558,538,726</u> | <u>1,440,812,808,881</u>    |
| In which: Revenue from related parties<br>(Detailed as in Note No. 40) | <u>55,682,056,922</u>  | <u>107,689,369,841</u>      |

**26 . COST OF GOODS SOLD**

|  | Year 2019              | Year 2018<br>(Reclassified) |
|--|------------------------|-----------------------------|
|  | VND                    | VND                         |
| Cost of engineering consultancy services | 45,851,869,242         | 112,733,834,818             |
| Cost of merchandises sold                | -                      | 16,049,146,599              |
| Cost of construction contracts           | 233,570,883,452        | 1,155,421,397,565           |
| Cost of survey services                  | 5,828,472,921          | 8,868,279,422               |
| Others                                   | 2,932,733,022          | 4,686,306,915               |
|  | <u>288,183,958,637</u> | <u>1,297,758,965,319</u>    |



27 . FINANCIAL INCOME

|                                      | Year 2019            | Year 2018            |
|--------------------------------------|----------------------|----------------------|
|                                      | VND                  | VND                  |
| Interest income, interest from loans | 30,871,062           | 482,315,347          |
| Realised exchange gain               | 1,890,615,488        | 708,504,006          |
| Others                               | 454,216,554          | -                    |
|                                      | <u>2,375,703,104</u> | <u>1,190,819,353</u> |

28 . FINANCIAL EXPENSES

|   | Year 2019             | Year 2018             |
|---|-----------------------|-----------------------|
|   | VND                   | VND                   |
| Interest expenses   | 47,200,329,118        | 35,875,832,056        |
| Realised exchange loss  | 115,274,935           | 1,256,934,974         |
| Unrealised exchange loss  | 1,039,601,920         | 1,776,117,234         |
| Others  | 100,006,975           | 11,885,338            |
|   | <u>48,455,212,948</u> | <u>38,920,769,602</u> |
| In which: Financial expenses from related parties<br>(Detailed as in Note No. 40) | <u>5,488,674,126</u>  | <u>-</u>              |

29 . GENERAL ADMINISTRATIVE EXPENSES

|  | Year 2019             | Year 2018<br>(Reclassified) |
|--|-----------------------|-----------------------------|
|  | VND                   | VND                         |
| Raw materials  | 2,478,294,854         | 3,681,373,730               |
| Labor expenses   | 19,695,862,813        | 32,520,722,284              |
| Depreciation expenses  | 8,874,953,923         | 825,414,873                 |
| Provisions expenses  | 640,025,601           | 1,177,280,209               |
| Taxes, fees and charges  | 168,949,092           | -                           |
| Expenses of outsourcing services   | 6,216,535,479         | 12,906,712,912              |
| Other expenses in cash   | 19,854,772,398        | 36,959,222,016              |
|  | <u>57,929,394,160</u> | <u>88,070,726,024</u>       |
| In which: General administrative expenses from related parties<br>(Detailed as in Note No. 40) | <u>13,692,462,878</u> | <u>12,858,061,962</u>       |

30 . OTHER INCOME

|   | Year 2019            | Year 2018            |
|---|----------------------|----------------------|
|   | VND                  | VND                  |
| Gain from liquidation, disposal of fixed assets | 4,349,215,298        | -                    |
| Others  | 172,441,005          | 1,139,316,372        |
|   | <u>4,521,656,303</u> | <u>1,139,316,372</u> |



31 . OTHER EXPENSES

|        | Year 2019            | Year 2018            |
|--------|----------------------|----------------------|
|        | VND                  | VND                  |
| Fines  | 5,432,617,423        | -                    |
| Others | 1,867,580,859        | 1,439,702,716        |
|        | <u>7,300,198,282</u> | <u>1,439,702,716</u> |

32 . CURRENT CORPORATE INCOME TAX EXPENSES

|  | Year 2019            | Year 2018<br>(Reclassified) |
|--|----------------------|-----------------------------|
|  | VND                  | VND                         |
| Current corporate income tax expense at the Parent Company       | 3,917,014,361        | 252,964,470                 |
| Current corporate income tax expense at subsidiaries             | 3,338,369,070        | 15,542,917,581              |
| - PVE Oil Gas Project Management Consultancy Joint Stock Company | 700,790,970          | 142,820,237                 |
| - PVE Oil Gas Survey Consultancy Joint Stock Company             | 226,363,612          | 132,144,986                 |
| - Petrovietnam Engineering (Malaysia) Sdn. Bhd.                  | 2,411,214,488        | 15,267,952,358              |
|  | <u>7,255,383,431</u> | <u>15,795,882,051</u>       |

