



years

**UPHOLDING THE PIONEER SPIRIT**

## **PV Drilling**

**PETROVIETNAM DRILLING AND WELL SERVICE CORPORATION**

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## VISION

To be an internationally reputable and reliable drilling contractor and drilling-related services provider in the oil and gas industry.

## MISSION

Becoming a leading regional drilling services provider and drilling contractor, creating great value added for clients by delivering premium services at competitive prices.

## CORE VALUES

### PEOPLE

- Maintain positive workplace relationships with each other.
- Nurture passion by sharing knowledge, experience, ideas and information with each other.
- Create a positive workplace environment where every employee can learn, contribute, and excel in his/her field of work together with the continuous development of PV Drilling.
- Ensure the safety of our people and our workplace.

### INTEGRITY

- Always behave in accordance with the Law and our Code.
- Raise questions and concerns when we notice inappropriate acts.
- Preserve PV Drilling's as well as customers' assets.
- Being accountable for our own actions.

### PROFESSIONALISM

- Have the required skills and capability to do our work effectively and efficiently.
- Respect all commitments we have made and strive to generate the best results by taking suitable approaches to minimize costs.
- Constantly develop and innovate to provide value added services to clients.
- Make decisions based wholly on the interest of PV Drilling and the long-term interest of our clients and shareholders.

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Every day, we continue to conquer the sea, discover “the black gold” for the country. During 20 years of establishment and development, we have always been paving the way to pioneer in the oil and gas field, expanding service provision with premium quality and at competitive prices, creating more added values for our esteemed clients. Moreover, we shall continue to move to larger waters, conquering hard-to-reach markets, affirming our brand name on the oil and gas world map, continuing to promote the pioneering role in the next journey. Therefore, please trust on us: PV Drilling – A pioneer of Vietnam Drillers’.



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# Nurturing **ASPIRATION**

During 20 years of establishment and development (26/11/2001 - 26/11/2021), PV Drilling has always featured the spirit of difficulty overcoming and nurtured our aspiration to accomplish the targets and affirm the position in both domestic and international drilling markets.

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## LETTER FROM CEO

Mr Nguyen Xuan Cuong is PV Drilling's President & CEO. He is among the most enthusiastic drilling engineers with enormous devotion to the development of PV Drilling.

DEAR ESTEEMED SHAREHOLDERS, INVESTORS, PARTNERS AND CLIENTS,

In 2020, regardless of the dual impact caused by the declined oil price and the Covid-19 pandemic, we did achieve our annual business objectives. For and on behalf of the Board of Management, I would like to acknowledge and thank each and every employee, especially, the rig crew, who had worked on extraordinary shifts (2-3 months/shift), for their contribution to the successful drilling campaigns in Malaysia and Cambodia. Besides, I highly appreciate our team effort, given the tough job market caused by the plunged oil price, in promptly getting the contracts for PV DRILLING II and PV DRILLING III awarded after the early termination of those in Malaysia. The Year 2020 also marked PV Drilling's first footprint in Cambodia market through the provision of the drilling and tubular running services which have contributed to the delivery of the country's first commercial flow of oil.

The Global GDP had fallen by 3.9% due to the plunged crude oil price, which was at its lowest over decades and far worse than that caused by the 2009 financial crisis, and the Covid-19 pandemic. The dual impact had also caused energy demand to dive. The OPEC recorded that the average crude oil demand in 2020 was only about 90.26 million barrels/day, which was nearly 10 million barrels/day less than that in 2019. Besides, the fact that the crude oil price plunged to minus figure for the first time in history and that countries all over the world imposed travel restrictions have forced oil companies to either suspend or terminate their drilling activities. Although, the price slightly climbed from USD37/barrel to over USD60/barrel during the period from end of 2020 to early 2021, oil companies are not likely to re-activate their projects until travel restrictions are completely lifted and the pandemic are effectively controlled. In Vietnam as well as in Southeast Asia, that the number of

drilling projects is still low while the number of unemployed rigs is relatively high have resulted in fierce competition among drilling contractors. According to IHS, in Southeast Asia alone, only 26/61 jack-up rigs (42.6% utilization) were recorded as being contracted in February 2021.

The Malaysian clients did, amidst the above mentioned difficulties, early terminate the drilling contracts. As a result, our rigs, which had been operating in Malaysia, were all towed to Vung Tau in the second quarter of 2020. In order to overcome the challenge, we considered, at the time, that seeking jobs for the rigs and maintaining the safe and efficient operations of the fleet to be PV Drilling's top priorities. With our experience in management of crisis and risk (through our Risk Management System), we were able to develop all business scenarios, including the worst, with respective strategies. As a result, we kept the operation of the rigs in good shape while maintaining our workforce free from a single Covid-19 case. Besides, the fact that many expatriate employees could not fly over for crew change due to the movement control orders did seriously cause abrupt disruption to the crew changing of rig personnel. The swift implementation of the on-spot-time-off crew change policy and the internal succession planning program helped, fortunately, address the issue and enabled the rigs to maintain stable operations. 2020 was also the year when we built a new Drilling Equipment Set (DES) and reactivated the TAD PV DRILLING V in order to execute the Brunei Shell Petroleum's drilling campaign that is planned to be commenced in the third quarter of 2021.

As for the well technical services, apart from the provision of traditional services to customers in overseas market, we

## LETTER FROM CEO (continued)

have also developed several new services, such as well bore cleaning (provided to Hoang Long, JVPC), Safevision ® services (provided the first time to Rosneft's drilling campaign in 2020) and tubing straddle (performed by Vietnamese crew for Dai Hung's abandon/work over project. This service was earlier performed only by expats).

In spite of all the challenges mentioned, 2020 was still a successful year for us as we have contributed to the success of the drilling campaigns of our customers, such as those of Petronas Malaysia, Sapura Malaysia, Hibicus and that of Vietnam's oil and gas exploration and production through the new discovery in Soi Vang and Ken Bau fields. Especially, the year 2020 marked another significant milestone as PV Drilling established its first footprints in Cambodia market by providing the drilling and casing running tools services for KrisEnergy.

Owing to our efforts in maintaining the domestic market share while expanding that in overseas market, optimizing costs and enhancing corporate governance, we did manage to overcome the adversities and exceeded 2020's business targets. We recorded the total revenue of VND 5,229 billion and profit after tax of VND 186 billion equivalent to 112% and 273% respectively of the annual targets.

The essential factors that enabled us to achieve such business results are: (i) Close market monitoring and prompt response to customer's need; (ii) Consistent service quality, safe operations and high efficiency rate (99%); (iii) zero LTI record; (iv) effective performance in corporate governance, cost optimization and cash flow management; (v) successful

overseas market expansion of such services as: casing running in Malaysia, Thailand, Myanmar, Philippines, Pakistan, Cambodia & Middle East; manpower service in Japan; fabrication in Europe, Australia ...; (vi) the collection of 85% of bad debt from PVEP; (vii) effective management of the on-job training program which had accommodated the cost-effective approach of internal promotion; (viii) continuous cost optimization philosophy.

The outlook for 2021 may not be favorable either when the market is still unpredictable due to both the Covid-19 pandemic and its negative and widespread impacts on the market. Nevertheless, experts and organizations both forecast with optimism that the world economy will recover in 2021. According to an IMF's report, global economy growth is expected to bottom at the end of 2020 and early 2021 before recovering and to reach the annual growth rate of around 5.2% for the year 2021. The actual global growth rate in 2020 was 3.3%. The Organization for Economic Co-operation and Development (OECD) forecasted a rate of 4.2%, which is lower than earlier forecasted, with the belief that the worst situation has already passed. However, with the development of the vaccines, optimism is generally overtaking pessimism.

The adverse situations are forcing us to adapt ourselves to the new normal conditions, overcome the challenges and maintain the momentum. Especially, we will celebrate our 20-year anniversary in 2021 and at the same time, start another 5-year strategic planning cycle (2021-2025). We shall closely monitor the market so that appropriate decisions can be promptly made to minimize negative impacts on our business and to ensure the safe and effective operations of the rigs. We shall also complete the construction of Drilling Equipment Set (DES) and

re-activate the PV DRILLING V for Brunei Shell Petroleum's drilling campaign as scheduled. In addition, we will accelerate the expansion of the well technical services to overseas market; implement appropriate restructuring solutions; constantly review current service quality while at the same time develop new high-tech solutions; enhance corporate governance and competitiveness; and finally ensure safe operations of the fleet and quality of our services.

Being the pioneers of Vietnam drillers, we have determination, energy and belief which, among others, are all tailored, through 20 years of development, into our core values, namely, People, Integrity and Professionalism. We are therefore confident that PV Drilling will overcome any future challenges in order to achieve the business targets of 2021.

### Dear Shareholders, Investors, Partners and Clients,

For and on behalf of all PV Drilling's executives and staff, I would like to express our sincere thanks to Vietnam Oil and Gas Group, Shareholders, Investors, Partners and Clients for your trust and supports. I assure that PV Drilling always make every possible effort in doing the business in the best interests of customers and shareholders while at the same time paying our employees the fair income that they deserve. We do hope that you will continue to support and trust us so that we can continue to live up to our slogan of "The pioneer of Vietnam Drillers".

Last but not least, we would like to wish our Shareholders, Investors, Partners and Clients good health, great success and happiness.

**We shall confront many difficulties and challenges in 2021 which is also the year when we shall celebrate our 20th birthday anniversary. Up to now, we can pride ourselves on having the fleet of modern rigs, on being a reliable and reputable drilling and well technical services provider in Vietnam and regional market and on having an excellent team who constantly learn and innovate in order to create added value for customers through safe, effective and quality services. Being a pioneer of Vietnam driller, I believe that PV Drilling shall achieve the 2021's business targets as approved by the AGM.**

**NGUYEN XUAN CUONG**  
President & CEO

## NURTURING ASPIRATION

### Sowing seed of aspiration

The idea of PV Drilling's establishment in 1990s came from the dream and aspiration of a group of Vietnamese drilling crew who were working on the rigs of foreign joint ventures. Despite enjoying good remuneration compared to the market rate but they still held their ambition of building a domestic wholly owned drilling company to prove the competence of Vietnamese labor force in drilling field and to develop the oil and gas industry as well. At that time, almost oil and gas services in Vietnam were implemented by foreign companies with only a few Vietnamese technicians. The oil and gas market in Vietnam was completely under the control of foreign companies. In order to catch market's open opportunities, PTSC Offshore Enterprise, the former foundation of PV Drilling, was established in 1994.

With a strategic vision to develop the oil and gas industry to be a leading economic engine of the country and ensure the national energy security, Petrovietnam (Vietnam Oil and Gas Group) saw an imperative mission to set up a local company specializing in provision of drilling and drilling related services. Hence, the dream of a Vietnamese wholly owned drilling company became true with the appearance of PV Drilling on the oil and gas map on 26 November 2001 with its establishment from the infrastructure and facilities of PTSC Offshore Enterprise.

After its establishment, PV Drilling actively participated and successfully implemented 2 drilling campaigns for PIDC and Maurel & Prom at Mien Vong Hanoi with two chartered rigs named Century21 and ZJ50 during periods of 2001-2002 and 2004-2005. The success of these drilling campaigns remarkably helped PV Drilling to accumulate experiences in rig operation, local labor training and strength gaining to get ready for more challenging tasks in rig operation and management after PV Drilling implemented to invest its owned rigs. It is also the time for PV Drilling to complete its development strategy, applying quality management systems in accordance with international standards, reinforcing its internal resources so that its vision of "being an internationally reputable and reliable drilling contractor and drilling-related services provider in the oil and gas industry" soon becomes true.

### Nurturing aspiration

With the strategic Vision and Mission along with its best effort and high determination, PV Drilling officially signed the contract

of building its first offshore jack up drilling rig in 2005 after overcoming many various and numerous challenges related to investment procedures. However, with strong aspiration and great resilience, PV Drilling not only managed to overcome all obstacles but also made the year 2007 a key moment of its own history and the history of Vietnam oil and gas industry as in this year we simultaneously invested in and put into operation the two modern rigs, PV DRILLING I jackup rig and PV DRILLING II land rig. The jack up PV DRILLING I rig, which was invested at right time, got very good revenue and profit. This is a strong affirmation of PV Drilling's right strategy during early period. Moreover, PV DRILLING II, the land rig was invested to serve for the well development drilling campaign in Algeria. It is the first drilling campaign at overseas market, which set a solid foundation at foreign markets, gradually building the brand name of a Vietnamese driller at overseas markets.

During this period, PV Drilling was not only a pioneer that possessed, operated the rig fleet, increasing market share of traditional services including repair and maintenance, drilling tool rental and oil spill response services, etc. but also took the lead in developing advanced technical services by establishing Joint Ventures with international reputable partners such as BJ, Baker Hughes, Expro, Marubeni Itochu Tubulars, Oil States Industries, etc. In addition, PV Drilling developed and completed its scope of services ranging from traditional to high tech services, more importantly, the provision of Bundled services to the oil and gas contractors has brought many added values to the clients as our set Mission.

With fast steps and strong development, from a small enterprise with a few labors and a little facility, PV Drilling has rapidly developed into a professional drilling contractors, owning 6 modern drilling rigs with high operating efficiency rate, profit after tax recording VND 2,400 billion (2014), total value asset of above USD 1 billion dollars, modern corporate governance, HSEQ system, Risk management, Maximo, ERP Oracle, etc. with international standards, over 1,500 high skilled employees along with modern machinery providing for well technical, advanced services, all contributing to our brand name and competitive advantages of a regional ranking drilling contractor. With its professionalism, prestige and incredible performance, PV Drilling is highly appreciated by its partners and clients by implementing many successful drilling campaigns and receiving various domestic



## NURTURING ASPIRATION (continued)

and international prestigious awards. Especially, PV Drilling's rig fleet has continuously achieved Zero LTI (Without Lost time incident) certified by the International Association of Drilling Contractors (IADC) since the first days of operation. This is a great competitive advantage compared to its competitors, which helps to affirm PV Drilling's competency when participating in bidding at foreign markets.

### Nurturing aspiration

During 20 years of development, PV Drilling has overcome countless challenges, obstacles to follow the Vision of "To become an international reputable and reliable drilling contractor and drilling related service provider in the oil and gas industry". Originated from the drillers' aspiration, PV Drilling has written out its most memorable history with the fastest growth during the market's blossom and remaining business performance under slump oil prices.

The spirit of the pioneer of Vietnam's drillers showed more clearly during the period of 2015-2019 when the global oil and gas industry fell into crisis with low oil price due to the imbalance of oil demand and supply. Oil price about over USD 100 per barrel at quarter 2, 2014 dropped to the bottom of USD 27.76 per barrel at quarter 1, 2016, leading to the decrease of 50% - 70% in day rates, workload, service prices and more than 40 jackup rigs redundant in Southeast Asia region. The global drilling industry witnessed the disappearance of many big companies due to serious losses, M&A or name changes. In 2020, under the outbreak of the coronavirus pandemic, the oil and gas industry continued to fall into the most serious crisis ever when the WTI crude oil price traded at around negative \$37 per barrel in April, 2020.

With the resilience and spirit, PV Drilling, a young Vietnamese drilling contractor managed to overcome all obstacles and built up its competitiveness by implementing effective measures such as cost optimization based on ensuring the safety in operation and service quality, successfully implementing the strategy of service expansion to overseas market. While workload is nowhere to be seen at the domestic market, PV Drilling has successfully sent 5/6 rigs abroad at the peak time, adding to the achievement of operational efficiency rate, strengthening competitiveness, building up the brand name and ensuring financial health. Thanks to the instant implementation of effective measures responding to sustained low oil crisis, PV Drilling has fulfilled all business indicators, remaining business operation stably during the difficult time, implementing many successful drilling campaigns in Myanmar, Malaysia, Thailand, Algeria and Cambodia, making the brand name of Vietnamese drilling contractor shiny in the regional markets.

"Where there is a will, there is a way", PV Drilling firmly believes that with the aspiration, belief and efforts of all management and staff, we will achieve more remarkable successes in the future journey stretching further ahead. We will build more strength to compete with other international competitors, lifting the brand name of PV Drilling reaching for new heights, conquering the most demanding drilling markets, contributing to our journey of sustainable growth with strong, competent, high-skilled labor force, a distinctive corporate culture, completing annual business plans with highest results, increasing market shares, developing an ideal working environment which is the destination for talents. In the meantime, our success will definitely contribute to and brighten the success of Vietnam oil and gas industry.

**PV Drilling would like to send the most sincere thanks to Petrovietnam's managements of all generations, the government agencies, our valued clients and partners, esteemed shareholders and investors for trusting and supporting PV Drilling on its 20-year development journey (November 26, 2001 – November 26, 2021). In particular, PV Drilling would like to express our deepest gratitude to the BOD and all employees of PV Drilling of all generations for their aspiration, great contributions, persistent efforts in planning the development strategy, setting the Vision and Mission, completing annual outstanding business performance, effective corporate governance, building such a strong and professional drilling contractor, creating added values by delivering services with premium quality at competitive prices. This is truly our Mission for the next journey.**



Starting from the aspiration of Vietnam drillers, PV Drilling has written many glorious pages with rapid growth rate when the oil and gas market blossomed and well maintaining business performance in times of challenges and turbulences. On the journey ahead, PV Drilling will continue to raise the flag of aspiration, igniting faiths, strengthen team cohesion, complete annual business plans as well as drilling campaigns domestically and internationally with highest results; moreover, we will continue to increase market share and conquer other drilling markets even those which are regarded as the most demanding. Last but not least, we shall confront all with an unwavering determination, solidarity and innovation and promote the spirit of the Pioneer and bring the brand name "PV Drilling" over the world in years to come.





# COMPANY PROFILE

## I. Scope of business.

### Drilling services

- Managing and operating offshore rigs.
- Managing and operating semi-submersible tender assist drilling rigs.
- Managing and operating onshore rigs.

### Well technical services.

- Cased hole logging.
- Slick line.
- Mud logging.
- Well testing.
- Well perforation - TCP.
- Explosive storage and transportation.
- Casing/Tubing running.
- Drilling tools/Tubular rental.
- Well bore clean up.
- Expandable liner.
- Managed pressure drilling and software.
- Filtration.
- Casing accessories.
- Directional drilling and surveying.
- Measurement while drilling.
- Coring.
- Geophysical measurement of drilling well (excluding the exploiting Karota measurement).
- Liner hanger.
- Casing exit.
- Drilling Bits.
- Gravel pack.
- Intelligent well completion.

- Mine exploitation technology.
- Cementing.
- Stimulation and coil tubing.
- Well completion.
- Solid separation, sand handling.
- Fracturing.
- Pipeline inspection, repair and cleaning.
- Repair, maintenance services related to the above mentioned.
- Implementation of the export right, import right, right of whole sale distribution, right of retail sale distribution of goods not in the list of goods prohibited for export, prohibited for import and list of goods banned for distribution according to the regulations of the Vietnamese laws or not subject to limitation according to the international agreements of which Vietnam is a signatory.

- Rental surface and subsea wellheads, mudline suspension, cold casing cutting services.
- Hydraulic workover services, well plug and abandonment.

- Well testing and Early production.
- Production well clean-up and appraisal.
- Surface sand control and monitoring.
- Surface and downhole sampling services.

- Surface equipment and services for rig and drilling campaigns.
- Equipment and services for WHPs and operations.

### Manpower and training program services

- Wellsite geologist.
- Manpower and technical consultancy services.
- Drilling manpower supply.
- Training and certification.
- Labour supply

### Inspection, repair, maintenance and workshop services

- Onshore and offshore tubular, tools, structural inspection and maintenance (API, DS-1, NS-2, etc.).
- Turning, threading and machining (Licensed from API, NOV Grant Prideco, TenarisHydril, TenarisNKK, TPS, etc.) for threading and recut of drill stems; fabrication of various types of Subs, X-Overs, pup joints, BHAs, other drill stems, etc.).
- Flanges and well-head components fabrication (API 6A license for fabrication and repair of flanges, flanged connectors, T-cross, hubs, test stump, adaptor spools, double studded adaptors, etc.).
- Hard banding and stabilizer redress (Amco 100XT, 150XT, 300XT, 350XT, TCS Titanium, Duraband NC, Amarcor MStar, HF1000, HF2000, HF3000, HF5000 for mag and non-mag materials; etc.).
- Onshore and offshore structure welding and fabrication (tension deck pipeline, container, basket, etc.).
- Fabrication of various types of slings for oil field and other industries (LEEA full member).
- Containers, other transportation equipment and lifting gears proof load testing and certification (process/procedure audited and approved by DNV GL; full member of LEEA).
- Wellhead and completion equipment maintenance and high pressure hydrostatic test.
- Drilling and fishing jars service.
- Oilfield conductor pipe welding service.
- Industrial rope access inspection and repair.
- Under water/subsea inspection and repair (UWILD).
- PRV testing and calibration (PRV).
- Wire rope NDT.
- Conductor management services including connector manufacturing, conductor running, repair and maintenance.
- Trading/procurement services for oil and gas and other industries.

- Design/engineering/fabrication services for mounted skids, pressure vessels, etc., including high precision machining workshop.
- Maintenance and after sale services.

- Supply oil country tubular goods (OCTG), production tubing, drill pipe, pipeline, and related accessories, material, equipment for oil and gas and other industries.
- Provide total tubulars management services include but not limit to warehousing services, inspection and maintenance, transportation and logistics service.

