**BSR: Board Decision**

On March 28, 2024, Binh Son Refining and Petrochemical Joint Stock Company announced Decision No. 968/QD-BSR on approving the adjustment of the Project on upgrading and expanding the Dung Quat Oil Refinery as follows:

‎‎Article 1. Approve the adjustment of the Project on upgrading and expanding the Dung Quat Oil Refinery with the following main contents:

1. Project’s name: Project on upgrading and expanding the Dung Quat Oil Refinery (adjusted Project)
2. The persons who decided to invest: The General Meeting of Shareholders of Binh Son Refining and Petrochemical Joint Stock Company
3. Investor: Binh Son Refining and Petrochemical Joint Stock Company (BSR)
4. Targets and scale of the construction investment:
   1. Targets of the investment:

Invest to upgrade and expand the existing Dung Quat Oil Refinery to:

* Increase the processing capacity of the Refinery from 148,000 tanks/day to 171,000 tanks/day
* The products meet EURO V standards;
* Meet the environmental standards according to the mandatory roadmap of the Government;
* Increase the flexibility in crude oil selection, ensuring the long-term and effective crude oil supply for the Refinery;
* Increase the efficiency of the investment in the Dung Quat Oil Refinery
* Contribute to promoting the economic and social development of the whole nation, especially for the Central region
  1. Investment scale:

Investment scale: Supplement and upgrade the industrial, auxiliary, and peripheral units to meet the capacity of 171,000 tanks/day, including:

* Supplement 05 units with new copyrighted technology, including: 1) Gasoline Hydro-treating unit (GHDT); (2) Diesel hydro-treating unit (DHDT); (3) Alkylation unit (ALK); (4) Hydrogen generation unit (HGU); (5) Sulfur recovery unit (SRU3/4)
* Supplement 02 units without copyrighted technology, including: (1) Sour water stripped acid gas unit (SWS2) and (2) Amine regenerator unit (ARU2)
* Workshops that need to be adjusted and converted: (1) Crude oil Distillation Unit (CDU); (2) Residue Fluid Catalytic Cracking (RFCC); (3) Naphtha Hydrotreater unit (NHT); (4) Isomerization unit (ISOM); (5) Continuous Catalyst Regeneration (CCR); (6) Propylene Recovery Unit (PRU); (7) Kerosene treatment unit (KTU); (8) LGP Treatment unit (LTU); (9) Light Cycle Oil Hydro-treating unit; (10) Caustic Neutralization Unit (CNU); etc. The level of adjustment and conversion of those units depends on the change in materials and capacity.
* Auxiliary and peripheral units Implement the conversion and new installation of some items, equipments or units cluster to meet the increasing capacity of the refinery
  1. Technology configuration, capacity:
* Design of the crude oil Azeri BTC 53% + ESPO 47% or equivalent crude oil mixture The ratio of crude oil will be optimized and refined when the FEED design, the detailed design in EPC phase, is adjusted/updated
* The capacity of the refinery: 171,000 tanks/day (equivalent to 116% compared to the current capacity); the oil and petrol products after the upgrade and expansion will meet the Euro V standards; the production output structure includes:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Product | Unit per day | Capacity | |
| Current | After the upgrade and expansion |
| 1 | Liquefied Petroleum Gas (LPG) | Tons | 1,018 | 1,049 |
| 2 | Propylene/Polypropylene | Tons | 462 | 685 |
| 3 | Gasoline of all kinds | Thousand tanks | 65.9 | 79.7 |
| 4 | Jet fuel/oil (Jet A-1/Kerosene) | Thousand tanks | 5.3 | 13.1 |
| 5 | Diesel oil (DO) | Thousand tanks | 53.2 | 59.2 |
| 6 | Furnace oil (FO) | Thousand tanks | 7 | 0 |
| 7 | Sulfur: | Tons | 13 | 56.7 |
| 8 | Crude oil processing capacity | Thousand tanks | 148 | 171 |

* 1. Land use scale: Around 51.67 hectares, including: 41.01 hectares of expansion and 10.66 hectares of land provision inside the existing refinery, does not use the margin.