33 . DEFERRED INCOME TAX

a) Deferred income tax assets

|  | Year 2019             | Year 2018            |
|--|-----------------------|----------------------|
|  | VND                   | VND                  |
| Corporate income tax rate used to determine deferred income tax assets | 20%                   | 20%                  |
| Deferred income tax assets related to deductible temporary differences | 14,640,939,447        | 9,239,679,126        |
|  | <u>14,640,939,447</u> | <u>9,239,679,126</u> |

Deferred income tax assets

b) Deferred corporate income tax expense

|   | Year 2019              | Year 2018              |
|---|------------------------|------------------------|
|   | VND                    | VND                    |
| Deferred CIT income arising from deductible temporary differences | (5,155,787,126)        | (9,445,561,220)        |
|   | <u>(5,155,787,126)</u> | <u>(9,445,561,220)</u> |



### 34 . BASIC EARNINGS PER SHARE

Earning per share distributed to common shareholders of the Corporation is calculated as follows :

|  | Year 2019        | Year 2018<br>(Reclassified) |
|--|------------------|-----------------------------|
|  | VND              | VND                         |
| Profit after tax   | (11,605,473,821) | 10,401,084,302              |
| Profit distributed to common shares                                    | (11,605,473,821) | 10,401,084,302              |
| Average number of outstanding common shares in circulation in the year | 25,000,000       | 25,000,000                  |
| <b>Basic earnings per share</b>  | <b>(464)</b>     | <b>416</b>                  |

The Corporation has not planned to make any distribution to Bonus and welfare fund, bonus for the Board of General Directors from the net profit after tax at the date of preparing the Consolidated Financial Statements.

As at 31 December 2019, the Corporation did not have stocks with potential for dilutive earnings per share.

### 35 . BUSINESS AND PRODUCTIONS COST BY ITEMS

|                                  | Year 2019              | Year 2018                |
|----------------------------------|------------------------|--------------------------|
|                                  | VND                    | VND                      |
| Raw materials                    | 46,201,832,507         | 223,056,375,373          |
| Labour expenses                  | 148,584,482,637        | 594,279,030,409          |
| Depreciation expenses            | 13,029,096,156         | 26,912,284,899           |
| Expenses of outsourcing services | 88,150,534,954         | 126,699,125,114          |
| Other expenses in cash           | 39,979,502,721         | 358,660,713,731          |
|                                  | <b>335,945,448,975</b> | <b>1,329,607,529,526</b> |

### 36 . FINANCIAL INSTRUMENTS

The types of financial instruments of the Corporation include:

|                              | Carrying amount        |                        |                        |                        |
|------------------------------|------------------------|------------------------|------------------------|------------------------|
|                              | 31/12/2019             |                        | 01/01/2019             |                        |
|                              | Original Cost          | Provision              | Original Cost          | Provision              |
|                              | VND                    | VND                    | VND                    | VND                    |
| <b>Financial Assets</b>      |                        |                        |                        |                        |
| Cash and cash equivalents    | 29,155,432,164         | -                      | 51,467,300,412         | -                      |
| Trade and other receivables  | 355,278,931,542        | (9,205,117,467)        | 556,206,027,168        | (8,565,091,866)        |
| Lendings                     | 4,432,248,946          | -                      | 118,579,961            | -                      |
|                              | <b>388,866,612,652</b> | <b>(9,205,117,467)</b> | <b>607,791,907,541</b> | <b>(8,565,091,866)</b> |
|                              | Carrying amount        |                        |                        |                        |
|                              | 31/12/2019             |                        | 01/01/2019             |                        |
|                              | VND                    |                        | VND                    |                        |
| <b>Financial Liabilities</b> |                        |                        |                        |                        |
| Borrowings and debts         |                        |                        | 418,379,472,066        | 505,885,820,810        |
| Trade and other payables     |                        |                        | 411,384,401,102        | 434,821,300,489        |
| Accrued expenses             |                        |                        | 55,542,148,731         | 46,252,221,807         |
|                              |                        |                        | <b>885,306,021,899</b> | <b>986,959,343,106</b> |



Financial assets and financial liabilities are not revalued according to fair value at the end of the year because the Circular No. 210/2009/TT-BTC and prevailing statutory regulations require to present the Consolidated Financial Statements and Notes to financial instruments but do not provide any relevant instruction for assessment and recognition of fair value of financial assets and liabilities, excluding provision for doubtful debts and provision for diminution in value of trading securities which are presented in relevant notes.