- Provide machining services to cut threads for the oil and gas industry. This can involve the cutting of new threads on plain end casing or tubing; manufacture and maintenance of connectors from coupling.
- Metal processing, including cutting, shaping and metal structures hardening.
- Precision mechanical processing of large details on automatic machines.
- Technical services (fire prevention and fighting, marine, inspection/survey, technical commercial, designing, installation, repair and maintenance, consultancy and engineering services).

### Oil spill response and environmental impact assessment services

- Respond to oil spill incident to level I/II/III.
- Survey, consult and plan for oil spill response.
- Organize training courses related to oil spill response service (IMO I, II, III, etc.).
- Cleaning oil tanks of floating vehicles and oil tanks.
- Survey, consult and prepare reports on environmental impact assessment.



## COMPANY PROFILE (continued)

### 2. Business areas

With the ownership of 04 jackups, 01 semi-submersible tender assist drilling (TAD) rig and 01 land rig, PV Drilling currently holds about 50% of domestic drilling market.

Other technical services: PV Drilling currently dominates about 80% - 100% market share of manpower, threading and oil spill response services.

### 3. Overseas markets

#### Algeria:

The land rig PV DRILLING 11 has served for clients' drilling campaigns in this country since 2007.

#### Singapore:

In 2013, PV Drilling established the joint venture PV Drilling Overseas to invest and operate drilling rigs. Hence, the PV DRILLING VI rig, invested by PV Drilling Overseas, started to serve for drilling campaigns from early March, 2015.

#### Myanmar:

The Myanmar subsidiary has been established in accordance with the Decision No. 01/03/2015/QD-HDQT dated March 4th, 2015 of PV Drilling's Board of Directors, and Certificate of Incorporation No. 594/CNDK-SCT dated June 18th, 2015 issued by Ho Chi Minh City Department of Industry and Trade. Its registered office is located at No. 33/36, Garden Street (U Yin Lane), Bahan Township, Yangon, Myanmar.

#### Malaysia:

In 2017, PV Drilling succeeded in having the Certificate of Branch Establishment in Malaysia. Previously, PV Drilling established its representative office in this country in 2012. Malaysia was considered the most promoting and potential market in the region when PV Drilling is among the popular drilling and well technical contractors in this market.

#### Brunei:

In February 2020, PV Drilling's Board of Directors issued Resolution No. 02/02/2020/NQ-HDQT dated February 25th, 2020 on establishing Brunei branch. This branch aims to assist the management and operation of the TAD – PV DRILLING V rig, expected to serve for a drilling campaign of Brunei Shell Petroleum (BSP) from quarter 3 of 2021.

### 4. PV Drilling's position:

PV Drilling has been managing and operating effectively and efficiently its rig fleet for the clients both domestically and

internationally, thereby building up its prestige and increasing its competitive advantages.

Currently, our direct competitors at Southeast Asia market can be listed such as Aban Offshore, Borr Drilling, COSL, JDC, Shelf Drilling, Valaris, Vantage, Velesto Energy, etc. among those who possess a large number of drilling rigs and their markets spread all over the world. However, in term of jackup rig operating at Southeast Asia, PV Drilling is ranking No. 2 with 4 jackup rigs operating continuously and efficiently, only after Velesto Energy from Malaysia with 7 jackup rigs.

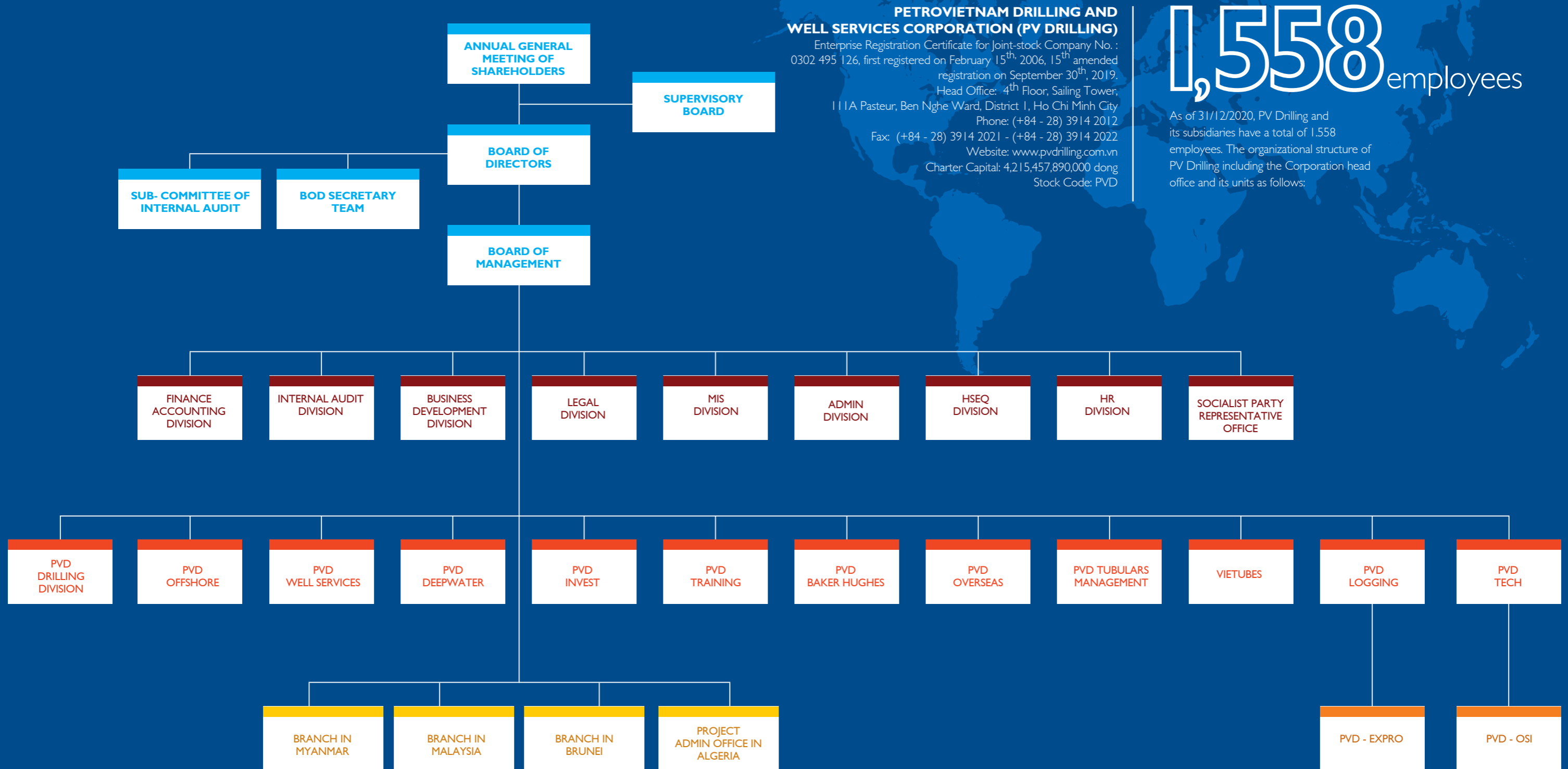
Owning an effective rig operation system and a skilled, qualified drilling crew, PV Drilling has constantly been upgrading its position by implementing successful drilling campaigns at different areas in many countries such as Malaysia, Thailand, Myanmar, Cambodia and Vietnam. Our owned rig fleet always operates safely and efficiently, assisting the clients to complete the campaign ahead of schedule in term of time and operating cost. Therefore, PV Drilling is fully capable of competing with any drilling contractors in Southeast Asia drilling market.

Compared to 2019, PV Drilling has successfully maintained its position in the regional market despite operating in the context of full challenges and turbulences due to the outbreak of the Covid-19 pandemic. However, to say in another way, the pandemic has helped PV Drilling to accumulate more experience and grow stronger. We firmly believe that now PV Drilling can compete with any fierce competitors on the market.



On the second half of 2020, PV Drilling sent all 4 owned jackup rigs to serve at overseas markets. During the year, PV Drilling has chartered other 3 jackup rigs for domestic drilling demand.

# ORGANIZATIONAL CHART



## PETROVIETNAM DRILLING AND WELL SERVICES CORPORATION (PV DRILLING)

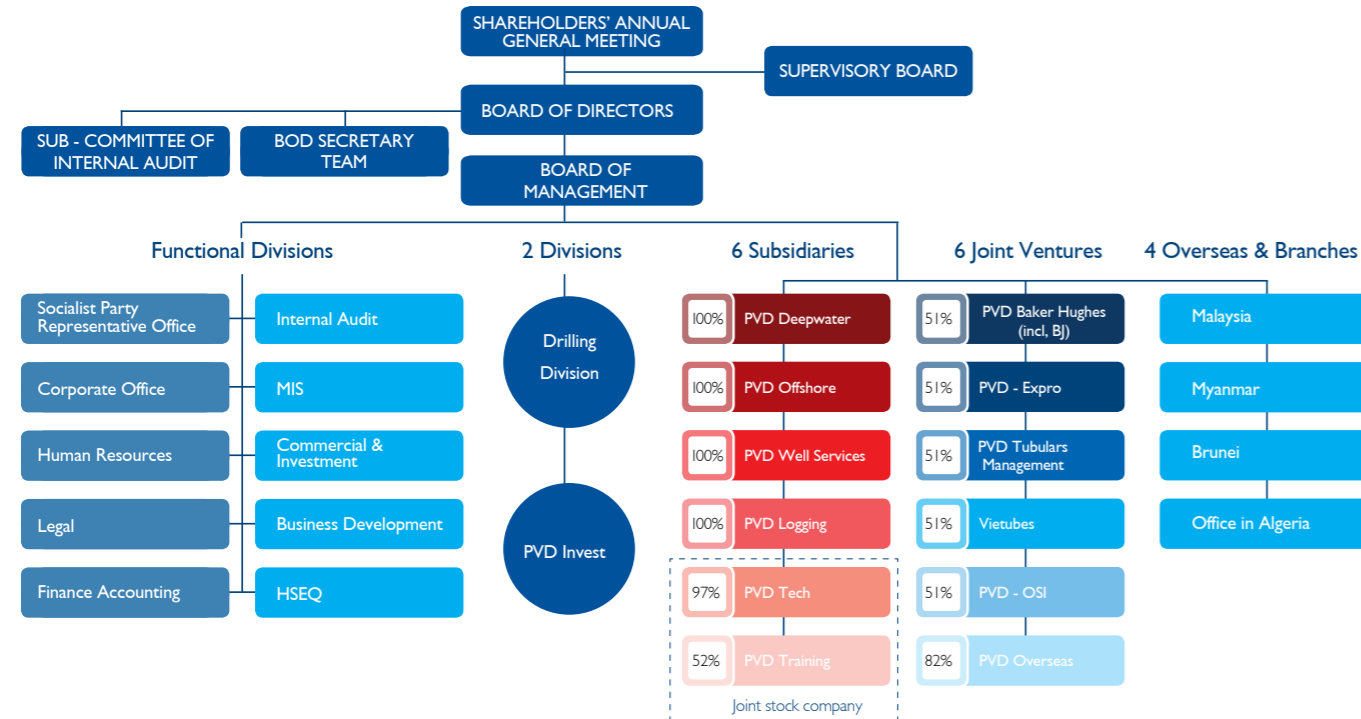
Enterprise Registration Certificate for Joint-stock Company No. : 0302 495 126, first registered on February 15<sup>th</sup>, 2006, 15<sup>th</sup> amended registration on September 30<sup>th</sup>, 2019.  
 Head Office: 4<sup>th</sup> Floor, Sailing Tower, 111A Pasteur, Ben Nghe Ward, District 1, Ho Chi Minh City  
 Phone: (+84 - 28) 3914 2012  
 Fax: (+84 - 28) 3914 2021 - (+84 - 28) 3914 2022  
 Website: www.pvdrilling.com.vn  
 Charter Capital: 4,215,457,890,000 dong  
 Stock Code: PVD

# 1,558

 employees

As of 31/12/2020, PV Drilling and its subsidiaries have a total of 1,558 employees. The organizational structure of PV Drilling including the Corporation head office and its units as follows:

# CORPORATE GOVERNANCE MODEL AT PV DRILLING



In the early days of the establishment, a lean and professional corporate governance model was identified by the Board of Management as the most important factor in longterm development strategy which guarantees business growth and directs sustainable development goals. A comprehensive corporate governance model has brought more opportunities and created competitive advantages in the context of oil and gas market fluctuation.

PV Drilling implemented equitization and has been operating under the form of holding company and subsidiaries since 2005. Following this management model for 15 years, PV Drilling has been continuously implementing, monitoring and modifying corporate governance in accordance with the newest guidances and international practices. This model perfectly allocates responsibility between holding company and subsidiaries and the roles between the Board of Directors and the Board of Management. This policy not only actively creates more room for subsidiaries to implement operation activities but also enhances the management efficiency of the holding company. In addition, management specialization model in accordance with international standards helps PV Drilling maintain the efficiency of corporate governance, monitor all internal operation activities, improve the professionalism and increase labor productivity. Based on Corporate Governance model, PV Drilling became the second company over the world established joint venture with top 3 global corporation. This partnership created more opportunities to provide from traditional services to high technical services in the form of Bundle services which reducing costs and saving time from client's drilling campaigns.

### The relationship between the Corporation and its subsidiaries, joint ventures

The Corporation has established subsidiaries, joint ventures and affiliated entities in both Vietnam and overseas based on functional specialization of PV Drilling's business model. All services of the holding company, subsidiaries and joint ventures are integrated, supported each other and must not be overlapped in supply chain services.

### Operational coordination mechanisms between the Corporation and its subsidiaries

Each subsidiary of the Corporation provides a special service in a range of main business cores including drilling rigs and drilling related services, the coordination between the Corporation and its subsidiaries ensures service quality providing to customers and generates a competitive advantage for the Corporation comparing to other drilling contractors.

Furthermore, the Corporation has oriented and coordinated activities on the principles of equality and agreement among the subsidiaries, which is taking advantage of internal resources to optimize value-added to customers, shareholders and other stakeholders.

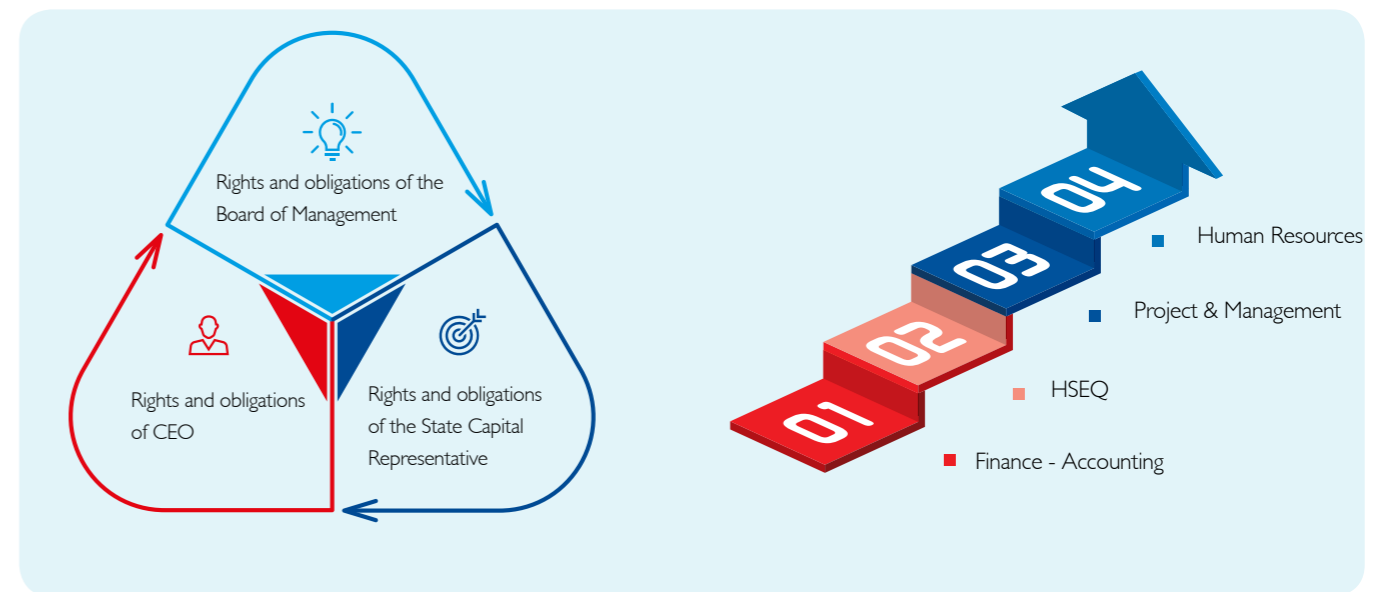
### 1. The subsidiaries that the Corporation owns 100% of the charter capital

The relationship between the Corporation and its wholly owned subsidiaries is regulated and implemented in accordance with the charter of the Corporation, the financial management regulation of the Corporation, the Charter of subsidiaries, Financial management regulations of subsidiaries, Regulations of representative and other regulations obligated by the Corporation and the current Laws.

Additionally, the decentralization policies and reporting are strictly and clearly regulated by the Corporation which helps the subsidiaries actively make decisions in their production activities as well as implement reporting system in a complete, accurate and timely manner.

### 2. The other subsidiaries, joint ventures partners and affiliates

Functions of corporate governance allocated to the Board of Management, especially in subsidiaries, are specifically regulated under the instructions of Management Regulations, the Charter and the Regulations, as well as other provisions of the Corporation. Functions of corporate governance allocated to the Board of Management, are specifically are defined as follows:



Depending on the contributed capital ratio, the Corporation has separate governance mechanisms based on the roles for the State Capital Representative, the Charter of the Corporation, Financial management regulations, internal management guidances and the laws in Vietnam and other related countries.

## ADVANCED MANAGEMENT SYSTEM

PV Drilling has built an advanced corporate governance including: Enterprise Resource Planning - ERP Oracle phase I-II-III, Inventory management system (Maximo); Risk Management System in accordance with international standards such as ISO 31000 and COSO; Reliable Maintenance Control (RCM); ISO 9001:2015 for quality management, ISO 14001:2015 for environment management and OHSAS 18001:2007 for safety management.

Based on advanced Corporate governance, the Corporation builds corporate governance on vertical management orientation (top-down management) from the Corporation to its subsidiaries based on core activities and functions such as: Drilling activities; Finance - Accounting; Safety and Quality; Commerce and Investment; HR and Training, etc.

# HISTORY AND MILESTONES (2001-2020)



An aerial night-time photograph of a large offshore oil rig. The rig is illuminated with various lights, including yellow and blue. A prominent feature is a helipad at the bottom of the frame, marked with a large 'H' and the number '22'. The rig's complex structure of steel beams and platforms is visible against the dark sky.

# Conquering New Heights

PV Drilling strongly believes that there is no height that can't be reached. Neither is the drilling market. All are challenges which PV Drilling will step by step overcome in the next journey.

[Awards and Accolades \(2001 - 2020\)](#)

[Significant milestones in 2020](#)

[Introduction of the Board of Directors](#)

[Report of the Board of Directors](#)

[Corporate Governance Report](#)

[Introduction of The Supervisory Board](#)

[Report the Board of Supervisors](#)

[Introduction of the Board of Management](#)

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[Financial Highlights in 2020](#)

[Stock Information - PVD](#)

[Stock Information Charter Capital/ Shareholders](#)

# AWARDS AND ACCOLADES (2001 - 2020)



**THE LABOR MEDAL OF FIRST GRADE HONOR**

The President of the Socialist Republic of Vietnam



**THE BEST OIL AND GAS DRILLING CONTRACTOR IN ASIA**

World Finance



**TOP 50 BEST LISTED COMPANIES IN VIETNAM**

Forbes Việt Nam



**THE MOST ADMIRABLE ASEAN ENTERPRISE IN GROWTH - LARGE COMPANY CATEGORY AWARDED BY ASEAN BUSINESS AWARD COMMITTEE**

ASEAN Business Advisory Council



**TOP 50 ENTERPRISES WITH LARGEST CONTRIBUTION TO THE NATIONAL BUDGET IN VIETNAM**

VIETNAM REPORT



**TOP 50 HIGHEST TAXPAYERS IN VIETNAM**

Vietnam Report



**TOP 49 ENTERPRISES WITH BEST LABOR INCENTIVES**

Ministry of Labor, Invalids and Social Affairs



**TOP 10 PROMINENT EQUITIZED STATE COMPANIES**

The President of the Socialist Republic of Vietnam



**THE CERTIFICATE OF ZERO LTI (WITHOUT LOST TIME INCIDENT)**

IADC



**GOLDEN AWARD IN THE NATIONAL QUALITY RANKING IN THE CATEGORY OF LARGE SERVICE COMPANIES.**

General Department of Standards, Metrology and Quality



**TOP 10 BEST ANNUAL REPORTS (10 CONSECUTIVE YEARS SINCE 2010)**

State Securities Commission of Vietnam



**THE FIRST PRIZE FOR SUSTAINABILITY REPORT**

State Securities Commission of Vietnam



**TOP 3 LISTED COMPANIES WITH BEST IR ACTIVITIES**

Viet Stock



**RECOGNITION LETTER AND ACHIEVEMENT AWARD FROM CLIENT**

Mitra Energy Limited



## SIGNIFICANT MILESTONES IN 2020

**01**  
MILESTONES

**PREVENTION MEASURES AGAINST CORONAVIRUS PANDEMIC ON OFFSHORE FACILITIES, IN OFFICES AND ONSHORE WORKSHOPS, ETC.**



Successfully implementing important prevention measures against Covid-19 on offshore facilities, in offices, onshore workshops, etc. Hence, PV Drilling managed to maintain its business operation stably and continuously with no cases affirmed with Covid-19 at the whole Corporation in 2020.