1. Consulting organization:
   1. Prepare the adjusted Feasibility Research Report: PetroVietnam Engineering Consultancy JSC
   2. Prepare the construction surveying:

Use the results of the existing survey to serve the FEED 2017 design of the Project on Upgrading and expanding the Dung Quat Oil Refinery Contractors implement the survey as follow:

* Phase 1 (2015): Implemented by the joint venture between PetroVietnam Engineering Consultancy JSC (PVE) and PTSC Geos & Subsea Services Co., LTD. (PTSC G&S) (PVE) undertook the topographic and geological surveys on the shore; PTSC G&S undertook the underwater topographic surveys) as per the Contract signed with the DQRE Division of BSR
* Phase 2 (2015-2016) Port and Waterway Engineering Consultant Joint Stock Company (TEDIPORT) undertook undertook the topographic and geological surveys on the shore and PVE undertook undertook the underwater topographic and geological surveys as per the Contract signed with Contractor establishing the FEED design (AFW - The United Kingdom)
  1. Assess the adjusted Feasibility Research Report: Vietnam Insitute for Building Science and Technology (IBST) - the Ministry of Construction

1. Construction site and the land use area:

* Construction site: Dung Quat Economic Zone, Binh Son District, Quang Ngai Province
* The total land use area is around 51.67 hectares.

1. The type, group of the Project; the type, level of the main construction, the duration of use according to the design of the main construction:

* Type, group of the Project: Project group A
* Oil and gas industrial project level I
* Duration of use of the construction: The design life span for new equipment units, converted units, and all other items of the Project ranges from 10 to 20 years depending on each type of equipment.

1. Number of design steps, list of major standards and regulations selected
   1. Number of design steps

* 03-step design for the Project items (within the scope of the EPC Contract)
* 02-step design for the remaining items
  1. List of standards and regulations: Details in the Document No. 23001-000-ITB-021 in the dossier of the Feasibility Research Report on adjusting the Project

1. Total investment amount, value of expenses on items within the total construction investment amount:

* Total construction investment amount adjusted (after tax): VND 36,397,266,324,000, equivalent to USD 1,489,859,448. Total investment amount includes capital in Vietnamese and foreign currencies. The calculated conversion rate applied is the foreign currency selling of the Bank for Foreign Trade of Vietnam dated December 12, 2023: USD 1 = VND 24,430
* Value of expenses on items within the total construction investment amount: Details according to the attached appendix.

1. Implementation progress: 37 months since the date of the signing of the EPC Contract; the Project is put into operation in 2028.
2. Investment capital and the expected plan to arrange the capital according to the implementation progress:

* According to the equity/loan capital structure of 40/60, the equity/loan capital structure of the Project will be considered and adjusted to suit the actual ability to balance the resources.
* On the equity: Accumulated from depreciation (if any), profit and share issuance for existing/new shareholders in case these above capital sources cannot meet the capital needs.
* On the loan capital: The investor hires a consultant to arrange capital in the form of Export Credit (ECA) and loans from domestic and foreign commercial banks.

1. Applied project management organizational form: The investor establishes a Project Management Board in combination with hiring a Project Management Consultant to support the investor in project management during the implementation phase of the EPC Contract.
2. Compensation, support and resettlement plan: The Project uses existing reserve land inside the refinery and expands an additional 41.01 hectares, which has been compensated, cleared and handed over to the investor by the People's Committee of Quang Ngai province.
3. Other contents: Details in the Dossier of Feasible Research Report on Adjusting the Project to Upgrade and Expand Dung Quat Oil Refinery completed by PVE, published on March 9, 2024, assessed by IBST, the Ministry of Industry and Trade and other Ministries/ Departments.

‎‎Article 2. Assign the General Manager to organize the implementation of the following works:

1. Organize to implement the Project as per the provisions of the current law, ensuring the progress, quality, safety, and the efficiency of the investment.
2. Research the measures to optimize the investment cost, increase the efficiency of the Project; control and manage strictly the investment expenses in the total investment amount in accordance with the current regulations in the upcoming phases of the Project.
3. After having selected the EPC constructor, review the parameters, update the efficiency of the Project, report to the Board of Directors to consider and decide before signing the EPC Contract.

‎‎Article 3. Members of the Board of Directors, the General Manager, the Deputy General Managers, the Head of the DQRE, and Heads of relevant departments of the Company are responsible for the implementation of this Decision.