#### Financial risk management

The Corporation's financial risks include market risk, credit risk and liquidity risk. The Corporation has developed its control system to ensure the reasonable balance between cost of incurred risks and cost of risk management. The Board of General Directors of the Corporation is responsible for monitoring the risk management process to ensure the appropriate balance between risk and risk control.

#### Market risk

The Corporation's business operations will bear the risks of changes in exchange rates and interest rates.

##### Exchange rate risk

The Corporation bears the risk of exchange rate due to the fluctuation in fair value of future cash flows of a financial instrument in line with changes in exchange rates if loans, revenues and expenses of the Corporation are denominated in foreign currencies other than VND.

##### Interest rate risk

The Corporation bears the risk of interest rates due to the fluctuation in fair value of future cash flow of a financial instrument in line with changes in market interest rates if the Corporation has time or demand deposits, borrowings and debts subject to floating interest rates. The Corporation manages interest rate risk by analyzing the market competition situation to obtain interest beneficial for its operation purpose.

#### Credit Risk

Credit risk is the risk of financial loss to the Corporation if a counterparty fails to perform its contractual obligations. The Corporation has credit risk from operating activities (mainly to trade receivables other receivables) and financial activities (including demand deposits and other financial instruments).

|                             | Under 1 year           | From 1 to 5 years      | From more than<br>5 years | Total                  |
|-----------------------------|------------------------|------------------------|---------------------------|------------------------|
|                             | VND                    | VND                    | VND                       | VND                    |
| <b>As at 31/12/2019</b>     |                        |                        |                           |                        |
| Cash and cash equivalents   | 29,155,432,164         | -                      | -                         | 29,155,432,164         |
| Trade and other receivables | 199,907,535,935        | 146,166,278,140        | -                         | 346,073,814,075        |
| Lendings                    | 4,432,248,946          | -                      | -                         | 4,432,248,946          |
|                             | <u>233,495,217,045</u> | <u>146,166,278,140</u> | <u>-</u>                  | <u>379,661,495,185</u> |
| <b>As at 01/01/2019</b>     |                        |                        |                           |                        |
| Cash and cash equivalents   | 51,467,300,412         | -                      | -                         | 51,467,300,412         |
| Trade and other receivables | 401,496,657,162        | 146,144,278,140        | -                         | 547,640,935,302        |
| Lendings                    | 118,579,961            | -                      | -                         | 118,579,961            |
|                             | <u>453,082,537,535</u> | <u>146,144,278,140</u> | <u>-</u>                  | <u>599,226,815,675</u> |

#### Liquidity Risk

Liquidity risk is the risk that the Corporation has trouble in settlement of its financial obligations due to the lack of funds. Liquidity risk of the Corporation is mainly from different maturity of its financial assets and liabilities.



Due date for payment of financial liabilities based on expected payment under the contracts (based on cash flow of the original debts) as follows:

|                          | Under 1 year           | From 1 to 5 years  | From more than<br>5 years | Total                  |
|--------------------------|------------------------|--------------------|---------------------------|------------------------|
|                          | VND                    | VND                | VND                       | VND                    |
| <b>As at 31/12/2019</b>  |                        |                    |                           |                        |
| Borrowings and debts     | 418,379,472,066        | -                  | -                         | 418,379,472,066        |
| Trade and other payables | 411,259,506,102        | 124,895,000        | -                         | 411,384,401,102        |
| Accrued expenses         | 55,542,148,731         | -                  | -                         | 55,542,148,731         |
|                          | <b>885,181,126,899</b> | <b>124,895,000</b> | <b>-</b>                  | <b>885,306,021,899</b> |
| <b>As at 01/01/2019</b>  |                        |                    |                           |                        |
| Borrowings and debts     | 505,885,820,810        | -                  | -                         | 505,885,820,810        |
| Trade and other payables | 434,696,405,489        | 124,895,000        | -                         | 434,821,300,489        |
| Accrued expenses         | 46,252,221,807         | -                  | -                         | 46,252,221,807         |
|                          | <b>986,834,448,106</b> | <b>124,895,000</b> | <b>-</b>                  | <b>986,959,343,106</b> |

The Corporation believes that risk level of loan repayment is controllable. The Corporation has the ability to pay due debts from cash flows from its operating activities and cash received from matured financial assets.