**02**  
MILESTONES

**ASSISTING TO PRODUCE THE FIRST TRADE OIL IN CAMBODIA**



PV Drilling successfully conquered and penetrated Cambodian drilling market by signing the first drilling contract while workload was very low. On December 29, 2020, PV DRILLING III rig marked the milestone by the first commercial extraction from oil well offshore, near the Southeast sea of Vietnam. Cambodian Prime Minister Hun Sen considered it a blessing for the nation and its people as well.

**03**  
MILESTONES

**SUCCESSFULLY DEVELOPING NEW SERVICES**



Successfully developing new services up to the client's expectation such Well bore clean up and Safe vision service. These new services started to provide to clients and gradually got significant results.

**04**  
MILESTONES

**MAINTAINING OPERATIONAL EFFICIENCY RATE OF THE JACKUP RIGS ABOVE 99.5% IN 2020**



This is remarkably PV Drilling's great effort in the context of Covid-19 pandemic and border blockage among countries, which badly affected the shift-changing plan from 28 days as usual to 61 days.

**05**  
MILESTONES

**ZERO LTI ACHIEVEMENT**



It is the award of the International Association of Drilling Contractors (IADC) for achievement of rig operation without lost time incident. In 2020, PV Drilling's rig fleet was accredited by IADC including: PV DRILLING I rig achieved 13 consecutive years with Zero LTI on March 10, 2020; PV DRILLING II rig achieved 11 consecutive years with Zero LTI on September 15, 2020 and PV DRILLING VI rig achieved 5 consecutive years with Zero LTI on February 28, 2020. This is the most important achievement of PV Drilling and the top criteria for clients and partners to take into consideration when selecting the best drilling contractor for their drilling campaigns.

**06**  
MILESTONES

**IMPLEMENTATION OF THE INVESTMENT IN BUILDING A DRILLING EQUIPMENT SET FOR THE DEEPWATER PV DRILLING V RIG**



PV Drilling implemented the investment in a drilling equipment set (DES) and the reactivation of the TAD – PV DRILLING V so that the TAD rig can serve for the drilling campaign of Shell Brunei BSP in Brunei from quarter 3/2021 as planned.



## SIGNIFICANT MILESTONES IN 2020 (continued)

### 07 MILESTONES

#### EXCEEDING 2020'S BUSINESS PLAN



In 2020, PV Drilling achieved VND 5,229 billion of revenue and VND 186 billion of the profit after tax, equivalent to 112% and 273% of the plan amidst the Covid-19 pandemic in which Brent oil price dropped at the lowest level for 18 years, leading to clients' delayed drilling campaigns, low drilling market's demand and day rate downturn.

### 08 MILESTONES

#### CERTIFICATE OF MERIT



Petronas, one of our important clients has sent a Certificate of Merit for our significant contribution in successfully completing their drilling campaign, especially with great safety operation during the campaign in 2020.

### 09 MILESTONES

#### THE BEST ANNUAL REPORT IN 2020



PV Drilling was honored to receive the best annual report award in 2020, ranking No. 3 in the list of Top 10 best annual reports of large-cap listed enterprises.

### 10 MILESTONES

#### IR AWARDS 2020



PV Drilling was honored to be named as Top 3 Investor Relations Award 2020 (Mid-Cap). This outcome was an evidence for its effort in consecutive years in terms of delivering the financial information and business development strategy in short-term and long-term which was oriented by the Board of Management to investor relations team.

Our most outstanding achievement in 2020 is our quick flexibility to new situation and timely developing lines of defense to ensure our business operation stably and continuously. In addition, we continue to expand our drilling map to Cambodia with a successful drilling campaign, bringing the first commercial crude oil flow, promising to offer us new opportunities of service provision at this country in the future.

# INTRODUCTION OF THE BOARD OF DIRECTORS



Joining the oil and gas industry since 1992, Mr. Pham Tien Dung has gained more than 29 years of professional experience. Mr. Dung is among the first executives at PV Drilling. He is also the first director of PVD Drilling Division, directly in charge of managing and operating the rig fleet. He is currently a Chairman of PV Drilling's Board of Directors.



**Date of birth:** 1967

**Date of appointment:**  
12/4/2019

**Education:**

- Bachelor of Science (Mechanical Engineering)
- Bachelor of Art (English)

**Mr. PHAM TIEN DUNG**

Chairman, PV Drilling's Board of Directors

**Experience:** 29 years of experience in the oil and gas industry.

**Field of charge:** Responsible for General Direction, Strategy and Business Innovation of the Corporation; conduct Chairman's obligations as specified in PV Drilling's Charter and applicable laws.

**Employment History:**

4/2019 - present	Chairman of PV Drilling's Board of Directors;
8/2010 - 4/2019	BOD member cum President & CEO, PV Drilling;
2009 - 8/2010	Vice President & COO, PV Drilling;
2005 - 2009	Vice President of PV Drilling, Director of PVD Drilling Division;
2001 - 2005	Director of Drilling Services Enterprise, PV Drilling;
1997 - 2001	Manager of PTSC Offshore Services Center;
1992 - 1997	Worked in different multinational corporations in Singapore, Australia, and Thailand...

**Concurrent positions:** Vice President of Petrovietnam.



Mr. Do Duc Chien has 22 years of experience in the oil and gas industry. He joined PV Drilling's Board of Directors in 2010. From 2015 up to present, he has held the position of Vice Chairman. He is responsible for commerce, planning and internal policies for the workforce of PV Drilling.



**Date of birth:** 1963

**Date of appointment:**  
29/4/2016

**Education:**

- Bachelor of Law
- Bachelor of Politics

**2 Mr. DO DUC CHIEN**

Vice Chairman, PV Drilling's Board of Directors

**Experience:** 22 years of experience in the oil and gas industry.

**Field of charge:** Responsible for commerce, planning and internal regulations and policies for the Corporation.

**Employment History:**

12/2015 - present	Vice Chairman of PV Drilling's Board of Directors;
4/2010 - 11/2015	Chairman of PV Drilling's Board of Directors;
2009 - 2010	Chairman of Petrosetco;
2007 - 2009	Chairman of Petroland;
2007	Deputy Director, Southern Construction Projects Management Committee, Petrovietnam;
1999 - 2006	Corporate Office Manager, Standing Deputy Secretary, Party Committee Secretary of Petroleum Sector in Ho Chi Minh City;
1988 - 1999	Administration Manager, Material Procurement Manager, Transportation Investment and Development Company;
1983 - 1987	Worked at Guard Division, Ministry of Police.

# INTRODUCTION OF THE BOARD OF DIRECTORS (continued)



Mr. Nguyen Xuan Cuong has over 28 years of management experience in the oil and gas industry, especially with the position of Managing Director of PVD Drilling Division, he directly managed and operated PV Drilling's rig fleet in the period of 2010-2019. He has held the position of PV Drilling's BOD member cum President and CEO since April, 2019.

### 3 Mr. NGUYEN XUAN CUONG

Member of the Board of Directors cum President & CEO, PV Drilling



**Date of birth:** 1968  
**Date of appointment:** 26/4/2019  
**Education:**  
 – Bachelor of Science (Drilling Engineering)  
 – Master of Business Administration

**Experience:** 28 years of experience in the oil and gas industry.

**Field of charge:** Generally direct and manage the sustainable growth, legislation and business operation of PV Drilling.

#### Employment History:

4/2019– Present	Member of the Board of Directors cum President & CEO, PV Drilling;
9/2010 - 4/2019	Vice President, PV Drilling and Director of PVD Drilling Division;
6/2008 – 9/2010	Vice President, PVEP;
2005 – 2008	Director/Deputy Director of Operation Division, PVEP - Algeria;
2003 – 2005	Deputy Manager/Manager of Drilling Operation Department, PIDC;
2001 – 2003	Manager of Hanoi Basin Project/ Amara Project, PIDC;
1999 – 2001	Drilling Engineer, Unocal;
1996 – 1999	Drilling Engineer, PVSC
1992 – 1996	Working at PTSC.

**Concurrent positions:** Chairman of PVD Overseas and Vice Chairman of PVD Baker Hughes.



Mrs. Nguyen Thi Thuy has 32 years of experience in the field of financial accounting. She joined PV Drilling since its first day of establishment. During the period of 2008 - 2017, she held the position of Head of Supervisory Board. Since then, she has worked as a non-executive member of PV Drilling's Board of Directors.

### 4 Mrs. NGUYEN THI THUY

Non-executive member, PV Drilling's Board of Directors



**Date of birth:** 1968  
**Date of appointment:** 24/8/2017  
**Education:**  
 – Bachelor of Economics (Finance and Accounting)  
 – Master of International Business Administration

**Experience:** 32 years of experience in the field of financial accounting.

**Field of charge:** Provides independent assessment of accounting, finance and audit of PV Drilling.

#### Employment History:

8/2017 – Present	Non - executive Member, PV Drilling's Board of Directors; Chief Accountant, NASOS;
2008 – 8/2017	Head of Supervisory Board, PV Drilling; Chief Accountant, NASOS;
2007 – 2008	Chief Accountant, NASOS, Member of Supervisory Board, PVD Invest;
2003 – 2007	Chief Accountant of Drilling Division, PV Drilling Accountant in Drilling Division, PV Drilling;
2002 – 2003	Accountant in Drilling Division, PV Drilling;
1989 – 2001	Accountant at Trading, Construction & Investment Co., Ba Ria-Vung Tau.

**Concurrent positions:** Chief Accountant of NASOS;

# INTRODUCTION OF THE BOARD OF DIRECTORS (continued)



Mr. Van Duc Tong has 40 years of experience in the field of drilling machinery and oil and gas production. He is among the few knowledgeable Vietnamese experts in the field of rig building. He directly joined all of PV Drilling's rig building projects. Mr. Tong is currently an independent member of PV Drilling's Board of Directors.

## 5 Mr. VAN DUC TONG

Independent member, PV Drilling's Board of Directors



**Date of birth:** 1953

**Date of appointment:**

27/4/2018

**Education:**

– PhD of Petroleum Machine & Equipment at Petroleum University of Rumania

**Experience:** 40 years of experience in the oil and gas industry.

**Field of charge:** Provide independent assessment of investment, HSEQ activities and rig management of PV Drilling.

### Employment History:

4/2018 – Present	Independent member, PV Drilling's Board of Directors;
8/2007 – 10/2014	Vice President of PV Drilling cum Chairman of PVD Offshore;
01/2006 – 07/2007	Vice President of PV Drilling;
11/2002 – 12/2005	Deputy Director of PV Drilling;
01/2001 – 10/2002	Manager of Engineering, Energy, Automation Division, Vietsovpetro;
01/1994 – 12/2000	Chief Engineer of Offshore Drilling Division, Vietsovpetro;
01/1991 – 12/1993	Deputy Engineer Manager of Offshore Division, Vietsovpetro;
11/1988 – 12/1990	Deputy rig manager (in charge Engineering & Electricity), Rig No.3, Vietsovpetro;
11/1984 – 10/1988	Engineer Manager of Rig No.3, Vietsovpetro;
11/1983 – 10/1984	Staff at Training Center, Vietsovpetro;
6/1981 – 10/1983	Electrical Engineer, Thai Binh Oil & Gas Company.



Mr. Nguyen Van Toan joined PV Drilling's BOD in April, 2019. As an independent member of PV Drilling's BOD, he is responsible for fields of scientific research and IT application, international relationship. He also assists the Corporation to work with PVN and other governmental departments in the North of Vietnam.

## 6 Mr. NGUYEN VAN TOAN

Independent member, PV Drilling's Board of Directors



**Date of birth:** 1953

**Date of appointment:**

26/4/2019

**Education:**

– Bachelor of Engineering (Drilling and Production) at Ploiesti University (UPG), Rumania.

**Experience:** 43 years of experience in the oil and gas industry.

**Field of charge:** Provide independent assessment of scientific research and IT application, international relationship and assist the Corporation to work with PVN and other governmental departments in the North of Vietnam.

### Employment History:

4/2019 - Present	Independent member of PV Drilling's Board of Directors; member of Executive Board of Vietnam Petroleum Association;
9/2013 - 4/2019	Member of Executive Board of Vietnam Petroleum Association;
2009 - 9/2013	Director of Production Division, Petrovietnam;
2002 - 2013	Executive, Deputy Director of Production Division, Petrovietnam;
1994 - 2002	Drilling executive, Exploration and Production Division, Petrovietnam;
1989 - 1994	Drilling engineer, Manager of Drilling Supervision Department of Petrovietnam I;
1982 - 1989	Exploration engineer, Deputy director of Gas division, Petrovietnam I in Thai Binh;
1978 - 1982	Exploration engineer, PetroVietnam.

# INTRODUCTION OF THE BOARD OF DIRECTORS (continued)



Mr. Hoang Xuan Quoc joined PV Drilling's Board of Directors in June 2020. He is a Ph.D in Mechanical Engineering - Combustion & Heat Transfer. He possesses 26 years of experiences in the oil and gas industry and he has held many major management positions. He currently works as an Independent Member of PV Drilling's Board of Directors and a Director of Energy of VinaCapital.



**Date of birth:** 1957

**Date of appointment:**

18/6/2020

**Education:**

- Ph.D in Mechanical Engineering - Combustion & Heat Transfer, France 1991;
- Bachelor of Economics.

## 7 Mr. HOANG XUAN QUOC

Independent member, PV Drilling's Board of Directors

**Experience:** 26 years of experience in the oil and gas industry.

**Field of charge:** Provide independent assessment of investment and finance of PV Drilling.

### Employment History:

- |                   |  |
|-------------------|--|
| 6/2020 - Present  | Independent member of PV Drilling's Board of Directors;<br>Director of Energy of VinaCapital;      |
| 6/2019 - 6/2020   | Director of Energy of VinaCapital;   |
| 3/2018 - 5/2019   | Deputy Country Director, Gulf Energy Development Company Ltd (Thailand);                           |
| 6/2007 - 12/2017  | Member of the Board of Directors,<br>CEO of PVPower Nhon Trach 2 Joint Stock Company;              |
| 11/2004 - 5/2007  | Deputy Director of Gas and Power Division, Petrovietnam;   |
| 10/2001 - 11/2004 | Deputy Director General of Ca Mau Gas - Power - Fertilizer Project Management Board, Petrovietnam; |
| 6/1995 - 9/2001   | Senior executive, Gas transportation, Processing and Distribution Department, Petrovietnam.        |
| 12/1982 - 5/1995  | Lecturer, Hanoi University of Science and Technology.  |

**Concurrent positions:** Director of Energy of VinaCapital.



# REPORT OF THE BOARD OF DIRECTORS



## I. REPORT OF PV DRILLING'S BOARD OF DIRECTORS

### 1. Market overview of 2020

In 2020, the world economy has many fluctuations, especially the consequences of the Covid-19 pandemic that broke out and spread over the world, causing a series of serious impacts, disrupting social-economic activities of nations in the world. Advanced economies had to face with the deepest global depression in decades. Global manufacturing, services, trade and investment activities plummeted, especially in the first half of 2020. Global economic growth showed some positive signs in the second half of 2020 when a major of economies restarted; however, it still declined at rate of 4.3% in whole year of 2020.

In Vietnam, the Covid-19 pandemic was complicated and unpredictable which caused the slowdown of growth in most industries and fields. However, by positive and effective solutions in carrying out the dual goals "both disease prevention and social-economic development", Vietnam's economy in 2020 still maintained its growth rate at 2.9% and was among a few countries having positive growth in the region and over the world in 2020.

In 2020, the "double crisis" impact of the Covid-19 pandemic and the sharp decline in oil prices have seriously affected to the operation of the global oil and gas industry and be considered the most difficult period ever. In the context of responding to both pandemic and low oil prices, the oil and gas companies decided to delay/stop their drilling campaigns in order to prevent from loss, investment activities have been carried out in moderation, E&P programs have been narrowed and job opportunities is limited, as a result.

### 2. Assessment on PV Drilling's business operation activities in 2020

#### 2.1 Implementation of PV Drilling's strategy orientation

In 2020, PV Drilling has completed the business plan for period of 2021 - 2025 in which focusing on traditional and high-tech services. With jack up drilling service, we aim to expand and increase our market share over 80% of the domestic market. In addition, we enhance corporate governance, fully exploiting internal resources, reaching comprehensive development goal on basis of shareholders' interests,

contributing to the development of Vietnam's oil and gas industry, increasing income and improve the life of employees, connecting with community associated with environmental protection and national defense and maritime sovereignty.

PV Drilling's Board of Directors (BOD) has actively directed the implementation of finding jobs for the rig fleet and other well services in the context of low crude oil price and workload competition. Besides, the BOD has directed the investment of a new drilling equipment set (DES) for the PV DRILLING V Rig so that it can get back to work on time, maximize job opportunities for PV Drilling and its subsidiaries; enhancing corporate governance, financial, human resources management and collecting overdue debt.

#### 2.2 Restructuring activities

PV Drilling continued to implement restructuring plan as approved in order to compact the organizational structure and operational effectively. At the same time, based on the new market demand and situation, PV Drilling continued to review and evaluate in order to adjust the restructuring plan in line with PV Drilling's strategic orientation to maximize the resources serving for business operation activities of its subsidiaries and sustainable development.

#### 2.3 Business operation activities

In the context of dual impact of Covid-19 pandemic and low oil prices, the PV Drilling's Board of Management (BOM) has been active and effective, especially on finding jobs, expanding services abroad as well as offering effective solutions to improve business efficiency, result of which PV Drilling achieved positively business performance in 2020.

**Drilling service:** In 2020 PV Drilling continued to expand its drilling services to overseas markets and affirm its reputation in the region market in which all 4 jackup rigs operated in Malaysia in the first half of 2020 with efficiency rate over 99%. Due to change of client's drilling plan, 2 jack up rigs have ended its drilling campaign early in Malaysia. PV Drilling's BOM had to immediately find alternative jobs and successfully won the contracts in Vietnam and Cambodia. This is remarkably the first drilling contract in Cambodia which continues to expand PV Drilling's overseas service market share.

During the year, PV Drilling has chartered 3 rigs to serve drilling demand in the domestic market. The operation of chartered rigs has significantly contributed to PV Drilling's business results.

For the PV DRILLING V rig: PV Drilling directed the investment of a new Drilling Equipment Set (DES) and reactivated the PV DRILLING V rig to provide for the drilling campaign of Brunei Shell Petroleum Company (BSP) in Brunei which is expected to operate from quarter 3/2021 with 6 years firmed and 4 years extended.

For PV DRILLING 11 land rig: Due to impact of Covid-19 pandemic, the drilling program in 2020 was delayed. It is expected to start from quarter 3/2021.

**Well technical and other related services:** The provision of well technical and other related services which were provided by PV Drilling's subsidiaries received good results. In addition to maintaining service market share in the domestic market, some services have been successfully developed in foreign markets such as casing running tool, geothermal drilling manpower, engineering and fabrication etc.

#### 2.4 Cost management

In 2020, PV Drilling continued to implement the cost reduction on the basis of maintaining the quality of services in order to find jobs and minimize difficulties caused by the impact of the drop in oil prices and the Covid-19 pandemic. Below are the specific measures:

- To reduce the cost of management and operation of the rig, utilizing internal resources to conduct the repair and maintenance of machinery and equipment on the rig, using domestic suppliers to maintain and

## REPORT OF THE BOARD OF DIRECTORS (continued)

- repair the machinery and equipment to meet the operating standards as required by the contractors.
- To continue to reduce management costs, downsizing the office as well as renegotiate the rental fee, reduce the input costs, cut down inventory, enhance sharing and combining inventory among subsidiaries for the most effective use.
- To focus on R&D, reorganize the manufacturing process in order to fully exploit the capacity of machinery and equipment, minimize energy consumption and improve service quality.
- To restructure loans, closely track and actively collect all debts to increase capital turnover, saving the capital use cost, reducing overdue/bad debts. Loan plan shall be carefully considered in order to use of capital effectively on the basis of cash flow and existing capital;
- To replace the expats with high costs by Vietnam workforces with equivalent qualifications and capabilities to reduce the wages, allowances and other related costs.

### 2.5 Corporate governance

- To conduct the assessment and forecast the market in order to work out the practical solutions to ensure the completion of the business plan.
- PV Drilling's BOM has assigned the specific responsibilities to its subsidiaries and each individual; and assessed the task completion according to the set criteria, commitment on task completion and enforce the sanctions or replacement in case of non-completion of duties;
- To strengthen the inspection and supervision in the implementation of Resolutions/Decisions of the General Meeting of Shareholders/BOD; internal regulations of the President & CEO and its subsidiaries in accordance with applicable laws;
- To review, amend and complete the internal management regulations to meet the requirements of PV Drilling's business operation activities and applicable laws;

### 2.6 Investor relationship

- PV Drilling always maintained a good relationship with shareholders and investors; fully and promptly disclosed all reports and other related information in accordance with applicable laws.
- Stock dividend payment under Resolution No. 01/2020/NQ-DHDCD dated June 18th, 2020 of the General Meeting of Shareholders: PV Drilling is completing the procedures with the Commission for the Management of State Capital at Enterprises to pay dividends as per approval of General Meeting of Shareholders.

### 2.7 Investment activities

The BOD have set out the policy that only approving necessary, urgent and effective investment projects for PV Drilling and directed to stop/postpone the investment projects that are not really necessary or not bring the prompt effective to PV Drilling in the current period.

In 2020, PV Drilling continued to implement the investment projects: "Procurement of software copyrights and services to deploy the module of Budget Management and Smart Enterprise Operations - ERP phase 3", completed in 2020 and put into operation from January 2021; "Procurement of new drilling pipe/heavy weight drill pipe/drill collar for PV DRILLING I, II rigs in 2019"; "Procurement of drilling pipe/ heavy weight drill pipe for PV DRILLING I, II, III rigs in 2020"; "Procurement drilling pipe/heavy weight drill pipe for PV DRILLING V rig"; "Investment in building a new Drilling Equipment Set (DES)".



In 2020, PV Drilling focused on the investment in building a new drilling equipment set (DES) with a suitable weight for the PV DRILLING V rig to serve the drilling campaign of Brunei Shell Petroleum (BSP) in Brunei.



## REPORT OF THE BOARD OF DIRECTORS (continued)

### 2.8 Health – Safety – Environment activities

PV Drilling always focused on and enhanced safety and security protection at drilling rigs, workshops, bases, PV Drilling's Head Office and other subsidiaries through activities to review and fully ensure all emergency response, inspection plans for drilling rigs, factories, production bases, offices. Besides, PV Drilling enhanced the training on Safety - Health - Environment - Quality to ensure safety and no incidents or accidents affecting to PV Drilling's business operation activities.

In addition, PV Drilling strictly complied with applicable laws on environmental protection as well as hazardous waste treatment with results of no incidents related to the environment in 2020.

In 2020, PV Drilling managed the activities to prevent and control Covid-19 pandemic, ensure the safe environment for the workforce, especially the workforce working directly on the rig. At PV Drilling, there is no confirmed with Covid-19 in 2020.

### 2.9 Corporate social responsible activities

Besides business operation activities, the BOD always pays attention to the implementation of corporate social responsible activities, environmental protection with the goal of comprehensive development and dedication to the community. In 2020, PV Drilling handed over one house worth of VND 50 million in Ca Mau city, donated 20 gifts for extremely unlucky families. In addition, PV Drilling has risen about VND 1.1 billion to support flood victims in the Central region as well as support PV Drilling's employees whose families were damaged by flood.

## 3. Business performance results in 2020

### 3.1 Rig fleet

- The number of rigs operating in 2020 slightly decreased in compared with 2019, average of 3 rigs in compared with 3.6 rigs in 2019. The number of chartered rigs in 2020 was up with 1.6 rigs while in 2019 it was only 0.3 rigs.
- All rigs continued to be operated safely and efficiently with efficient rate of 99.6% in 2020 compared to 99.7% in 2019.
- To continue to expand services to overseas markets; in the first 2 quarters of the year, PV Drilling has 4 jack-up rigs operating in foreign markets.

### 3.2 Well technical services

- Traditional services (technical well services, mechanical services, drilling manpower...) which were operated by the subsidiaries continued to have good business performance and positively contribute to PV Drilling's revenue and profit especially in difficult conditions of 2020.
- Developing overseas services such as CRTI service was provided in Malaysia, Thailand, Myanmar, Philippines, Pakistan, Middle East and Cambodia, geothermal drilling manpower was supplied in Japan. Engineering and fabrication were expanded to Europe and Australia.
- Development successfully the new services such as well bore clean up and drilling operation control software services.

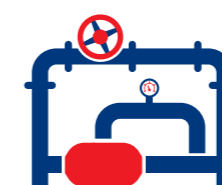
### 3.3 Overdue debt collection

Overdue debt collection continued to be promoted with positive results. In 2020, PV Drilling has collected VND 255 billion overdue debt.

### 3.4 Business operation results

As compared to revenue plan of VND 4,680 billion and profit after tax of VND 68 billion approved by the General Meeting of Shareholders, PV Drilling has exceeded the business plan as below:

No	Indicator	Unit	2020 Plan	2020 Actual	%Actual/Plan
1	Revenue	VND billion	4,680	5,229	112%
2	Profit before tax	VND billion	100	204	205%
3	Profit after tax	VND billion	68	186	273%
4	Contribution to the State Budget	VND billion	440	674	153%



As always in compliance with HSEQ policies in business operation, PV Drilling has managed to overcome all the difficulties and challenges under the negative impact of Coronavirus pandemic. Furthermore, we tried to take advantage of reinforcing, enhancing lines of defense to ensure the operation and management of the rig fleet.





## REPORT OF THE BOARD OF DIRECTORS (continued)



#### 4. Disadvantages

##### Rig fleet:

- PV Drilling has been active and successful in finding jobs for rig fleet, however due to oversupply of rig (in Southeast Asia, only 46% of rigs were contracted), day rate was not recovered corresponding to the recovery of oil prices. This caused PV Drilling's business results were still low.
- Drilling campaigns were stopped/postponed due to the double impact of the Covid-19 and the decline of oil prices caused some PV Drilling's rigs stop the operation earlier than planned.
- PV Drilling's rig fleet mainly operated overseas which incurred additional costs such as onsite personnel costs, rig and related equipment moving cost, etc. as well as additional taxes as per applicable laws of the local countries. Additional personnel costs due to longer working shifts also contributed to cost increase. As a result, the profit in 2020 was affected.

**Well technical and other related services:** The shortage of workload caused a significant decrease in revenue from services provided by PV Drilling (commercial, manpower, technical well services, measure while drilling (MWD), logging while drilling (LWD), manage pressure drilling (MPD), well testing services).

**Overdue debt collection:** Due to difficulties in collection the overdue debts, PV Drilling had to make the provision for financial which affected to business results.

**Corporate restructuring:** PV Drilling has continued to implement the corporate restructuring according to the approved plan. However, due to changes in market conditions and difficulties in overdue debt collection, partners in the joint venture have not yet agreed to reorganize the company, etc. therefore PV Drilling is considering to adjust the restructuring plan to suit the new situation as well as the plan to develop business operation activities in the period of 2021 - 2025.

**Corporate governance:** The reviewing, amending and supplementing of internal regulations in order to meet the requirements of PV Drilling's business operation activities as well as PVN's regulations and applicable laws have been still slow and yet catch up the new regulations as well as the practical requirements of PV Drilling.

## II. BOD OPERATION, REMUNERATION AND EXPENSE IN 2020

### 1. BOD's organizational chart

PV Drilling's BOD consists of 7 members, 3 of them are representatives of shares of Vietnam Oil and Gas Group (PVN) at PV Drilling holding the positions of Chairman, Vice Chairman and BOD Member cum President & CEO; 04 other members are in charge of various specialized fields including 03 independent members.

In 2020, Mr. Hoang Xuan Quoc was elected as an independent member of PV Drilling's BOD on replacement of Mr. Le Van Be at the Annual General Meeting of Shareholders dated June 18<sup>th</sup>, 2020.

### 2. BOD's meetings in 2020

In 2020, the BOD maintained regular and extraordinary meetings to discuss, exchange, agree and timely proposed orientation, directions in management of PV Drilling's business operation activities.

All the meetings of BOD were held in compliance with PV Drilling's Charter as well as the Law on Enterprises. The BOD members have attended the meetings in person as follows:

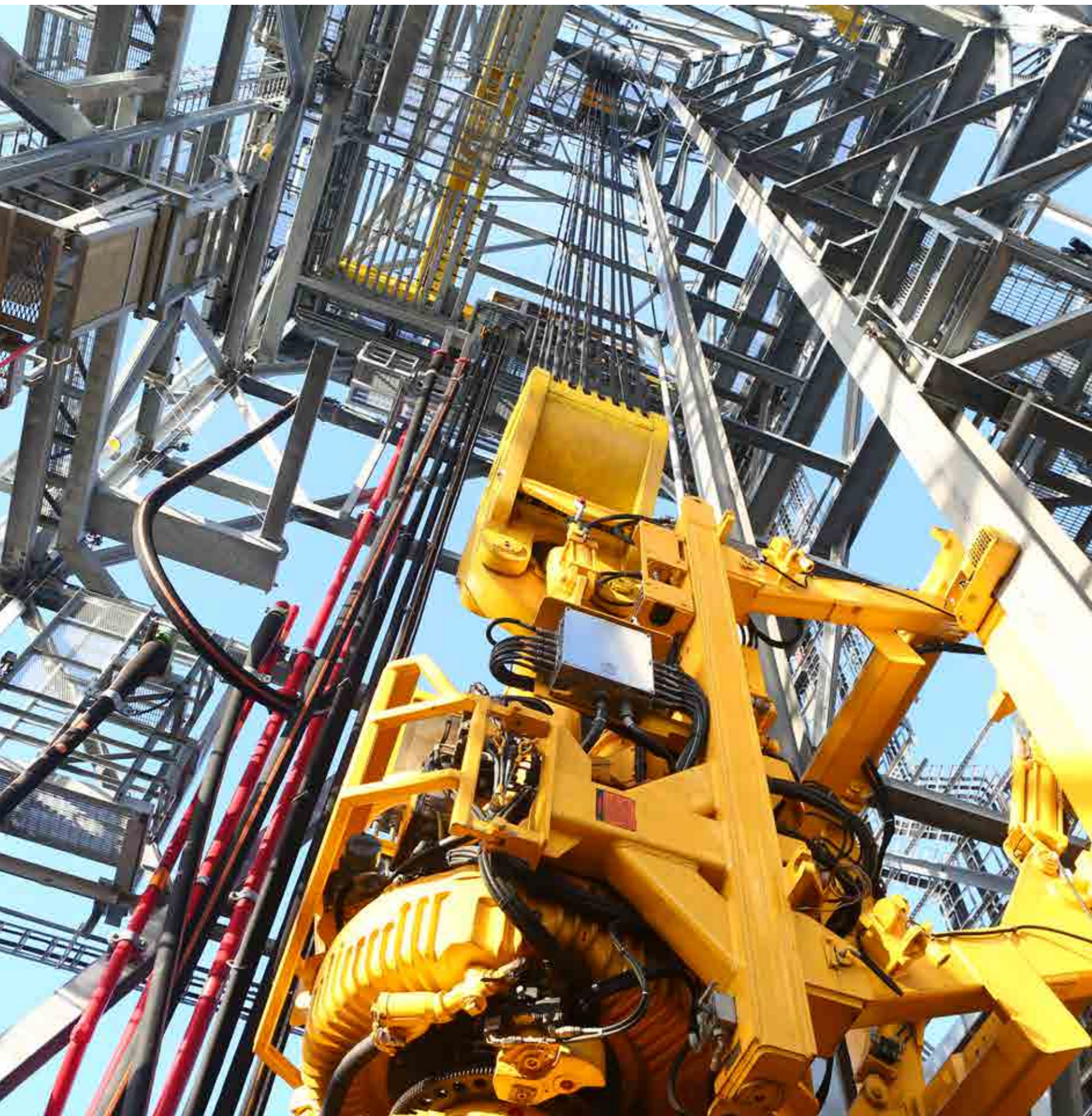
No	Member	Title	No of meeting attendance	Rate (%)	Note
1	Mr. Pham Tien Dung	Chairman	4/4	100	
2	Mr. Do Duc Chien	Vice Chairman	4/4	100	
3	Mr. Nguyen Xuan Cuong	BOD member, President & CEO	4/4	100	
4	Ms. Nguyen Thi Thuy	Non-executive member	4/4	100	
5	Mr. Van Duc Tong	Independent member	4/4	100	
6	Mr. Nguyen Van Toan	Independent member	4/4	100	
7	Mr. Hoang Xuan Quoc	Independent member	2/4	50	Appointed from 18/6/2020
8	Mr. Le Van Be	Independent member	0/4	0	Resign from 31/10/2019

Beside the above-mentioned meetings, the BOD also collected opinions from all members to settle important issues in the form of written documents regarding to investment, human resources development, organizational structures, key position appointment, amendment and issuance of internal regulations/policies.

In 2020, the BOD approved and issued the total of 50 Resolutions/Decisions. These Resolutions/Decisions were made based on all members' agreement for the sake of shareholders' best interest and the sustainable development of the Corporation.

The list of the above-mentioned Resolutions/Decisions is attached in Appendix I.

## REPORT OF THE BOARD OF DIRECTORS (continued)



### 3. The BOD's operation results in 2020

#### 3.1 The BOD's operation results in 2020

The PV Drilling's BOD always complies with the regulations, policies and applicable laws, ensuring transparency and fairness as per the BOD's working regulation, PV Drilling's Charter and Law on Enterprises.

The PV Drilling's BOD actively performs their roles and duties and proposes effectively, propose the measures and solutions in planning the PV Drilling's development strategy.

The PV Drilling's BOD members are assigned to specific fields to verify the contents under the BOD's authority in order to issue the Regulations/Decisions; simultaneously supervising, directing and urging the Corporation to implement the Resolutions/Decisions in according to their assigned fields.

Based on their assigned works, BOD members actively planned their working schedule, periodically inspecting, supervising, urging the BOM in implementation of the Resolutions/Decisions. In addition, the BOD members always actively discussed and exchanged in order to timely provide the orientations and guide for PV Drilling's business operation, namely as follows:

No.	Member	Title	Field of Assignment
1	Mr. Pham Tien Dung	Chairman	Responsible for the general direction, in charge of strategy, organizational structure, corporate renovation of PV Drilling. Performing the duties of the Chairman in accordance with applicable laws and PV Drilling's Charter.
2	Mr. Do Duc Chien	Vice Chairman	Responsible for commercial, planning and employee policies of PV Drilling.
3	Mr. Nguyen Xuan Cuong	BOD member, President & CEO	In charge of Corporate's overall operation activities, sustainable growth, legislation and business operation activities of PV Drilling and its subsidiaries.
4	Ms. Nguyen Thi Thuy	Non-executive member	Monitoring accounting, finance and audit of PV Drilling.
5	Mr. Van Duc Tong	Independent member	Monitoring the investments, HSEQ and rig technical issues of PV Drilling.
6	Mr. Nguyen Van Toan	Independent member	Monitoring R&D fields, international relations and supporting PV Drilling in working with PVN and other governmental authorities in the North.
7	Mr. Hoang Xuan Quoc	Independent member	Monitoring the investments and finance of PV Drilling.



The BOD has actively promoted their roles and timely directed affective measures for PV Drilling's development strategy.

## REPORT OF THE BOARD OF DIRECTORS (continued)

### 3.2 The operation of BOD independent members and their evaluation on BOD operation in 2020

The operation of BOD independent members: The BOD independent members well promoted their roles in inspection and supervision of the Corporation's business operation activities, enhancing the efficiency of corporate governance in accordance with its Charter, and Law on Enterprise; in addition, they strictly and actively performed their functions, duties for the sake of shareholders' interest.

The BOD independent member evaluation on the PV Drilling's BOD operation in 2020:

- The PV Drilling's BOD developed an action plan and implemented corporate governance in accordance with their functions and authorities, ensuring the business operations in compliance with the Law on Enterprises, the Charter and internal regulations.
- PV Drilling's BOD members with high sense of responsibility, specialized in various fields, especially some of them possess professional experiences in oil and gas industry, has given the right vision and strategy for the current oil price slump period, make timely short and medium term business plans supporting the BOM to implement and monitor business operation activities in an effective way; as a result, PV Drilling exceeded all the targets of revenue, profit and contribution the State Budget.
- The PV Drilling's BOD has well performed the role of inspecting and supervising PV Drilling's business operation activities. The above-mentioned activities were carried out regularly and strictly, ensuring its compliance with applicable laws.
- The BOD and BOM have well coordinated in working out appropriate and timely decisions to ensure the best business performance of PV Drilling.

### 3.3 Committee of the BOD operation results

The Audit Committee of the BOD was approved to establish by PV Drilling's Annual General Meeting of Shareholders in accordance with Resolution No. 01/2020/NQ-DHĐĐĐ dated June 18th, 2020 with purposes of conducting internal audit and reporting to the BOD in accordance with Decree No. 05/2019/ND-CP dated January 22nd, 2019 of the Government. PV Drilling's BOD has carried out related works such as issuance the organizational and operating regulation; assignment/mobilization the personnel and other related jobs and put into operation from April 2021.

In accordance with PV Drilling's organizational structure specified in clause 1, Article 10 of its Charter and point a, clause 1, Article 137 of Law on Enterprise No. 59/2020/QH14 dated June 17th, 2020, effective from January 1st, 2021 (organizational structure including the AGM, the BOD, the BOS and the BOM); and in order to avoid confusion with the Audit Committee in compliance with specified at point b, clause 1, Article 137 the Law on Enterprise (organizational structure including the AGM, the BOD, CEO and Audit Committee), the above-mentioned Audit Committee of the BOD is proposed to change to its name as the Internal Audit Committee.

## 4. Remuneration, stocks owned and operation expenses of the BOD

### 4.1 Remuneration, stocks owned of the BOD

Remuneration and allowances for members of the BOD in 2020 have been paid in accordance with the approval of the General Meeting of Shareholders, namely as follows:

- For members of the PV Drilling's BOD who concurrently hold executive/specialized positions or be assigned other management positions at PV Drilling: remuneration (including of wages, bonus, allowance etc.) will be paid based on PV Drilling's current salary policy.
- For independent members or members who don't hold executive/specialized positions at PV Drilling: the remuneration was VND 10 million/person/month.
- Additional allowances for BOD members for performing extra tasks beyond their normal duties: not greater than VND 1,500,000/person/day.
- All remuneration paid to the BOD (exclusive of the BOD member cum President & CEO) in 2020 is VND 2,106 billion (Vietnam Dong Two billion one hundred and six million), namely as follows:

No	Member	Title	Remuneration (Unit: 1,000 VND)	Stock owned (Unit: share)
1	Mr. Pham Tien Dung	Chairman	132,503	169,254
2	Mr. Do Duc Chien	Vice Chairman	453,341	455
3	Mr. Nguyen Xuan Cuong	BOD member, President & CEO		33,480
4	Ms. Nguyen Thi Thuy	Non-executive member	1,211,557	50,978
5	Mr. Van Duc Tong	Independent member	120,000	18,847
6	Mr. Nguyen Van Toan	Independent member	124,500	4,000
7	Mr. Hoang Xuan Quoc	Independent member	64,300	0
8	Mr. Le Van Be	Independent member	-	8,417
TOTAL			2,106,201	

### 4.2 Operation expenses of the BOD

In compliance with BOD's regulations and other internal expenses regulations of PV Drilling.

## 5. Stock transactions of PV Drilling's internal parties in 2020

No	Name	Relationship with internal parties	Beginning balance		Ending balance		Reason	Transaction Date
			Amt	Per. (%)	Amt	Per. (%)		
1	Mr. Nguyen Xuan Cuong	BOD member, President & CEO	3,480	0	33,480	0	Buy	18/3/2020
2	Ms. Van Thi Trinh	Mr Van Duc Tong's daughter, BOD Independent member.	0	0	2,000	0	Buy	23/3/2020
3	Ms. Van Thi Trinh	Mr Van Duc Tong's daughter, BOD Independent member.	2,000	0	0	0	Sell	24/4/2020
4	Mr. Nguyen Van Toan	BOD Independent member	0	0	10,000	0	Buy	25/4/2020
5	Mr. Nguyen Van Toan	BOD Independent member	10,000	0	4,000	0	Sell	6-7/10/2020

## REPORT OF THE BOARD OF DIRECTORS (continued)

### 6. Report on transactions between PV Drilling and its related parties

In 2020, transactions between PV Drilling and its related parties with main contents are as in Appendix 2.

The above-mentioned transactions have been approved by the BOD in accordance with PV Drilling's Charter and applicable laws.

### 7. The implementation of regulations on corporate governance in 2020

PV Drilling always strictly and fully comply with the provisions of law on Corporate governance of listed companies.

### 8. The content approved in the previous General Meeting of Shareholders' Resolutions has not been implemented yet

On June 18th, 2020, PV Drilling's Annual General Meeting of Shareholders approved of 2019 dividends in stock with the rate of 10% from the undistributed profit after tax as per Resolution No. 01/2020/NQ-ĐHĐCĐ.

Implementing the above Resolution of General Meeting of Shareholders, the BOD directed PV Drilling to complete the procedures related to regulations on State capital management in order to pay dividends as approved plan; however, until now PV Drilling has not received approval from State capital management agency. As a result, 2019 dividends in stock have not been made according to the Resolution of General Meeting of Shareholders. Therefore PV Drilling proposes to the General Meeting of Shareholders to approve to pay the 2019 stock dividend at the rate of 10% in 2021 after completing the procedures with the State capital management agency.