**37 . ADDITIONAL INFORMATION FOR THE ITEMS OF THE CONSOLIDATED STATEMENT OF CASH**

|  | Year 2019       | Year 2018<br>(Reclassified) |
|--|-----------------|-----------------------------|
|  | VND             | VND                         |
| a) <b>Proceeds from borrowings during the year</b>       |                 |                             |
| Proceeds from ordinary contracts                         | 204,616,186,788 | 569,024,027,735             |
| b) <b>Actual repayments on principal during the year</b> |                 |                             |
| Repayment on principal from ordinary contracts           | 282,393,990,232 | 555,724,301,505             |

**38 . SUBSEQUENT EVENTS AFTER THE REPORTING YEAR**

In 2020, the Corporation mortgaged inventories which are work in process of projects and receivables until 30 September 2019 with total value of VND 183.6 billion and VND 74.1 billion respectively to guarantee for bank borrowings of the Corporation and 2 subsidiaries, which are PVE Oil Gas Project Management Consultancy JSC and PVE Oil Gas Survey Consultancy JSC.

Except for the above-mentioned event and events disclosed as in Note No. 8(b), there have been no significant events occurring after the reporting year, which would require adjustments or disclosures to be made in the Consolidated Financial Statements.







#### 40 . TRANSACTION WITH RELATED PARTIES

List and relation between related parties and the Corporation detail as follows:

| Related parties                            | Relation                           |
|--|------------------------------------|
| Vietnam Oil and Gas Group (Petro Viet Nam) | Major shareholder                  |
| Technip VietNam Company Limited            | Related party of Major shareholder |

During the fiscal year, the Corporation has the transactions and balances with related parties as follows:

Transactions during the year:

|  | Year 2019<br>VND      | Year 2018<br>VND       |
|--|-----------------------|------------------------|
| <b>Revenue from sales of goods and rendering of services</b> | <b>55,682,056,922</b> | <b>107,689,369,841</b> |
| - Fellow group subsidiaries of Petrovietnam                  | 53,094,550,435        | 107,689,369,841        |
| - Technip VietNam Company Limited                            | 2,587,506,487         | -                      |
| <b>Purchases of goods or services</b>                        | <b>13,692,462,878</b> | <b>12,858,061,962</b>  |
| - Technip VietNam Company Limited                            | -                     | 69,467,516             |
| - Fellow group subsidiaries of Petrovietnam                  | 13,692,462,878        | 12,788,594,446         |
| <b>Short-term borrowing</b>                                  | <b>75,973,150,000</b> | -                      |
| - Other related parties                                      | 75,973,150,000        | -                      |
| <b>Interest expenses</b>                                     | <b>5,488,674,126</b>  | -                      |
| - Other related parties                                      | 5,488,674,126         | -                      |

Outstanding balances up to the reporting date are as follows:

|   | 31/12/2019<br>VND      | 01/01/2019<br>VND      |
|---|------------------------|------------------------|
| <b>Short-term trade receivables</b>         | <b>11,431,591,171</b>  | <b>23,010,573,588</b>  |
| - Fellow group subsidiaries of Petrovietnam | 11,431,591,171         | 23,010,573,588         |
| <b>Short-term prepayments to suppliers</b>  | <b>370,423,600</b>     | <b>370,423,600</b>     |
| - Fellow group subsidiaries of Petrovietnam | 370,423,600            | 370,423,600            |
| <b>Other short-term receivables</b>         | <b>7,783,513,641</b>   | <b>7,467,882,980</b>   |
| - Fellow group subsidiaries of Petrovietnam | 7,783,513,641          | 7,467,882,980          |
| <b>Other long-term receivables</b>          | <b>145,955,758,140</b> | <b>145,955,758,140</b> |
| - Fellow group subsidiaries of Petrovietnam | 145,955,758,140        | 145,955,758,140        |
| <b>Short-term trade payables</b>            | <b>82,652,260,087</b>  | <b>66,848,896,152</b>  |
| - Fellow group subsidiaries of Petrovietnam | 82,575,845,819         | 66,772,481,884         |
| - Technip VietNam Company Limited           | 76,414,268             | 76,414,268             |
| <b>Short-term advances from customers</b>   | <b>1,638,108,702</b>   | <b>3,881,113,236</b>   |
| - Fellow group subsidiaries of Petrovietnam | 1,638,108,702          | 3,881,113,236          |
| <b>Other short-term payables</b>            | <b>2,513,000,000</b>   | <b>2,513,000,000</b>   |
| - Vietnam National Petroleum Group          | 2,513,000,000          | 2,513,000,000          |
| <b>Short-term borrowings</b>                | <b>73,348,150,000</b>  | -                      |
| - Other related parties                     | 73,348,150,000         | -                      |