### III. ASSESSMENT ON OPERATION OF PRESIDENT & CEO AND BOM MEMBERS IN 2020

Evaluation of the BOM business operation activities in 2020 as follows:

- The BOM have been well aware of challenges and disadvantages in 2020 and the coming years; hence they were proactive and flexible in implementing of business operation activities. Meanwhile, the BOM has issued internal regulations under their authority related to cost reduction and optimization, utilizing and combining all available resources in order to achieve the highest efficiency for PV Drilling's business operation activities. At the same time, with early anticipation and rapid response toward Covid-19 outbreak, the BOM timely and synchronously directed effective solutions to remain operation activities in Corporation such as strictly complying with directives of national agencies and departments and follow prevention measures at offshore facilities, in offices and onshore workshop, etc. Implementing onsite shifts for overseas drilling campaigns as well as conducting solutions to cope with low crude oil price, ensuring the safety and maintaining the stability of business operation activities.
- The President & CEO as well as BOM members are qualified, skilled and capable, fully trained and have in-depth knowledge in their assigned fields, having intensive experiences in management of large scale projects/enterprises;
- The President & CEO as well as BOM members had good performance on all assigned duties of the Corporation's business operation as well as completely fulfilled all assignments of the BOD;
- President & CEO as well as BOM members operated the Corporation's business operation activities in accordance with the Resolutions of the General Meeting of Shareholders, BOD's Resolutions/Decisions, PV Drilling's Charter and other applicable laws.
- The BOM actively promoted the services to overseas markets and gained remarkable achievements in the context full of challenges and difficulties in 2020. Moreover, PV Drilling has been successfully in provision of other technical services to overseas markets such as casing running services, drilling manpower, engineering and fabrication;
- The BOM has well implemented the risk management system from the executive board to middle managers;
- All remuneration paid to the BOM in 2020 is VND 6,947 billion (Vietnam Dong Six billion nine hundred forty seven million).



### IV. THE BOD'S IMPLEMENTATION PLAN IN 2021

The global economy in 2021 is forecasted to be complicated and unpredictable since pandemic control is still uncertain and depends on the successful implementation of Covid-19's vaccination programs over the world. This will cause a negative impact on the world economy. According to experts, the world economic situation will continue to be gloomy in the first 2 quarters of 2021 and positive developments will only become clearer in 2022.

In the oil and gas industry, there are still many potential risks and challenges. The demand of crude oil in 2021 is forecasted to increase again, but it may be still low level in compared before the Covid-19 pandemic due to a slow recovery in consumption demand. In 2021, it is forecasted to be a difficult year for oil and gas industry.

#### I. BOD's solutions in 2021

In the context that PV Drilling continues to face many difficulties and challenges, in addition to regular inspection and supervision in accordance with their duties, PV Drilling's BOD shall implement the following specific solutions:

- The rig fleet and well technical services: (i) Actively find the jobs in both domestic and regional markets for the own rigs fleet and well technical services; (ii) Ensure to maintain the safe and efficient operation of the rigs, machinery, equipment and services by optimizing operating procedures, performing well maintenance and servicing of the rigs and equipment; (iii) Maintain domestic market shares, develop services to overseas markets, expand the market service shares in order to increase revenue and improve competitiveness and (iv) Consider to develop new services which PV Drilling has strengths and advantages in both domestic and overseas markets.
- Finance activities: (i) Try to collect all the overdue debts from PVEP and other clients; (ii) Continue to implement solutions to control costs, enhance financial management, budget control, develop cash flow plans to further improve capital use efficiency and (iii) Continue to work with banks to restructure loans in line with actual cash flow plan.
- Investment and R&D application: (i) Supervise, urge the investment of the Drilling Equipment Set (DES) and reactivation the PV DRILLING V rig on time to serve the drilling campaign of BSP; (ii) Assess the market and consider to invest in high-tech equipment to improve the further efficiency of providing drilling and well technical services to customers and (iii) Promote R&D activities and enhance high tech transfer from foreign partners to improve the productivity and service quality and competitiveness. Investing in specialized equipment to increase internal resources and ensure to meet the market's needs and customer's demands.



2021 is forecasted to have unpredictable fluctuates in the oil and gas market due to the uncertainties of whether the Coronavirus pandemic is controlled and the vaccination program against Covid-19 is successfully implemented.

## REPORT OF THE BOARD OF DIRECTORS (continued)

- Human resources (HR): (i) Consolidate and develop the qualified workforce as well as building a compacted, qualified and professional HR management system; (ii) Strengthen internal training, focusing on training leadership skills for key personnel, especially on replacement the senior positions on drilling rigs by Vietnamese staff and (iii) Implement the manpower rotation to promote the capabilities and strengths of each individual.
- Strategy development: (i) Review and update PV Drilling's development strategy in order to find the sustainable development in the coming period and (ii) Direct the implementation of business plan for period of 2021 - 2025, especially in the context of low prices of drilling and well technical service, limitation of workloads in domestic market, harsh competition from foreign large-scale corporations and domestic private companies;
- Corporate governance: (i) Continue to review and update internal regulations, strengthen internal audit activities as well as inspection and supervision in accordance with applicable regulations; (ii) Strengthen the inspection and supervision in implementing Resolutions/Decisions of the General Meeting of Shareholders/BOD, management regulations of the President & CEO and subsidiaries in accordance with applicable regulations and (iii) Continue to review and evaluate the restructuring plan in accordance with current situation, ensuring efficiency and enhancing competitiveness;

### 2. Business targets in 2021

Although the workload and day rates have not been improved, PV Drilling's Management Board will continue to make their best efforts in managing the business operation activities, actively seeking job opportunities, efforts to collect the overdue debts, strengthen financial management and continue to implement cost reduction and budget control with the revenue target of VND 4,400 billion and effort to be profitable in 2021.

### APPENDIX I LIST OF RESOLUTIONS/DECISIONS OF PV DRILLING'S BOD

No	Ref. of Resolution/ Decision	Date	Contents	Percentage of approval
1	01/01/2020/NQ-HĐQT	08/01/2020	Amendment of the Charter of PVD Well Services.	100%
2	02/01/2020/NQ-HĐQT	09/01/2020	Approve the Report on Feasibility Study and the Contractor Selection Plan for the project of "building a new drilling equipment set".	100%
3	03/01/2020/NQ-HĐQT	21/01/2020	Collect debts from PVEP.	100%
4	04/01/2020/NQ-HĐQT	21/01/2020	Deduction of investment and development fund in 2019.	100%
5	01/02/2020/QĐ-HĐQT	10/02/2020	Establishment of Secretary Team of PV Drilling's BOD.	100%
6	01/02/2020/NQ-HĐQT	12/02/2020	Adjustment of PV Drilling's capital contribution rate at PVD Overseas.	100%
7	02/02/2020/QĐ-HĐQT	10/02/2020	Assigning tasks to the Secretariat of the BOD.	Authorized by BOD.
8	03/02/2020/QĐ-HĐQT	10/02/2020	Applying allowances to officers concurrently serving as Secretary of the BOD.	Decentralization
9	04/02/2020/QĐ-HĐQT	12/02/2020	Reassign the Vice President of PV Drilling.	100%
10	05/02/2020/QĐ-HĐQT	20/02/2020	Marking the record day for the list of shareholders to hold 2020 General Meeting of Shareholders.	Authorized by BOD.
11	02/02/2020/NQ-HĐQT	25/02/2020	Establishment of PV Drilling's branch in Brunei.	100%
12	01/03/2020/NQ-HĐQT	11/3/2020	Rental of the Drilling Equipment Set (DES).	100%
13	02/03/2020/NQ-HĐQT	19/3/2020	Regulations on procurement of materials, equipment, spare parts and services for rig operation.	100%
14	03/03/2020/NQ-HĐQT	26/3/2020	The plan to determine and settle 2019 salary fund for the Parent Company.	100%
15	04/03/2020/NQ-HĐQT	27/3/2020	Approve the Report on Feasibility Study and the Contractor Selection Plan for the project of "Purchase a new drilling pipe for PV DRILLING V rig".	100%

16	01/04/2020/NQ-HĐQT	03/4/2020	Approval of the lease contract of PV DRILLING V rig.	100%
17	01/04/2020/QĐ-HĐQT	03/4/2020	Postpone 2020's General Meeting of Shareholders.	Authorized by BOD.
18	02/04/2020/NQ-HĐQT	22/4/2020	Deposit and guarantee to open LC for the contract with NOV.	100%
19	03/04/2020/NQ-HĐQT	27/4/2020	Approval of contracts and transactions between PV Drilling and its subsidiaries.	83%
20	04/04/2020/NQ-HĐQT	29/4/2020	Adjustment of the lease contract of PV DRILLING V rig.	100%
21	01/05/2020/QĐ-HĐQT	29/5/2020	Establishment of PV Drilling's Steering Committee of development strategy	100%
22	01/06/2020/QĐ-HĐQT	01/6/2020	Organize 2020 General Meeting of Shareholders of PV Drilling.	Authorized by BOD.
23	01/06/2020/NQ-HĐQT	08/6/2020	Appointment of Deputy Director of PVD Logging.	100%
24	02/06/2020/QĐ-HĐQT	08/6/2020	Appointment of PV Drilling's Vice President.	100%
25	03/06/2020/QĐ-HĐQT	08/6/2020	Reappointment of PV Drilling's Vice President.	100%
26	04/06/2020/QĐ-HĐQT	08/6/2020	Reappointment of PV Drilling's Vice President.	100%
27	02/06/2020/NQ-HĐQT	10/6/2020	Mortgage, pledge and guarantee the Drilling Equipment Set (DES).	100%
28	03/06/2020/NQ-HĐQT	11/6/2020	Merging of Finance Division and Accounting Division.	100%
29	04/06/2020/NQ-HĐQT	26/6/2020	Personnel appointment of PVD Training.	86%
30	05/06/2020/NQ-HĐQT	26/6/2020	Approval of meeting documents for 2020 General Meeting of Shareholders of PVD Training.	100%
31	06/06/2020/NQ-HĐQT	26/6/2020	Approval of meeting documents for 2020 General Meeting of Shareholders of PVD Tech.	100%
32	01/07/2020/NQ-HĐQT	10/7/2020	Selection of independent auditing company.	100%
33	02/07/2020/NQ-HĐQT	17/7/2020	Personnel appointment.	100%
34	01/07/2020/QĐ-HĐQT	17/7/2020	Personnel appointment.	100%
35	02/07/2020/QĐ-HĐQT	17/7/2020	Personnel appointment.	100%
36	03/07/2020/NQ-HĐQT	21/7/2020	Adjustment of the Contract of PV DRILLING V rig.	100%
37	04/07/2020/NQ-HĐQT	31/7/2020	Guarantee short-term credit limit for PVD Tubulars.	100%
38	01/08/2020/NQ-HĐQT	25/8/2020	Signing appendices for adjustment and clarification of DES lease contract.	100%
39	01/08/2020/QĐ-HĐQT	25/8/2020	Salary arrangement of PV Drilling's Vice President.	100%
40	01/09/2020/NQ-HĐQT	14/9/2020	Appointment of the chief accountant of PVD Overseas.	100%
41	01/10/2020/NQ-HĐQT	15/10/2020	Adjustment of BOP Lifting Rings of DES project.	100%
42	02/10/2020/NQ-HĐQT	27/10/2020	Approval of contracts and transactions between PV Drilling and its related parties.	100%
43	03/10/2020/NQ-HĐQT	27/10/2020	2019 profit distribution of the Joint venture PVD Baker Hughes.	100%
44	01/11/2020/NQ-HĐQT	12/11/2020	Amendment of Salary system	100%
45	02/11/2020/NQ-HĐQT	12/11/2020	Salary scale modification.	100%
46	01/12/2020/NQ-HĐQT	09/12/2020	2020 salary plan of the mother company PV Drilling.	100%
47	02/12/2020/NQ-HĐQT	28/12/2020	Personnel appointment.	100%
48	03/12/2020/NQ-HĐQT	28/12/2020	Adjustment of the lease contract of PV DRILLING V rig.	100%
49	04/12/2020/NQ-HĐQT	28/12/2020	Extension of 2019 dividend payment plan.	100%
50	05/12/2020/NQ-HĐQT	31/12/2020	Approval of transactions of equipment purchase of PVD Baker Hughes.	100%

## REPORT OF THE BOARD OF DIRECTORS (continued)

### APPENDIX 2 TRANSACTIONS BETWEEN PV DRILLING AND ITS RELATED PARTIES

No	Name	Relationship	No. of Registry	Address	Ref. of Resolution/ Decision of the AGM/BOD	Works	Total expected transaction value (VND)
1	PVD Overseas	Subsidiary	201308977C	No. 10 Anson Street, #22-14 International Plaza, Singapore 079903	03/04/2020/NQ-HĐQT dated 27/4/2020,	Rig rental.	435,361,954,500
						<b>Total</b>	<b>435,361,954,500</b>
2	PVD Offshore	Subsidiary	3500803145	43A 30/4 Street, Ward 9, Vung Tau city, Ba Ria – Vung Tau province, Vietnam.	03/04/2020/NQ-HĐQT dated 27/4/2020,	Manpower service.	61,820,000,000
						Inspection, maintenance and workshop service.	60,780,000,000
						<b>Total</b>	<b>122,600,000,000</b>
3	PVD Tech	Subsidiary	0305124602	8 <sup>th</sup> Floor, Green Power Building, 35 Ton Duc Thang Street, Ben Nghe Ward, District 1, Ho Chi Minh city, Vietnam.	03/04/2020/NQ-HĐQT dated 27/4/2020,	Crane service.	7,838,365,608
						Rig maintenance and repair service.	26,500,000,000
						Fabrication service.	5,600,000,000
						<b>Total</b>	<b>39,938,365,608</b>
4	PVD Training	Subsidiary	3500677518	Dong Xuyen Industrial Zone, 30/4 Street, Rach Dua Ward, Vung Tau city, Ba Ria – Vung Tau province, Vietnam.	03/04/2020/NQ-HĐQT dated 27/4/2020,	Manpower service.	3,500,000,000
						Training and Certification and technical services.	4,000,000,000
						Training and Certification.	200,000,000
						<b>Total</b>	<b>7,700,000,000</b>
5	PVEP POC	Related person of major shareholder		12 Tan Trao Street, Tan Phu Ward, District 7, Ho Chi Minh city, Vietnam.	02/10/2020/NQ-HĐQT dated 27/10/2020,	Subsea specialist services for plugging and abandonment of DH-1P, DH-2P, DH-3P wells at Dai Hung Field, Block 05-1A, offshore Vietnam,	6,000,000,000
						QA/QC Consultant for Soil Boring and Pipeline Survey, Dai Hung Field Pre-development, Block 05-1A, offshore Vietnam,	300,000,000
						<b>Total</b>	<b>6,300,000,000</b>

No	Name	Relationship	No. of Registry	Address	Ref. of Resolution/ Decision of the AGM/BOD	Works	Total expected transaction value (VND)
6	PVEP Song Hong	Related person of major shareholder		6 <sup>th</sup> Floor, AC Building, alley 78, Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Hanoi, Vietnam.	02/10/2020/NQ-HĐQT dated 27/10/2020,	Customs agent, customs clearance for export, import and logistics.	120,000,000
7	Vietsovetro	Related person of major shareholder		105 Le Loi Street, Thang Nhi Ward, Vung Tau city, Ba Ria – Vung Tau province, Vietnam.	02/10/2020/NQ-HĐQT dated 27/10/2020,	Provision of PV DRILLING II rig.	95,500,000,000
						Service of supervision, consulting and management of FPSO Armada TGT-01 ship.	5,000,000,000
						<b>Total</b>	<b>100,500,000,000</b>
8	Vietsovetro (Mechanical and Energy Division).	Related person of major shareholder		105 Le Loi Street, Thang Nhi Ward, Vung Tau city, Ba Ria – Vung Tau province, Vietnam.	02/10/2020/NQ-HĐQT dated 27/10/2020,	Inspection, maintenance and repair services for underground pumps.	840,000,000
9	Vietsovetro (Port and Logistics Division).	Related person of major shareholder		105 Le Loi Street, Thang Nhi Ward, Vung Tau city, Ba Ria – Vung Tau province, Vietnam.	02/10/2020/NQ-HĐQT dated 27/10/2020,	Port service.	300,000,000
10	PTSC (PTSC Supply Base).	Related person of major shareholder		No. 1-5 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh city, Vietnam.	02/10/2020/NQ-HĐQT dated 27/10/2020,	Provision of services at Vung Tau oil and gas supply base.	500,000,000,000
11	PV Shipyard	Related person of major shareholder		65 30/4 Street, Thong Nhat Ward, Vung Tau city, Ba Ria – Vung Tau province, Vietnam.	02/10/2020/NQ-HĐQT dated 27/10/2020,	Anchoring service of PV DRILLING V rig.	13,000,000,000
						Service of DES removal and transportation to the yard.	8,800,000,000
						<b>Total</b>	<b>21,800,000,000</b>

# CORPORATE GOVERNANCE REPORT

## PV DRILLING COMMITS TO COMPLY WITH VIETNAM'S CORPORATE GOVERNANCE CODE OF BEST PRACTICES.

We, PV Drilling, commit to conform to the highest corporate governance standards, to conduct all our business operation activities in compliance with applicable laws, the Charter and other internal regulations of the Corporation. In 2020, the BOD directed to review, update and supplement internal regulations in accordance with applicable laws such as Law on Enterprises in 2020, Law on Securities in 2019, newly promulgated circulars and decrees and its business operation.

For corporate governance activities, we commit to work in compliance with Vietnam's Corporate Governance Code of Best Practices for the public companies in Vietnam, issued by State Securities Commission (SSC) in cooperation with International Finance Corporation (IFC) and World bank group. In the years to come, PV Drilling aims to conform to the highest international corporate governance standards such as OECD Corporate Governance, ASEAN Governance score cards to improve the efficiency of corporate governance and build up the strong governance structure at PV Drilling.

### Below is the Corporate governance principles applied at PV Drilling:

**Fairness:** To protect shareholder rights and ensure the equitable treatment for all shareholders including minority and foreign shareholders.

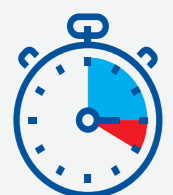
**Stakeholder Relations:** To recognize the rights of related parties as required by applicable laws and to offer encouragement active cooperation between PV Drilling and related parties in creating wealth, jobs and ensuring sustainability.

**The responsibility of the Board of Directors:** To ensure the strategic orientation of PV Drilling, the effective monitoring of management by the BOD, and the BOD's accountability to the shareholders.

**Disclosure and transparency:** To ensure that timely and accurate disclosure is made of all materials related to the Corporation including financial status, governance structure, business performance and ownership.

## BELOW IS THE REPORT ON CORPORATE GOVERNANCE IMPLEMENTATION IN ACCORDANCE WITH VIETNAM GC CODE AT PV DRILLING:

### I. ANNUAL GENERAL MEETING OF SHAREHOLDERS (AGM) IN 2020:



- 2020 AGM: should be held within 4 months from the end of the fiscal year, or no more than 6 months in case of an extension.

Due to the impact of the Covid-19 pandemic, PV Drilling has applied to extend the General Meeting of Shareholders to June 2020. Specifically, PV Drilling successfully held the General Meeting of Shareholders on June 18, 2020.



- Languages used for the invitation and materials of the AGM?

Invitation and materials of the AGM were written in both Vietnamese and English



- Release on the website all documents of the AGM, including: (1) Invitation letter with agenda, (2) authorization letter, (3) Draft Resolution, (4) Report of the Board of Directors, (5) Report of the Supervisory Board / Audit Committee?

Yes, PV Drilling posted the Invitation and documents of the AGM (in Vietnamese and English) on June 8, 2020, 10 days before the date of the AGM 2020 (June 18, 2020).



- Is shareholder guided on how to contribute ideas on issues related to the AGM before the AGM date?

Yes, PV Drilling's Letter of Invitation has disclosed information of the Secretary team of the BOD and the Investor Relations team to assist shareholders and collect ideas/ comments from shareholders.



- Do documents of the AGM provide information about new candidates for the BOD and the Supervisory Board (if any) about their age, education, field of charge, experience, date of first appointment, concurrent positions at other listed companies) at least 10 days before the opening date of the AGM?

Yes, in 2020 PV Drilling's AGM conducted the election for an independent member of the BOD. The notice of this nomination was posted on the website on June 5, 2021, which was 13 days before the date of the 2020 AGM.



- Is the list of audit firms publicly disclosed at the AGM?

This issue was disclosed in the documents and the resolution of the AGM.



- Are shareholders/a group of small shareholders (from 5% of total voting shares or less) of the opportunity to nominate a candidate for the BOD?

Yes, PV Drilling's Charter stipulates that shareholders who own equal or above 5% of total number of ordinary shares for a consecutive period of at least 6 months or a group of shareholders who own equal or above 10% of total number of ordinary shares for a consecutive period of at least 6 months are entitled to nominate a candidate to the BOD.



- Does the company release the voting results including the number of votes of agreeing, disagreeing or abstention for each issue to collect opinions at the latest AGM?

Yes, the above-mentioned information is detailed in the Minutes of the AGM.



- Did the minutes of the latest AGM record that shareholders had the opportunity to raise questions and got the answers?

Yes, Q&A part is very crucial and prioritized to conduct at all the AGM. However, due to time limit, questions and explanations are not detailed in the minutes of the AGM.

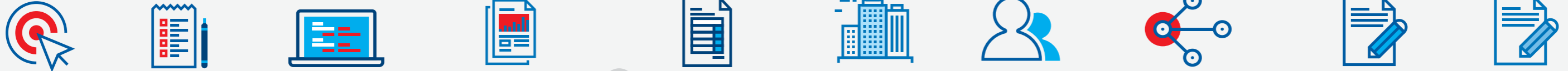


- Is the list of members of the BOD, the Supervisory Board, and CEO attending the meeting publicized in the Minute of the AGM?

Yes, this list can be found on the minutes which were published on website on June 18, 2020.

# CORPORATE GOVERNANCE REPORT (continued)

## II. THE BOD



– Is the process of nominating a candidate for the BOD including searching, selecting and recommending disclosed?

Yes, PV Drilling's AGM 2020 has issued a Notice No. 02/06/2020-TB-HDQT dated June 5, 2020 announcing the nomination and election of PV Drilling's BOD independent member.

– The BOD should ensure that at least one third of its total number members are independent.

Yes, PV Drilling's BOD currently consists of 7 members, including 3 independent members.

– Are there any BOD members who are concurrently BOD members of other 5 enterprises?

No, there aren't. PV Drilling's BOD members don't concurrently hold the position of BOD of other 5 enterprises.

– Is information of BOD members including age, education, field of charge, first day of appointment, years of experience, positions at other enterprises fully disclosed?

Yes, it can be found on PV Drilling's website and Annual Report.

– Is information on stock ownership of each BOD, BOS member and CEO fully disclosed?

Yes, it can be found on PV Drilling's website and Annual Report.

– Is information on direct stock ownership of major shareholders disclosed?

Yes, it can be found on PV Drilling's Annual Report. This content is also introduced by PV Drilling to shareholders and investors in meetings with investors and shareholders.

– Does the BOD appoint at least 1 person to be a professionally qualified Corporate Secretary?

Yes, the person in charge of corporate governance and corporate secretary of PV Drilling was appointed in accordance with Resolution No. 01/06/2018/NQ-HDDQT dated June 15, 2018.

– Is the current structure of the Board of Directors ensured gender-balanced?

Yes, despite operating in a technical field which men are the majorities. PV Drilling's BOD still strives to maintain gender balance. Currently, PV Drilling's Board of Directors has one female member to maximize the benefits of gender diversity.

– Does the BOD hold meetings at least once a quarter, and each member attends at least three-fourth of the meetings during the year?

Yes, in 2020, PV Drilling's Board of Directors held 4 meetings, with full attendance of members.

– Do non-executive BOD members conduct meetings at least once a year without the presence of executive BOD members?

Yes, PV Drilling's BOD consists of 6 non-executive members. During the year, non-executive members regularly hold discussions and meetings of the BOD.



– Does the BOD evaluate the President & CEO and the BOM annually?

Yes, it can be found in the documents of the AGM, the Report of the BOD on the Annual Report.

– Does the BOD's report on operation performance consist of future plans?

Yes, in addition to operation performance of the previous year, the BOD also reports next year's plan, medium and long-term development strategy.

– Does the report of the BOD consist of the assessment of the leadership role of the BOD in the process of building, monitoring the implementation of the corporation's strategy?

Yes, PV Drilling's BOD performed well the role of orientating and building the strategy, vision and mission of PV Drilling.

– Do BOD independent members assess the report on operation performance of the BOD?

Yes, in BOD's report on operation performance, there is always a part where independent members evaluate the activities of the BOD during the year.

– Does the report on operation performance of the BOD include list of BOD meetings and the resolutions/decisions of the BOD?

Yes, it can be found in Appendix I, Report of the BOD both in the AGM documents and PV Drilling's Annual Report.

– The Chairman and the President & CEO are not held by one person?

At PV Drilling, the two positions of Chairman of the BOD and CEO are always separated in order to improve independence, separation of powers and responsibilities between the BOD and the BOM and to support each other for maximum performance.

– Has the Board of Directors made self-assessment on the application of the Vietnam Code of Corporate Governance according to best practices (CG Code)?

Yes, PV Drilling's BOD has conducted and evaluated its corporate governance in accordance with the CG Code since 2019.

– Has the BOD assessed and outlined a response plan to ensure that internal controls are maintained and the Corporation is in compliance with all relevant laws during the year? Does the evaluative statement go along with relevant evidence?

Yes, it can be found in PV Drilling's Annual Report.

– Do members of the BOD attend training courses on Corporate Governance?

Yes, below is the list of BOD members who have completed and received corporate governance certificates.



# CORPORATE GOVERNANCE REPORT (continued)

No.	Member	Title	Course	Certificates	Training unit
1	Mr. Pham Tien Dung	Chairman of the Board of Directors.	Director Certification program-DCP3.	Yes.	Vietnam Institute of Directors (VIOD).
			The Linkage 20 Conversations.	Yes.	Harvard Faculty Club.
2	Mr. Do Duc Chien	Vice Chairman	Enhancement of governance competency.	Yes.	Vietnam Petroleum Institute.
3	Mr. Nguyen Xuan Cuong	BOD member cum President & CEO	Enhancement of governance competency.	Yes.	Vietnam Petroleum Institute.
			Audit Committee Master program.	Yes.	VIOD

## III. ANNUAL REPORT



– Does the annual report provide information of the Corporation's shareholder structure including the ownership ratio; institutional shareholders and individual shareholders; domestic shareholders and foreign shareholders; state shareholders and other shareholders?  
Yes, it can be found in our Annual report, page "Charter capital – Shareholder structure".

– Does the annual report disclose the independence of BOD member?  
Yes, it can be found on our annual report, page "Introduction of the BOD".

## IV. THE SUSTAINABILITY REPORT



– Does the Corporation disclose the report on evaluations related to environmental and social responsibilities?  
Yes, above-mentioned reports are shown on the sustainability report in the annual report.

– Does the Corporation publish the policies and practices which describes the efforts in ensuring the implementation of environmental protection standards in the way of selecting suppliers?  
Yes, PV Drilling always requires contractors and suppliers to commit to environmental protection standards. PV Drilling regularly organizes periodic/unannounced inspection activities to closely monitor the implementation. Details are reported in the sustainability report in our Annual Report.

– Does the Corporation publish the policies and practices which describes the efforts in ensuring the implementation of environmental protection standards in its business operation, consuming products and services?  
Yes, PV Drilling strictly implements its regulations and policies on environmental protection.

– Does the Corporation prepare and publish a sustainable Report in accordance with international standards such as GRI, Integrated Reporting, SASB standards?  
Yes, our sustainability report is prepared in accordance with GRI standards.

## V. THE SUPERVISORY BOARD (BOS)



– Head of Supervisory Board / Chairman of audit committee has specialized / experiences in accounting, audit of finance?  
Yes. This information can be found in our annual report and our website.

– Is there any evidence to present the coordination between the BOS/the Audit Committee and the BOD, the BOM?  
Yes, it can be found in the BOS report on the AGM document and the annual report.

– Is there any evidence that present the BOS/Audit Committee made an assessment of the independent audit firm and financial statements?  
Yes, it can be found in the BOS report on the AGM document and the annual report.

– List of meetings of the BOS during the year?  
In 2020 the BOS held 5 meetings whose details can be found on the BOS report.

– Do BOS / Audit committee members work in the accounting, financing division?  
No, they don't. PV Drilling don't let them join the accounting, financing division.

# CORPORATE GOVERNANCE REPORT (continued)

## VI. BOM



– *Is the remuneration of the President & CEO and other executive management members (including the Chief Accountant) shown in a separate section with detail of each person's salary, remuneration in the annual financial statements and reported to the AGM?*

Yes, it can be found in the report of the BOM, Annual Report of PV Drilling and reported at the AGM.

– *Does the company disclose potential risks (such as financial, accounting, internal control, operations, information technology, environmental, social and economic)?*

Yes, it can be found in the Annual Report.

## VII. INFORMATION DISCLOSURE



– *Does the Corporation disclose the annual report on time as specified by laws?*

Yes, PV Drilling always strictly implements the disclosure of annual reports in accordance with current regulations (within 20 days from the date of issuance of the audited financial statements).

– *Does the Corporation disclose the semi-annual and annual Corporate Governance report on time as specified by laws?*

Yes, PV Drilling always follows the time for the CG report.

– *Did the Charter and Regulation on Corporate Governance update and publish on the website?*

Yes, they were published in a downloadable manner in the "Information Disclosure" section on the website.

*Does the Corporation have an Internal Audit department?*

Yes, PV Drilling currently has an Audit Sub-Committee under the BOD and a Compliance Inspection Committee under the BOM.

– *Does the Corporation provide contact information on the website or annual report so that stakeholders such as customers, suppliers, investors, shareholders, etc. can use as a means to contact, discuss or report possible violations of their rights?*

Yes, it's easy to find on the website, on the Annual Report such contact information including the email: info@pvdrilling.com.vn, ir@pvdrilling.com.vn, pr@pvdrilling.com.vn).

## VIII. INTERNAL POLICIES FOR THE WORKFORCE



– *Does the Corporation clearly disclose policies of health, safety, and welfare for the employees?*

Yes, it can be found in the Annual Report.

– *Does the Corporation clearly disclose policies and practices regarding training programs for employees and the results of its activities (eg average hours spent on training)?*

Yes, it can be found in the Annual Report.

– *Does the Corporation use KPI policy associated with the Corporation's long-term performance in both financial and non-financial terms?*

Yes, PV Drilling has implemented this policy since 2013.

## IX. BUSINESS CODE OF CONDUCT



– *Does the Corporation issue a Code of Conduct that applies to all management and employees and are there ways of sanctions in case of violations?*

Yes, our Code (BCOC) was issued in 2016.

*Does the Corporation publish policies and practices to protect customers' interests?*

Yes, our Code specifies the details of these contents.

*Does the Corporation develop and publish a policy that allows stakeholders to report violations?*

Yes, our Code specifies the details of these contents.

## X. OTHER ISSUES



*Does the Corporation spare time for shareholders to contribute their ideas (excluding complaints) outside the AGM such as investor conferences, meeting programs, etc.?*

Yes, annually, PV Drilling organizes meetings with investors and shareholders to exchange and share information at the Corporation's head office.

– *Does the Corporation pay dividends in full within 6 months from the date of the AGM?*

Not for 2020 as in this year PV Drilling has not been able to complete the procedures related to regulations on state capital management. PV Drilling's BOD will make an official report on the late payment of dividends in 2019 at 2021 AGM.

# INTRODUCTION OF THE SUPERVISORY BOARD



Mr. Vu Thuy Tuong has held the position of PV Drilling's Head of Supervisory Board since October 2017. He has 19 years of experience in the field of financial accounting and 17 years of experience in the oil and gas industry.



**Date of birth:** 1977  
**Date of appointment:**  
27/4/2018  
**Education:**  
– Bachelor of Economics  
(Corporate Finance)

## Mr. VU THUY TUONG

Head of PV Drilling's Supervisory Board

**Experience:** 19 years of experience in the field of finance and accounting.

### Employment History:

10/2017 - Present	Chief of Supervisory Board, PV Drilling;
01/2017 – 08/2017	Deputy Manager of Finance Division, PVN;
02/2016 – 12/2016	Deputy Manager, Finance Accounting and Auditing Division, PVN;
06/2015 – 01/2016	Chief Accountant - Manager of Finance accounting and Auditing Department, PVCFC;
09/2013 – 05/2015	Deputy Manager of Floating vehicles construction Department, PV Trans;
06/2009 – 09/2013	Chief Accountant – Manager of Finance Accounting and Auditing Department, EIC Corporation;
11/2007 – 06/2009	Deputy Manager of General Accounting Division, PV Oil Corporation;
04/2007 – 11/2007	General Accountant, PVFCCo;
06/2004 – 04/2007	General Accountant, Petroleum Trading Joint Stock Company;
2004 – 06/2004	General Accountant, Binh Tan Consumer Goods Production Company;
2002 – 2003	Accountant, Thai Hoa Textile Co. Ltd.



Mr. Nguyen Van Tai joined PV Drilling's Supervisory board in April 2019. He used to work as an audit team leader at PwC Vietnam and a manager of Vietravel's Financial Department.



**Date of birth:** 1978  
**Date of appointment:**  
26/4/2019  
**Education:**  
– Bachelor of Corporate Finance;  
– Bachelor of Law.

## Mr. NGUYEN VAN TAI

Member, PV Drilling's Supervisory Board

**Experience:** 20 years of experience in the field of accounting and audit.

### Employment History:

4/2019 - present	Member of the Supervisory Board, PV Drilling;
5/2018 - 3/2019	Manager of Finance Department, Vietravel Company;
5/2010 - 4/2018	Audit executive at Internal audit Division of PV Drilling;
10/2007 - 5/2010	Audit executive, Audit team leader at PwC Vietnam;
9/2004 - 9/2007	Audit executive, Audit team leader at A&C Company;
6/2003 - 8/2004	Deputy Manager of Finance Department at Southern Electric Machinery Company;
4/2001 - 5/2003	In charge of Finance at Tan Tien Thinh Company;
8/2000 - 3/2001	Assistance to Production Director at Sai Gon Composite Company.

# INTRODUCTION OF THE SUPERVISORY BOARD (continued)



Mrs. Nguyen Thu Truc joined PV Drilling's Supervisory board in April, 2018. She has 18 years of experience in the field of accounting.



**Date of birth:** 1980

**Date of appointment:**  
27/4/2018

**Education:**  
– Bachelor of Accounting and  
Financing

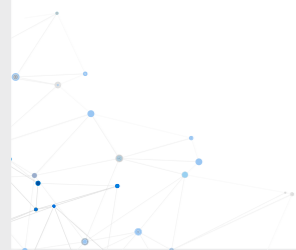
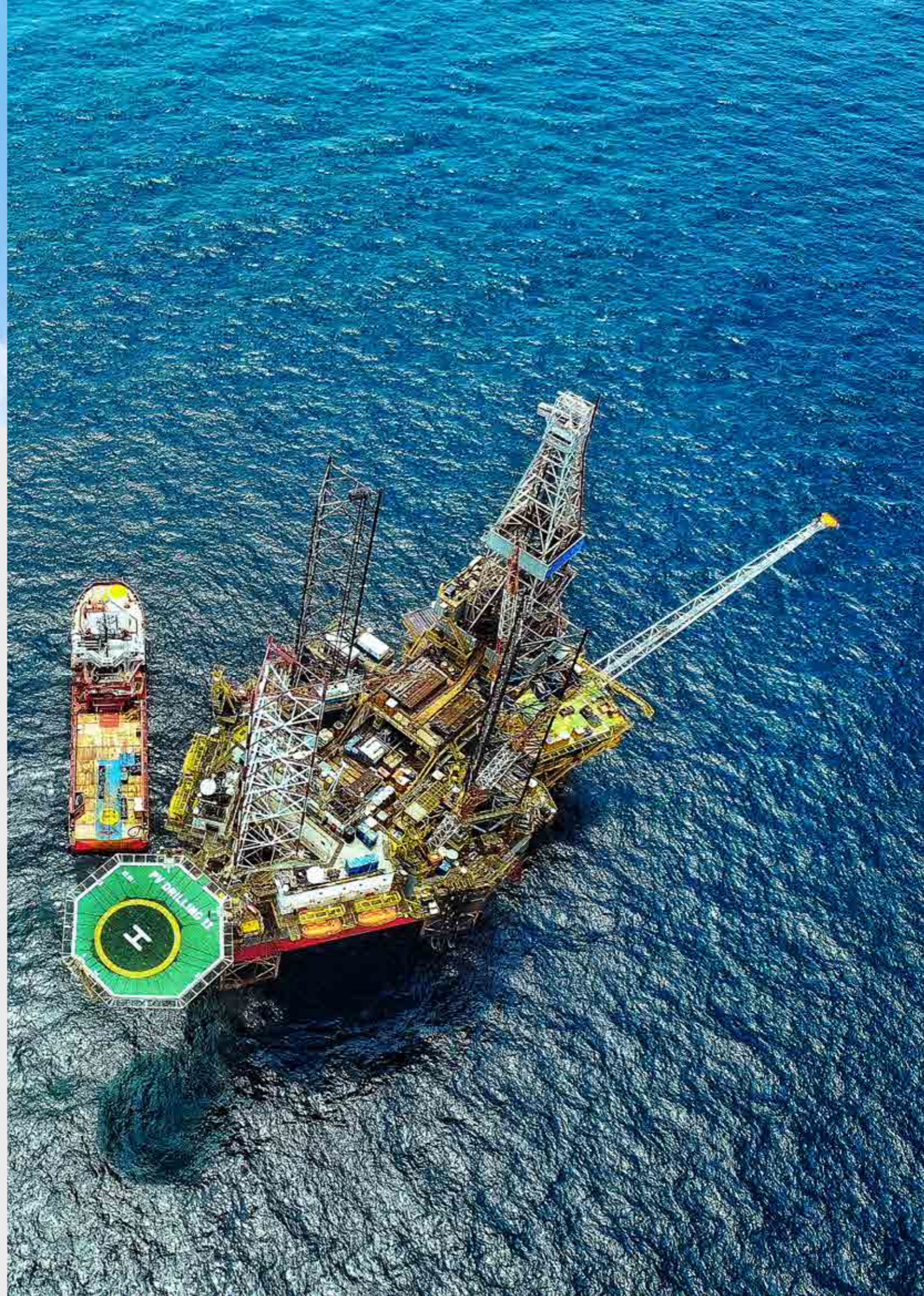
### 3 Mrs. NGUYEN THU TRUC

Member of PV Drilling's Supervisory Board

**Experience:** 18 years of experience in accounting field;

#### **Employment History:**

4/2018 - present:	Member of PV Drilling's Supervisory Board ;
3/2013 - 3/2018	Management accountant cum Deputy Manager of Accounting Department, PVD Well Services Ltd;
7/2008 – 02/2013	General Accountant, PVD Well Services Ltd;
9/2007 –6/2008	Accountant, Kimberly-Clark Vietnam Ltd;
11/2006 – 8/2007	Accountant, ILA Vietnam Ltd;
11/2004 – 10/2006	Accountant, CDMA, Mobile phone Center;
2003 – 10/2004	Accountant, Dong Nam Phat Ltd.



## REPORT THE BOARD OF SUPERVISORS



### I. BOARD OF SUPERVISORS OPERATION ACTIVITIES IN 2020

#### I. Responsibilities and duties of the Board of Supervisors

The PV Drilling's Board of Supervisors (BOS) including of 03 members who have successfully completed the tasks in 2020 with activities as follows:

- (i) To supervise the Board of Directors, General Director in the management and administration of the Corporation;
- (ii) To inspect the reasonableness, legality, truthfulness and prudence in the management and administration of business operations; the systematicity, consistency and appropriateness of accounting and statistical work and preparation of financial statements;
- (iii) To monitor financial situation, capital balance and cash flow management; operational efficiency and debt repayment capacity; capital use, management and preservation; the implementation of quarterly and annual business plans;
- (iv) To Supervise the implementation of business plans according to the Resolution of the Annual General Meeting of Shareholders; Checking / supervising production and business activities of affiliated units through financial statements, reports of representatives of PV Drilling at member companies and affiliates;
- (v) To appraise the completeness, legality and truthfulness of the company's business reports and annual and biannual financial statements, and reports evaluating management work of the

Board of Directors; and to submit appraisal reports at the annual General Meeting of Shareholders;

- (vi) To review, inspect and evaluate the effect and efficiency of internal control, internal audit, risk management and early warning systems of the company;
- (vii) To propose the Board of Directors or the General Meeting of Shareholders measures to modify, supplement and improve the organizational structure for the management, supervision and administration of the company's business operations;
- (viii) To propose the General Meeting of Shareholders to approve the list of auditing firms to audit the financial statements of the Corporation
- (ix) To formulate the Regulation on operation of the Supervisory Board in accordance with the current legal regulations and submit to the General Meeting of Shareholders for the ratification;
- (x) To exercise other rights and perform other obligations as provided in Law on Enterprises, the company's charter and resolutions of the General Meeting of Shareholders.