Transactions with other related parties:

|                                  | Relation                   | Year 2019<br>VND | Year 2018<br>VND |
|----------------------------------|----------------------------|------------------|------------------|
| <b>Salaries and Remuneration</b> |                            |                  |                  |
| Mr. Le Huu Bon                   | Chairman                   | 747,305,205      | 779,548,705      |
| Mr. Do Van Thanh                 | Member of BOM              | 752,267,955      | 784,697,955      |
| Mr. Dinh Van Dinh                | Member of BOM              | 472,272,864      | 492,485,500      |
| Mr. Fong Nyuk Loon               | Member of BOM              | -                | 24,000,000       |
| Mr. Ngo Ngoc Thuong              | General Director           | 849,926,341      | 867,569,136      |
| Mr. Pham Thanh Minh              | Deputy General<br>Director | 404,682,614      | 566,394,591      |
| Mr. Le Viet Hoai                 | Deputy General<br>Director | 216,160,000      | -                |

**41 . GUARANTEE COMMITMENT**

**a) At Petrovietnam Engineering Consultancy Joint Stock Company**

As at 31 December 2019 and 01 January 2019, the Corporation involved in non-cancelable guarantee commitment for borrowings at a commercial bank ("the Lender") to its subsidiaries ("the Borrowers"). Upon that, the Corporation has obligations to repay the principals, interests charged, guarantee expenses and other related expenses to the Lender in case the Borrowers can not fulfill its liabilities or make late payments. Details of guaranteed borrowings are as follows:

|  | Guarantee limit<br>VND |
|--|------------------------|
| PVE Oil Gas Project Management Consultancy Joint Stock Company | 80,000,000,000         |
| PVE Oil Gas Survey Consultancy Joint Stock Company             | 30,000,000,000         |

**b) At PVE Oil Gas Survey Consultancy Joint Stock Company**

The Corporation commits to provide a bid guarantee for the bidding document No. DV-407/19-DSNO signed with the Vietnam - Russia joint venture Vietsovpetro, related to the bidding package to repair and renovate the awning, sauna house and power station TP22, TP19 with an amount of VND 20,000,000 deposited at JSC Bank for Investment and Development of Vietnam - Binh Chanh Branch (Note No.03).

The Corporation commits to guarantee the performance of the contract signed with Linde Vietnam Co., Ltd on 18 October 2019, related to the installation service of electrical equipment and tools, by a deposit contract at JSC Bank for Investment and Development of Vietnam - Binh Chanh Branch valued at VND 162,800,000 (Note No.03).

The Corporation commits to guarantee the contract performance for the contract No. 509/2019/DPM/V-PVE-SC&PVE/D\_DV signed with the Branch of PetroVietnam Fertilizer and Chemicals Corporation - Phu My Fertilizer Plant, by deposit contract at JSC Bank for Investment and Development of Vietnam - Binh Chanh Branch valued at VND 499,933,883 (Note No.03).



#### 42 . OTHER INFORMATION

In 2017, the Corporation and its subsidiaries, including Petrovietnam Engineering (Malaysia) Sdn. Bhd., and PVE Oil Gas Project Management Consultancy Joint Stock Company, were subcontractors for the general contractor, Tecnicas Reunidas Malaysia Sdn Bhd, to execute the Rapid Petronas package 3 contract (ELME) dated 19 January 2016 for the Rapid refinery and petrochemical complex (Malaysia). The investor of the project is Pengerang Refining Company Sdn Bhd.