#### 2. Performance of the Supervisors in 2020

In 2020, BOS members successfully completed the tasks of supervision in accordance with the functions and duties stipulated in PV Drilling's Charter; operation regulations of the BOS and regulations of laws, specifically:

No.	Full name	Title	Assigned tasks
1	Mr. Vu Thuy Tuong	Head of Board	<ul style="list-style-type: none"> <li>- Conducting the role of Head of the Board in compliance with working regulations of the BOS.</li> <li>- Supervising the Board of Directors (BOD) and the Board of Management (BOM) in implementing PV Drilling's business operation.</li> <li>- Supervising the progress of PV Drilling's restructuring plan; supervising investment activities, capital usage and management.</li> <li>- Attending all BOD's meetings; Role as a chairperson in the BOS's meetings.</li> <li>- Performing others tasks and duties in compliance with the PV Drilling's Charter.</li> </ul>
2	Ms. Nguyen Thu Truc	Member	<ul style="list-style-type: none"> <li>- Coordinating in inspection and supervision the implementation of PV Drilling's Charter, regulations of laws; Resolutions, Decisions, Directives and Regulations of PV Drilling.</li> <li>- Supervising PV Drilling's business operation, the implementation of approved business plan.</li> <li>- Coordinating in appraisal the annual and biannual financial statements, detecting and warning potential risks (if any).</li> </ul>
3	Mr. Nguyen Van Tai	Member	<ul style="list-style-type: none"> <li>- Inspecting and Supervising the BOD and BOM operations in implementing PV Drilling's Charter, regulations of laws;</li> <li>- Resolutions, Decisions, Directives and Regulations of PV Drilling.</li> <li>- Checking and Appraising the implementing of the Rules, Regulations and other Internal regulations in the corporate governance.</li> <li>- Inspecting and Supervising PV Drilling's business operation, the implementation of approved business plan.</li> <li>- Supervising investment activities, capital usage and management.</li> <li>- Coordinating in appraisal the annual and biannual financial statements, detecting and warning potential risks (if any).</li> <li>- Supervising profit distribution, salary fund finalization, inventory and cost optimization;</li> <li>- To archive and retain all working papers and related documents to the work of the Board of Supervisors.</li> </ul>

#### 3. Changing the member of the Supervisory Board in 2020

There is no change in personnel of the Supervisory Board in 2020.

accordance to the Circular No. 28/2016/TT-BLĐTBXH which providing guidance on implementation of regulations on labor, salary, compensation and bonus for companies whose shares or contributed capital portions are predominantly owned by the State.

#### 4. Salaries, remuneration and other benefits of supervisors

Supervisors are entitled to salaries or remuneration and other benefits as decided by the General Meeting of Shareholders and

The operation expenses of Supervisors Board shall be paid accordance to PV Drilling regulations.

The number of shares, salaries, remuneration and other benefits of each members of Supervisory Board as below:

No.	Full name	Title	Salaries, remuneration and other benefits (unit: million dong)	Number of shares (unit: share)
1	Mr. Vu Thuy Tuong	Head of Board	1,038	0
2	Ms. Nguyen Thu Truc	Member	466	0
3	Mr. Nguyen Van Tai	Member	343	0
<b>Total</b>			<b>1,847</b>	

Other operation expenses: 20 million Dong

## REPORT THE BOARD OF SUPERVISORS (continued)



The BOS successfully held a total of 5 meetings in 2020. BOS members fully attended the above-mentioned meetings whose content is the implementation of 2020 Operation plan approved by the AGM.

### II. THE BOS' MEETING IN 2020

#### I. Number of attendance

No.	Full name	Title	Number Of Attendance	Percentage	Absence Reason
1	Mr. Vu Thuy Tuong	Head of Board	5/5	100%	
2	Ms. Nguyen Thu Truc	Member	5/5	100%	
3	Mr. Nguyen Van Tai	Member	5/5	100%	

#### 2. The content of BOS' meetings in 2020

No.	Date	Contents
1	April 21 <sup>st</sup> , 2020	Discussed and agreed the appraisal reports of the Supervisory Board to the Audited Holding Company financial statement and the Audited Consolidate Financial Statement for the year ended Dec 31 <sup>st</sup> , 2019.
2	May 12 <sup>th</sup> , 2020	To appraise the Audited Holding Company financial statement and the Audited Consolidate Financial Statement for the period from Jan 01 <sup>st</sup> , 2020 to Mar 31 <sup>st</sup> , 2020. To propose selection of an independent auditing firm to submit to the General Meeting of Shareholders for approval to perform the audit for the financial statement for the year ended Dec 31 <sup>st</sup> , 2020.
3	May 20 <sup>th</sup> , 2020	To ratificate the report of the board of supervisors on Operation activities in 2020 and Supervisory Plan in 2021 to submit the General Meeting of shareholders.
4	Sep 07 <sup>th</sup> , 2020	To appraise the Audited Holding Company financial statement and the Audited Consolidate Financial Statement for the period from Apr 01 <sup>st</sup> , 2020 to Jun 30 <sup>th</sup> , 2020 and others operations.
5	Nov 04 <sup>th</sup> , 2020	To appraise the Audited Holding Company financial statement and the Audited Consolidate Financial Statement for the period from Jul 01 <sup>st</sup> , 2020 to Sep 30 <sup>th</sup> , 2020 and others operations.

### III. THE RESULT OF THE SUPERVISION THE BUSINESS OPERATIONS AND THE FINANCIAL POSITION

#### I. The result of the supervision the business operations

In 2020, the oil and gas industry firms had been in double affected by the decline in oil prices and the Covid-19. In that case, the Board of Directors had to do the great efforts in all business operations, the business operation results in 2020 have exceeded the plan which approved by the General Meeting of Shareholders and increase compared to the previous year, as follows:

(Unit: Billion VND)

ITEM	HOLDING COMPANY				CONSOLIDATED			
	This year	Last year	Inc (+) Dec (-)	% (+/-)	This year	Last year	Inc (+) Dec (-)	% (+/-)
Revenue	3,750	2,742	1,008	37%	5,229	4,368	861	20%
Profit before tax	108	90	18	20%	204	189	15	8%
Net Profit after coporate income tax	110	84	26	31%	184	172	12	7%
Net profit after tax attributable to The Holding Company					186	184	2	1%

## REPORT THE BOARD OF SUPERVISORS (continued)



### At Holding Company financial statement reports:

- The actual revenue in YE 2020 compared to the previous year is 3,750 / 2,742 billion VND, increase of 1,008 billion VND, equivalent increase of 37% compared to the YE 2019.
- Profit before tax in YE 2020 compared to the previous year is 108/90 billion, reaching 120% of the profit before tax in YE 2019; an increase of 18 billion.
- The net profit after incorporation tax in YE 2020 compared to the previous year is 110 /84 billion VND, increase of 26 billion VND, equivalent increase of 31% compared to the YE 2019.

### Consolidated financial statement reports:

- The actual revenue in YE 2020 compared to the previous year is 5,229/4,368 billion VND, increase of 120%, increase 861 billion dong compared to the YE 2019.
- Profit before tax in YE 2020 compared to the previous year is 204/189 billion, reaching 108% of the profit before tax in YE 2019; an increase of 15 billion.
- The net profit after incorporation tax in YE 2020 compared to the previous year is 184 /172 billion VND, increase of 12 billion VND or equivalent increase of 107% compared to the YE 2019. In which, the Net profit after tax attributable to The Holding Company is 186/184 billion dong, increase 2 billion dong, equivalent increasing of 1% in comparison to the last year.

### 2. Assessment reports on transactions between the Company, subsidiary companies and other companies over 50% charter capital of which is held by the public company with members of the Board of Directors, the Director/General Director and their related persons; transactions between the Company with companies whose founders or managers are members of the Board of Directors.

According to the current regulations on information disclosure in Circular 96/2020/TT-BTC dated November 16th, 2020 on guidance on information disclosure on the stock market, transactions between the Corporation and affiliated persons, between the Corporation and major shareholders, internal persons, affiliated internal persons have been fully reported and reported by the Board of Directors.

In 2020, the Board of Directors issued 11 resolutions on the Corporation's transactions with affiliated persons. Basically, that transactions had been done in accordance with the current laws, the parties involved

the transaction on an equal basis, voluntarily and in accordance with the parties' capacity in transactions, purpose; and transaction contents was not contrary to social ethics.

### 3. To Appraise the Reports

The Supervisory Board has apprised and evaluated the Financial Statements (FS) at the year ended 2019, the Semi-Annual and annual 2020 FS audited by Deloitte Vietnam Auditing Co.Ltd., to apprise the true and fair view of the financial position of the company at the year ended, and the financial performance in accordance with the current accounting standards and regimes. Overall, the financial statements and the financial performance of the Company give the true and fair view of the business activities, the recording and presentation were in accordance with Vietnamese accounting standards and other current regulations.

### 4.The implementation of the internal rules and regulations of the Corporation.

Pursuant to legal documents which are issued and take effect from 2021, specifically as follows:

- The Law on Enterprises dated June 17, 2020 comes into force from January 01, 2021;
- The Law on Securities dated November 26, 2019 comes into force from January 01, 2021;
- The Government's Decree No. 155/2020/ND-CP dated December 31, 2020 elaborating some Articles of the Law on Securities comes into force from January 01, 2021;
- The Circular No. 116/2020/TT-BTC dated December 31, 2020 providing guidelines for implementation of some Articles on administration of public companies in the Government's Decree No. 155/2020/ND-CP dated December 31, 2020 elaborating some Articles of the Law on Securities comes into force from February 15, 2021.

BOD, BOS and BOM have reviewed and updated the all the changed requirements related to the corporate governance such as the Charter, Internal regulations and rules of the Company. To formulate and submit the regulation on the operation of the BOD, the Regulation on Operation of the BOS to the Annual General Meeting of Shareholders 2021 to get the ratification; at the same time, the BOM directed all departments to develop and update the changings on that regulation to the corporate governance.

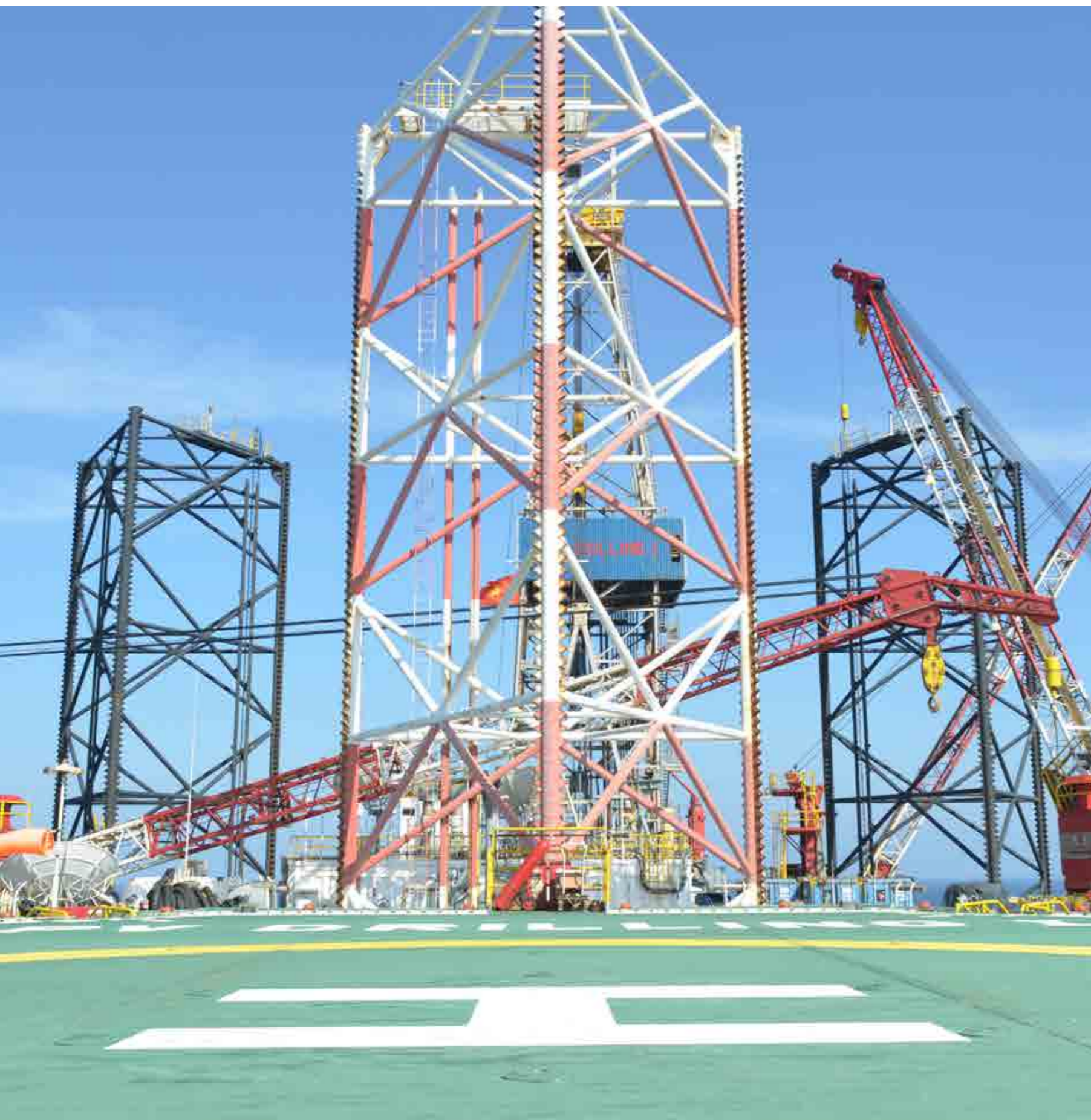
### IV. SUPERVISION OF THE BOD, CEO AND OTHERS EXECUTIES OFFICERS

The year 2020 with a lot of difficulties and challenges for the oil and gas industry due to the double impact of the Covid-19 and the decline in oil prices. The BOD promptly issued Resolutions/Decisions on strategy; operating activities are in line with the actual situation of the Corporation and its subsidiaries, in order to ensure the completion of the revenue and profit plan for the fiscal year 2020 that approved by the General Meeting of Shareholders.

In the difficult and challenging of 2020, the BOM had managed the business activities in accordance with the decentralization between the BOD and the BOM. The BOM strengthened implementation of measures to cope with the oil price decline and COVID-19, and cut costs; control cash flow to maintain the stable activities in hard times; take actions to strengthen internal resources and continue to expansion of services to the overseas; maintain quality of service, ensure safe, improve the efficiency of using rigs. The BOM regularly reports to the BOD and asks for guidance when necessary.

In YE 2020, the BOD and the BOM transferred VND 1,968 billion from the undistributed EAT to the Investment and Development Fund in accordance with the resolution of the General Meeting of Shareholders in 2020. Currently, the BOD and the BOM are continuing the procedures with the Commission for the Management of State Capital to pay dividends to the shareholders as the resolution of the General Meeting of Shareholders in 2020.

## REPORT THE BOARD OF SUPERVISORS (continued)



### V. EVALUATION OF COOPERATION BETWEEN THE BOS, THE BOD, THE BOM AND SHAREHOLDERS

The coordination between the BOS and the BOD, BOM and shareholders is based on the principle of stability and development of the Corporation, in accordance with regulations of the laws and the company charter to ensure the interests of shareholders.

The BOS participates in all the BOD's meetings, contributes the opinions related to the identification of risks in business activities of the Corporation. The BOS's recommendations are considered by both BOD and BOM to ensure the company operations comply with the laws, regulations and the internal regulations, rules of the Company.

The BOD closely directs, supervises the operations of the Corporation. The BOM manages the business activities of the Corporation in accordance with the functions and duties in accordance with the Law on Enterprise and Charter. The BOM has promptly implemented the Resolutions and Decisions of the General Meeting of Shareholders and the BOD. The BOM regularly reports to the BOD and asks for guidance when necessary.

In YE 2020, the BOS has well coordinated in providing information on business activities to authorized state agencies and shareholders; supervising the preparation of financial statements for the quarter/fiscal year and annual reports, ensure that all activities and financial information are disclosed in accordance with regulations of the State Securities Committee and Stock Exchange, ensuring the interests of shareholders.

### VI. THE BOS OPERATION PLAN IN 2020.

- Supervising the implementation of Resolution approved by the Annual General Meeting of Shareholders;
- Monitoring the compliance with the laws, Charter and Internal Regulations in business management operations;
- Monitoring financial situation, capital position and cash flow management; the efficiency of the working capital, the quarterly business plan;
- Supervising the implementation of business plan 2021 approved by the General Meeting 2021; Checking / supervising business activities in 2021 in Holding Company and its subsidiaries via the reporting System;
- Validate the adequacy, legitimacy and truthfulness of the annual and biannual audited financial statements, income statements;
- Supervising investment activities, management and usage capital;
- Monitoring the implementation of recommendations of the inspection / audit team (if any);
- Review, inspect and evaluate the effectiveness of the internal control, internal audit, risk management and early warning systems of the company;
- Performing other tasks of the BOS in compliance with current regulations;
- To update newly issued policies/regulations, participating in training courses to enhance professional qualifications.



In 2020, the BOS coordinated their activities in inspection and supervision with those of the BOD and the BOM so that we can contribute to the sustainability of the Corporation and ensure the interests of our shareholders as specified in applicable laws and the Charter of the Corporation.



# INTRODUCTION OF THE BOARD OF MANAGEMENT



Mr. Nguyen Xuan Cuong has about 28 years of management experience in the oil and gas industry. He directly managed and operated the rig fleet in the period of 2010-2019 when he was a Managing Director of PVD Drilling Division. Since April 2019, he has elected as PV Drilling's BOD member cum President and CEO.



**Date of birth:** 1968  
**Date of appointment:** 12/4/2019  
**Education:**  
– Bachelor of Science (Drilling Engineering)  
– Master of Business Administration

## Mr. NGUYEN XUAN CUONG

Member of the Board of Directors cum President & CEO, PV Drilling.

**Experience:** 28 years of experience in the oil and gas field.

**Field of charge:** Generally direct and manage the sustainable growth, legislation and business operation of PV Drilling.

### Employment History:

4/2019 - Present	Member of the Board of Directors cum President & CEO, PV Drilling;
9/2010 - 4/2019	Vice President, PV Drilling and Director of PVD Drilling Division;
6/2008 – 9/2010	Vice President, PVEP;
2005 – 2008	Director/Deputy Director of Operation Division, PVEP - Algeria;
2003 – 2005	Deputy Manager/Manager of Drilling Operation Department, PIDC;
2001 – 2003	Manager of Hanoi Basin Project, Amara Project, PIDC;
1999 – 2001	Drilling Engineer, Unocal;
1996 – 1999	Drilling Engineer, PVSC;
1992 – 1996	Working at PTSC.

**Concurrent positions:** Chairman of PVD Overseas and Vice Chairman of PVD Baker Hughes.



With 34 years of experience in the oil and gas industry including 26 years of experience in project management and procurement, Mr. Dao Ngoc Anh currently holds the position of PV Drilling's Vice president, in charge of bidding, procurement, investment and project management of PV Drilling.



**Date of birth:** 1962  
**Date of appointment:** 12/02/2020  
**Education:**  
– Bachelor of Marine Engineering, Shipbuilding University, Leningrad, Russia.

## Mr. DAO NGOC ANH

Vice President, PV Drilling

**Experience:** 34 years of experience in the oil and gas industry

**Field of charge:** Responsible for commercial, investment, bidding activities and manage PV Drilling's investment projects.

### Employment History:

12/2009 - Present	Vice President, PV Drilling;
2008 – 2009	Manager of Project Management Department, PV Drilling;
2003 – 2008	Manager of Import Division, Petechim;
2001 – 2003	Deputy Manager of Oil Transportation Division, Petechim;
1994 – 2001	Deputy Manager of Import Division, Petechim;
1987 – 1994	Senior officer in Floating Facilities Department, Petechim.

**Concurrent positions:** Chairman of PVD Logging and BOD Member of PVD Tubulars Management.

# INTRODUCTION OF THE BOARD OF MANAGEMENT (continued)



Joining the oil and gas industry since 1987, Mr. Vinh has gathered about 34 years of experience. With a mechanical engineering background, he was entrusted to build PVD Tech, one of PV Drilling's biggest subsidiaries mainly operating in the field of oil and gas trading. Mr. Vinh currently holds the position of PV Drilling's Vice president, in charge of business development.



**Date of birth:** 1963  
**Date of appointment:** 16/3/2018  
**Education:**  
– Bachelor of Mechanical Engineering;

### 3 Mr. TRINH VAN VINH

Vice President, PV Drilling

**Experience:** 34 years of experience in the oil and gas industry.

**Field of charge:** Responsible for business development activities, supporting PV Drilling's Operation.

#### Employment History:

8/2011 - Present	Vice President of PV Drilling;
6/2011 – 8/2011	Vice President of PV Drilling and Director of PVD Tech;
2006 – 6/2011	Director of PVD Tech;
2002 – 2006	Deputy Manager/Manager of Technical Department, PV Drilling;
1987 – 2002	Mechanical Engineer, Deputy Chief of Electrical and Mechanical Department, Assistant to CEO, Vietsovpetro.

**Concurrent positions:** Chairman of PVD Tech, Vice chairman of Vietubes and BOD member of PVD Overseas.



Mr. Vu Van Minh joined PV Drilling's management board as a Vice president in 2014. He has gained 28 years of experience in the oil and gas industry. He is currently in charge of developing well technical services for PV Drilling's Joint Ventures.



**Date of birth:** 1971  
**Date of appointment:** 08/6/2020  
**Education:**  
– Master of Petroleum Technology, Exploration and Drilling

### 4 Mr. VU VAN MINH

Vice President, PV Drilling

**Experience:** 28 years of experience in the oil and gas industry.

**Field of charge:** Responsible for developing well technical services at PV Drilling's Joint Ventures.

#### Employment History:

7/2020 – present:	Vice President of PV Drilling, Director of PVD Baker Hughes;
11/2018 – 7/2020:	Vice President of PV Drilling, Director of PVD Baker Hughes, Chairman of PVD Well Services;
11/2014 - 11/2018:	Vice President of PV Drilling, Director of PVD Baker Hughes;
4/2011 - 11/2014	Deputy Director, PVD Baker Hughes;
7/2010 - 3/2011	Director of PVD Baker Hughes Establishment Project;
6/2008 - 6/2010	Chief Drilling Engineer and Drilling Supervisor, Hoang Long - Hoan Vu JOC;
9/2006 - 5/2008	Deputy Manager of Operation Supports and Technology, Contract Management Division, Petrovietnam;
02/1996 - 8/2006:	Drilling Engineer, Exploration & Production Department, Petroleum Exploration Division, Petrovietnam;
10/1993 - 01/1996	Drilling Engineer, PVSC.