By 2019, the Corporation and its subsidiaries have completed their scope of work. However, during the contract execution, there were many work items arising out of the main contract, as well as the unit price and quantity of work changed from the original estimate, but the general contractor - Tecnicas Reunidas Malaysia Sdn Bhd ("Tecnicas") did not accept to settlement. Therefore, the Corporation and its subsidiaries have been processing procedures to get involvement of the Economic Arbitration in Malaysia according to Documents No. AIAC/D/ADJ-2665-2019 dated 17/07/2019 and No. AIAC/D/ADJ-2680-2019 on 17/07/2019.

The Economic Arbitration in Malaysia issued a verdict dated 19 December 2019 rejecting the claim of the Corporation for the case No. AIAC/D/ADJ-2665-2019 and verdict dated 09 December 2019 approving the claim of the Corporation for the case No. AIAC/D/ADJ-2680-2019.

However, Tecnicas disagreed with the verdict of the Arbitrator dated 09 December 2019 and lodged to Construction Court of the High Court in Malaysia, as well as lodged the case to International Chamber of Commerce Arbitration (ICC) in Switzerland for dispute settlement. The total value of disputes that the Corporation required Tecnicas to pay according to the case submitted to the International Commercial Arbitration is USD 63,184,678.55.

At the reporting date of these Consolidated Financial Statements, the outcome of the lawsuit has not been resolved. The Board of General Directors assesses that the Corporation's ability to win the lawsuit is high, based on the advice of lawyers and the evidences for the works performed are certainly substantiated. The Board of General Directors will handle the relevant issues, record the loss, if any, according to the final verdict of International Chamber of Commerce Arbitration.

#### 43 . COMPARATIVE FIGURES

The comparative figures are the figures of the Consolidated Financial Statements for the fiscal year ended as at 31 December 2018, which was audited by PwC (Vietnam) Co., Ltd. During the preparation of the Consolidated Financial Statements for the fiscal year ended as at 31 December 2019, the Corporation discovered some material misstatements, mainly related to the recognition of revenue and expenses on accounting period in the Consolidated Financial Statements for the fiscal year ended as at 31 December 2018. Accordingly, the Corporation make a retrospective restatement to correct misstatements in previous year, as follows:

|   | Notes | Code | Figures on the<br>previous year's<br>Consolidated<br>Financial<br>Statements<br>VND | Figures reclassified<br>VND | Differences<br>VND |
|---|-------|------|---|-----------------------------|--------------------|
| <b>Consolidated Statement of Financial position</b>             |       |      |   |                             |                    |
| Short-term trade receivables                                    | 1, 2  | 131  | 50,516,107,232  | 302,929,745,493             | 252,413,638,261    |
| Receivables according to the progress of construction contracts | 2     | 134  | 95,171,986,677  | 83,079,235,760              | (12,092,750,917)   |
| Other short-term receivables                                    | 6     | 136  | 106,445,974,775   | 107,132,003,535             | 686,028,760        |
| Inventories   | 1     | 140  | 1,067,708,715,080   | 836,226,120,028             | (231,482,595,052)  |
| Deductible VAT  | 5     | 152  | 14,763,098,456  | 14,886,125,354              | 123,026,898        |
| Taxes and other receivables from the State                      | 3     | 153  | 1,898,441,972   | 1,527,880,504               | (370,561,468)      |



|   | Notes | Code | Figures on the<br>previous year's<br>Consolidated<br>Financial<br>Statements<br>VND | Figures reclassified<br>VND | Differences<br>VND |
|---|-------|------|---|-----------------------------|--------------------|
| <b>Consolidated Statement of Financial position (continued)</b> |       |      |   |                             |                    |
| Short-term trade payables                                       | 5     | 311  | 365,941,752,823   | 367,295,048,700             | 1,353,295,877      |
| Taxes and other payables to State                               | 3     | 313  | 68,890,876,721  | 76,266,805,661              | 7,375,928,940      |
| Short-term accrued expenses                                     | 6     | 315  | 54,767,454,775  | 46,252,221,807              | (8,515,232,968)    |
| Exchange rate differences                                       | 6     | 417  | (7,044,603,675)   | 2,873,534,907               | 9,918,138,582      |
| Development investment funds                                    |       | 418  | 24,917,000,423  | 24,675,250,591              | (241,749,832)      |
| Retained earnings   | 1, 3  | 421  | 6,477,374,491   | 6,091,710,120               | (385,664,371)      |
| <i>RE accumulated by the end of the previous year</i>           |       | 421a | 4,896,227,184   | (4,309,374,182)             | (9,205,601,366)    |
| <i>RE for the current year</i>                                  |       | 421b | 1,581,147,307   | 10,401,084,302              | 8,819,936,995      |
| Non – Controlling Interests                                     |       | 429  | 12,116,632,505  | 11,888,702,759              | (227,929,746)      |
| <b>Consolidated Statement of Income</b>                         |       |      |   |                             |                    |
| Revenue from sales of goods and rendering of services           | 1, 6  | 01   | 1,229,679,106,421   | 1,440,812,808,881           | 211,133,702,460    |
| Net revenue from sales of goods and rendering of services       | 1     | 10   | 1,229,679,106,421   | 1,440,812,808,881           | 211,133,702,460    |
| Cost of goods sold  | 1     | 11   | 1,093,497,415,882   | 1,297,758,965,319           | 204,261,549,437    |
| General administrative expenses                                 | 5     | 26   | 88,073,698,304  | 88,070,726,024              | (2,972,280)        |
| Total profit before tax   | 1     | 50   | 10,077,655,642  | 16,952,780,945              | 6,875,125,303      |
| Current corporate income tax expense                            | 4     | 51   | 17,741,368,825  | 15,795,882,051              | (1,945,486,774)    |
| Profit after corporate income tax                               |       | 60   | 1,781,848,037   | 10,602,460,114              | 8,820,612,077      |
| Profit after tax attributable to non-controlling interest       |       | 61   | 200,700,730   | 201,375,812                 | 675,082            |
| Profit after tax attributable to owners of the parent           |       | 62   | 1,581,147,307   | 10,401,084,302              | 8,819,936,995      |
| Basic earnings per share  |       | 70   | 63  | 416                         | 353                |

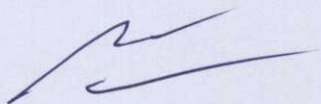


|   | Notes | Code | Figures on the<br>previous year's<br>Consolidated<br>Financial<br>Statements<br>VND | Figures reclassified<br>VND | Differences<br>VND |
|---|-------|------|---|-----------------------------|--------------------|
| <b>Consolidated Statement of Cash flows</b>   |       |      |   |                             |                    |
| Increase/Decrease in receivables  | 1     | 09   | 37,436,915,067  | (183,634,055,429)           | (221,070,970,496)  |
| Increase/Decrease in inventories  | 1     | 10   | (148,036,415,340)   | 54,752,857,179              | 202,789,272,519    |
| Increase/Decrease in payables (excluding interest payables, enterprise income tax payables) | 5, 6  | 11   | 45,936,427,198  | 47,405,731,836              | 1,469,304,638      |

Detail of adjustments to comparative figures are as follows:

- (1) Additional recognition of revenue and cost for the volume of work that has been accepted and invoiced in 2018 is VND 221,070,970,496 and VND 204,261,549,437 respectively;
- (2) Adjustment and re-presentation increase the balance of short-term trade receivables and decrease the balance of receivables according to the progress of construction contract, corresponding to the amount of VND 14,880,583,911;
- (3) Additional recognition land rental expense for year 2016 to year 2018 according to Official Letter No. 4927/TB-CCT dated 24/06/2020 of Ba Ria Vung Tau Tax Department with the amount of VND 3,158,426,628 and additional recognition corporate income tax expense due to change in operating result with the amount of VND 4,217,502,312;
- (4) Adjustment to reduce corporate income tax expenses due to the effects of retroactive adjustments at the Corporation and its subsidiaries is VND 1,945,486,774;
- (5) Adjustment and additional recognition of office rental costs at PVE Project Management Consulting Joint Stock Company with the amount of VND 1,353,295,877, in which VAT is VND 123,026,898;
- (6) Additional adjustments to exclude transactions and internal balances between the Corporation and its subsidiaries.

Preparer



Le Quang Thang

Chief Accountant



Nguyen Khac Chuong

General Director

Ho Chi Minh City, 15 December 2021  


Ngô Ngọc Thuong