**Concurrent positions:** Director of PVD Baker Hughes.

# INTRODUCTION OF THE BOARD OF MANAGEMENT (continued)



Mr. Ho Vu Hai joined PV Drilling's Board of Management in 2015. He possesses 27 years of experience in the oil and gas industry. He is currently in charge of PV Drilling's business activities in Vung Tau and generally directs the business growth of PVD Deepwater.

## 5 Mr. HO VU HAI Vice President, PV Drilling



**Date of birth:** 1971  
**Date of appointment:** 08/6/2020  
**Education:**  
 – Bachelor in Maritime Engineering.

**Experience:** 27 years of experience in the oil and gas industry.

**Field of charge:** In charge of PV Drilling's business activities in Vung Tau and generally direct the business growth of PVD Deepwater.

### Employment History:

6/2020 – present:	Vice President of PV Drilling, Chairman of PVD Deepwater, Director of NASOS;
5/2018 - 6/2020	Vice President of PV Drilling, Chairman of PVD Deepwater;
3/2015 - 5/2018	Vice President of PV Drilling;
2011 - 2015	Vice President, PVEP;
2009 - 2011	Vice President of PV Drilling and Director of Drilling Division;
2008 - 2009	Vice President of PV Drilling and Director of PVD Offshore;
2007 - 2008	Director of PVD Offshore;
2006 - 2007	Director of Drilling Services Enterprise, a subsidiary of PV Drilling;
2001 - 2006	Director of Oil Spill Response Services Enterprise, a subsidiary of PV Drilling;
1994 - 2001	Leader of Oil Spill Response Team of PTSC Offshore.

**Concurrent positions:** Chairman of PVD Deepwater, BOD member of PVD Tech, Director of NASOS.



Mr. Do Danh Rang joined PV Drilling's Board of Management in 2017. He has gathered about 26 years of experience in the field of financial accounting. He is currently responsible for corporate finance, financial accounting, internal audit, tax, corporate governance, information disclosure and investor relation of PV Drilling.

## 6 Mr. DO DANH RANG Vice President, PV Drilling



**Date of birth:** 1972  
**Date of appointment:** 13/4/2017  
**Education:**  
 – Master of International Finance and Accounting, Swinburne University, Australia.

**Experience:** 26 years of experience in accounting and finance field.

**Field of charge:** Responsible for finance management, financial accounting, internal audit, tax, corporate governance, information disclosure, investor relation of PV Drilling.

### Employment History:

4/2017 - Present	Vice President of PV Drilling;
1/2009 – 4/2017	Director of Finance Division, PV Drilling;
1/2008 – 12/2008	Deputy Director of Finance Division, PV Drilling;
6/2006 – 12/2007	Manager of Accounting - Finance Dept., Kimberly Clark Vietnam Ltd;
7/2003 – 6/2006	Manager of Finance Dept., S-Telecom CDMA, Mobile phone Center;
6/2001 – 7/2003	Accounting - Finance team leader, Vietnam Holcim Joint Venture Company;
7/1998 – 6/2001	Accounting Cost team leader, Vietnam American Standard Company;
10/1995 – 6/1998	General Accountant, Grand Imperial Saigon Hotel Ltd (Park Hyatt Hotel).

**Concurrent positions:** BOD member of PVD Baker Hughes, BOD member of PVD Overseas.

## INTRODUCTION OF THE BOARD OF MANAGEMENT (continued)



Mr. Nguyen Cong Doan has joined the oil and gas industry as a mechanical engineer since 1993. Mr. Doan is a first leader of PV Drilling's Project Management Office in Algeria and directly managed, operated PV DRILLING 11 land rig in Algeria. Mr. Doan was appointed as PV Drilling's Vice President in June 2020.



**Date of birth:** 1964  
**Date of appointment:** 8/6/2020  
**Education:**  
 – Mechanical engineering.

### 7 Mr. NGUYEN CONG DOAN

Vice President, PV Drilling

**Experience:** 31 years of experience in the oil and gas field.

#### Employment History:

12/2020 – present	Vice President of PV Drilling, Chairman of PVD Training.
8/2020 - 12/2020	Vice President of PV Drilling, Chairman of PVD Training, Manager of HR Division of PV Drilling.
6/2020 - 8/2020	Vice President of PV Drilling, Chairman of PVD Training, Manager of HR Division of PV Drilling, Manager of PV Drilling's management project division in Algeria.
3/2019 - 6/2020	Manager of HR Division, PV Drilling; Manager of PV Drilling's management project division in Algeria.
8/2007 - 2/2019	Deputy Director of PV Drilling Division, Manager of PV Drilling's management project division in Algeria.
12/2006 - 7/2007	Deputy Director of Rig Management and Operation division, Manager of PV Drilling's branch in Algeria.
10/2006 - 12/2006	Deputy Director of Rig Management and Operation division; Acting manager of PV Drilling's branch in Algeria.
6/2003 - 9/2006	Manager of Administration and Drilling Manpower Supply department of Drilling Division, PV Drilling.
6/2002 - 6/2003	Acting Deputy Manager of Production Planning and Drilling Manpower Supply Department, Drilling Division, PV Drilling.
11/2001 - 5/2002	Foreman at Bau Trung - Song Hong's Drilling Project, PV Drilling.
10/1997 - 10/2001	Materials Coordinator, Inspector, Foreman, PTSC Offshore.
4/1993 - 9/1997	Floorman, Derrickman, Pumpman...on the rigs for PTSC Marine.
12/1990 - 3/1993	Mechanical engineer, GPTS.

**Concurrent positions:** Chairman of PVD Training.

## INTRODUCTION OF CHIEF ACCOUNTANT CUM MANAGER OF FINANCE DIVISION



Mr. Nguyen Ngoc Truong joined PV Drilling in 2011. Mr. Truong gets an MBA in International Financial Accounting with 26 years of experience in this field. Mr. Truong was appointed as PV Drilling's Manager of Finance - Accounting Division cum Chief Accountant in July 2020.



**Date of birth:** 1976  
**Date of appointment:** 17/7/2020  
**Education:**  
 Master of International Finance and Accounting, Swinburne University, Australia.

### Mr. NGUYEN NGOC TRUONG

Chief accountant cum Manager of Finance Division, PV Drilling

**Experience:** 26 years of experience in the field of financial accounting.

#### Employment History:

7/2020 – present	Chief accountant cum Manager of Finance Division, PV Drilling
5/2017 - 7/2020	Manager of Finance Division, PV Drilling;
7/2011 - 4/2017	Deputy Manager of Finance Department, PV Drilling;
01/2011 - 6/2011	Team leader of Financial Analysis, PV Drilling;
01/2001 - 12/2010	Report team leader, Holcim Cement Group (Swiss);
7/1999 - 12/2000	Chief accountant, Son Ha Export Embroidery Company;
8/1998 - 6/1999	General accountant, Son Ha Export Embroidery Company.

**Concurrent positions:** BOD member of Vietubes, Chief accountant of PVD Overseas.  
 Number of "PVD" share owned: No

# REPORT OF THE BOARD OF MANAGEMENT



Members	Number of share owned (Unit: share)	Salary & Remuneration (Unit: VND 1,000)	Number of shares owned in PVD Training (Unit: share)
Mr. <b>Nguyen Xuan Cuong</b> CEO	33,480	468,421	
Mr. <b>Do Danh Rang</b> Vice President	51,691	1,258,629	2,000
Mr. <b>Dao Ngoc Anh</b> Vice President	877	1,263,304	
Mr. <b>Trinh Van Vinh</b> Vice President	8	1,267,644	5,000
Mr. <b>Vu Van Minh</b> Vice President	24,495	Received in PVD-Baker Hughes	
Mr. <b>Ho Vu Hai</b> Vice President	0	1,267,644	3,000
Mr. <b>Nguyen Cong Doan</b> Vice President	5	478,521	
Mr. <b>Tran Van Hoat</b> Vice President	0	943,043	

## I. OVERVIEW OF BUSINESS PERFORMANCE IN 2020

Although the economy is heavily affected by the Covid-19 epidemic, Vietnam's economic growth for the whole year 2020 is expected to reach about 2.91%. With this growth rate, Vietnam is one of the fastest growing countries in the region and in the world, thanks to its internal resources, making good use of opportunities and its ability to diversify and adapt flexibly. According to the assessment of economic organizations, in 2020 Vietnam has achieved the "dual goal" in the prevention of Covid-19 and maintaining economic growth.

2020 has been a challenging year for oil and gas industry due to many factors such as the impact of Covid-19 on the oil and gas operations and a low level demand of transportation and logistics which leading to weak oil demand. On March 31st 2020, oil price fell to 23 USD per barrel, the historical lowest point in 18 years since 2002. At the end of 2020, Brent oil price dropped by 34% YoY and averaged 42 USD per barrel in 2020, lower than 64 USD per barrel in 2019 (Source: EIA).

Compared to the downturn oil and gas market from 2015 to 2019, PV Drilling only faced the workload shortage and low day rate. 2020 is considered as the most difficult and unpredictable year. In addition to ensuring the progress of drilling campaigns for client in the context of lockdown among countries, PV Drilling puts a high priority on operational safety and Covid-19 prevention at workplace along with the pressure of seeking alternative jobs in response to customer's delayed drilling plan.

Oil and gas market which has not been fully recovered impacted after a long time crisis, faces many issues caused by the COVID-19 pandemic. The company's jack-up rig utilization achieved at 76% on average, which was lower than the figure of 90% in 2019, due to early termination of some drilling plans impacted by Covid-19. In September 2020, all four jack up rigs of PV Drilling had to mobilize back to Vietnam due to early termination of drilling campaigns in international markets. Even the day rate slightly increased by 5% compared to the same period last year thanks to some contracts signed before Covid-19 outbreak, however, day rate still remained under USD 60 thousand per day.

In order to bring all rigs back to work, PV Drilling contacted, negotiated and participated all potential biddings including short-term drilling plans. As a result, PV Drilling's rig fleet signed some contracts with new clients. Accordingly, PV DRILLING II participated in Vietsopetro's drilling campaign after accomplishing drilling plan for PCSB at Malaysia while PV DRILLING III moved to Cambodia to serve KrisEnergy's oil field in Q4/2020. In addition, PV Drilling hired 1.6 jack up rigs from partners in order to provide clients in Vietnam which significantly contributed to revenue and net profit in 2020.

Although the domestic and foreign drilling market faced many difficulties, PV Drilling had a very successful year for drilling related services. In the unfavorable market situation, PV Drilling had specific competitive advantages when international competitors were unable to bring equipment and human resources into the Vietnam market due to Covid-19. PV Drilling's subsidiaries have affirmed their brand, prestige and quality by providing service package to clients such as Idemitsu, ENI, Rosneft, HLJOC, JVPC, PVEP, Thien Nam, .. In addition, PV Drilling has focused to develop new services. More specifically in 2020, PV Drilling has successfully implemented a number of new services for customers, such as providing Wellbore Clean-up Services for HLJOC, JVPC and Managed Pressure Drilling & Software in Rosneft's drilling program.

# REPORT OF THE BOARD OF MANAGEMENT (continued)

Based on the effective corporate governance, PV Drilling has completed the outstanding year of 2020 with positive results which are 5,229 billion VND of revenue and 186 billion VND of net profit, increased by 12% and 173% compared to registered plan in AGM respectively. Comparing to last year, revenue increased by 20% while net profit rose by 1% thanks to debt collection and cost controlling plan.

In 2021, PV Drilling turns 20 years old and has to adapt to the new environment along with many uncertainties such as market fluctuation, the Covid-19 pandemic over the world and the global transition to clean energy. The Corporation acknowledges to change the mind-set, to be more creative and flexible to adapt with new environment in order to ensure the sustainable development in the longterm. Year 2021 also promises and creates opportunities for PV Drilling to approach and provide other drilling related services in new market when PV Drilling secures the drilling contract of semi submersible PV DRILLING V (Tender Assist Rig) with Brunei Shell Petroleum. The contract of six years, plus two (2) times of two (2) year extension shall commence in Q3/2021, is expected to generate the stable revenue for PV Drilling in the future.

## II. FINANCIAL STATEMENT 2020

Unit: Bil VND

CONSOLIDATED FINANCIAL STATEMENT				
Items	2017	2018	2019	2020
Revenue	3,891	5,500	4,368	5,229
Profit before tax	151	233	189	204
Profit after tax (The Company's shareholders)	45	198	184	186
Total assets	21,817	21,004	20,892	20,856
Equity	13,473	13,850	13,968	14,042
Total liabilities	8,345	7,154	6,923	6,814
Total liabilities/Total assets	38%	34%	33%	33%
Total liabilities/Total assets	62%	66%	67%	67%
Current ratio	1.61	2.03	1.99	1.83
Quick ratio	1.42	1.76	1.70	1.48
Capital adequacy ratio	1.00	1.03	1.01	1.01
ROE	0.3%	1.3%	1.2%	1.3%
ROA	0.2%	0.8%	0.8%	0.9%

In 2020, PV Drilling's financial statement is not much different from 2019. The Capital adequacy ratio, the Total equity over Total asset or Return on Equity are secure and stable. The financial health is safely controlled when the Liquidity ratios are always above 1 time in the difficult context of 2020 in which PV Drilling has to suffer the dual impact of the Covid-19 epidemic oil price drop. With the low level of day rate, the performance of PV Drilling truly is a remarkable result.

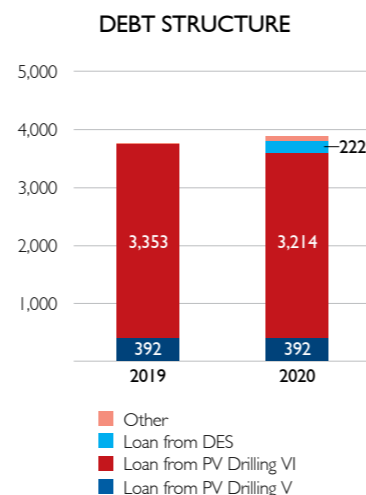
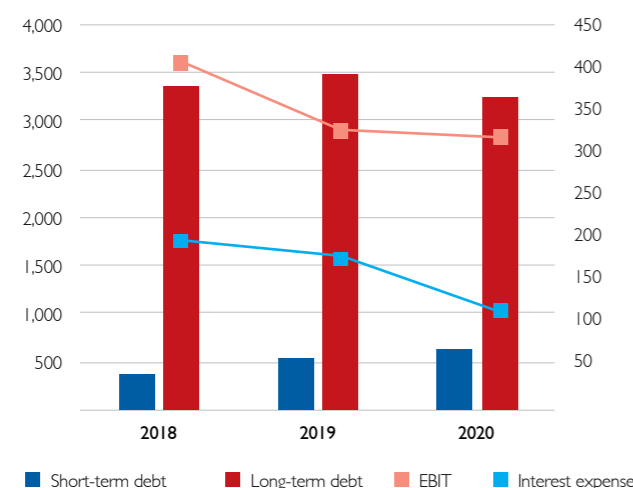
– Total assets structure: PV Drilling's total assets in 2020 reached to 20,892 billion VND, a slight decrease compared to 2019 mainly due to a decrease in the value of fixed assets and receivables from customers. In 2020, PV Drilling takes advantage of internal resources and only invests in necessary and urgent assets, therefore, these investments is not significant compared to the depreciation amount. In addition, the decrease in receivables amount which did not come from revenue increased by 20% yoy, contributed by the positive signals of debt collection.

Items	Year 2019		Year 2020		Notes
	Bil VND	Percentage %	Bil VND	Percentage %	
<b>Total Assets</b>	<b>20,892</b>	<b>100%</b>	<b>20,856</b>	<b>100%</b>	<b>The structure of short-term and long-term assets is stable compared to previous years, in which: short-term and long-term assets accounted for 24% and 76% of total assets respectively. During the year, the total PV Drilling's assets changed thanks to:</b>
Cash and cash equivalents & Short-term financial investments	3,325	16%	3,211	15%	Cash and cash equivalents decreased by 3%. The positive cash flow shows stable financial health in the context of dual impact of the Covid-19 epidemic and oil price drop in 2020.
Receivables	1,922	9%	1,964	9%	The pressure of provision for bad debts has been reduced which generated the positive contribution to PV Drilling's business results in 2020 thanks to the PVEP POC's payment of 85% of outstanding debts with a total value of more than 255 billion VND.
Inventories	835	4%	959	5%	Nearly 65% of PV Drilling's inventory value is purchased for tools and supplies which normally used for rig operation. Inventory turnover ratio is stably controlled and reaches the average level more than 5 times. This outcome is contributed by the effective Maximo management tool.
Fixed assets & Long-term assets in progress	13,964	67%	13,713	66%	In 2020, PVD Tech focuses on Drilling Equipment Set (DES) of TAD rig with total value in progress of 188 billion VND.
Investments in joint-venture	649	3%	699	3%	Total value of PV Drilling's capital contribution in affiliated companies is more than 489 billion VND. In 2020, profit from joint venture contributes is more than 216 billion VND, equivalent to the Return on invested capital of 44%.
Other	197	1%	310	1%	Mainly contributed by The deferred tax assets of more than VND 148 Billion VND, prepaid expenses of 91 billion VND and deducted VAT of 67 billion VND.

# REPORT OF THE BOARD OF MANAGEMENT (continued)

– Structure of Total liabilities: Total debt in 2020 of PV Drilling is VND 6,814 billion VND. Total liabilities over total assets accounts for 33% in 2020, not much change compared to previous years. Debt management is strictly implemented by focusing on monitoring exchange rate movement, currency payment, payment term, cash flow management to ensure payment needs, strictly control work procurement as well as maximizing available resources to minimize cost of capital. Accordingly, PV Drilling's financial ratios have always achieved a high and stable level of safety despite having experienced over 5 difficult years of the oil and gas industry.

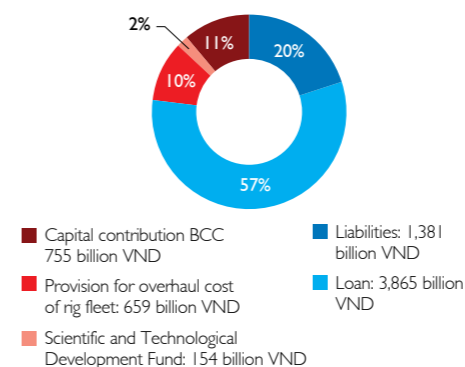
In total liabilities, debt structure takes main proportion with 3,865 billion VND, equivalent to 57% of the total liabilities as of December 31, 2020. More specifically, short-term and long-term debt accounts for 16% and 84% of total debt, respectively. The main debt includes PV DRILLING V rig investment loan of PVD Deepwater, PV DRILLING VI of PVD Overseas and Drilling Equipment Set (DES) of PVD Tech.



- Loan of PV DRILLING V rig (PVD Deepwater): outstanding loan balance as of December 31, 2020 is 392 billion VND – equivalent to 16.89 million USD. PV Drilling and PVD Deepwater are working with banks to renegotiate the loan repayment schedule to match the cash flow statement after the rig has a long-term drilling contract of 6 years and optional 4 years for Brunei Shell Petroleum, commencing from the third quarter of 2021.
- Loan of PV DRILLING VI rig (PVD Overseas): outstanding loan balance as of December 31, 2020 is 3,214 billion VND – equivalent to 139.54 million USD. This loan was successfully restructured in 2018. In 2020, PVD Overseas has timely paid the principal and interest of restructuring schedule.
- Loan of Drilling Equipment Set (DES): In 2020, to ensure capital for investing a new DES for PV DRILLING V rig, PVD Tech has signed a loan contract for 24.5 million USD with a loan term of 7 years. The amount disbursed in the year is more than 222 billion VND, equivalent to \$9.58 million USD.

Although debt always accounts for a large proportion of PV Drilling's total capital structure, however, interest coverage ratio is always maintained and kept at safety level. The interest coverage ratio was kept at above 2 times in 3 consecutive years (2.6 times in 2000).

## Debt structure



Unit: Bil VND

Items	2017	2018	2019	2020
Current assets	6,284	5,674	5,705	5,107
Current liabilities	3,905	2,800	2,862	2,799
Non-current liabilities	4,439	4,354	4,061	4,016
Interest expense	193	170	158	119
Interest Coverage Ratio (Times)	1.78	2.37	2.19	2.71

– Equity structure: PV Drilling's total equity in 2020 is 14,042 billion VND, a slight increase compared to 2019. Owner's contributed capital in 2020 remained unchanged compared to 2019 with a total value of VND4,215 billion VND. Shareholder structure of PV Drilling includes 50.4% of PetroVietnam, 16.2% of foreign investors and 33.4% of other investors.

Pursuant to Resolution of the Board of Directors No. 01/2020/NQ-DHĐCĐ dated 18/06/2020, Annual General Meeting approved the profit distribution 2019 in the form of stock dividend with the rate of 10% issued from retained earnings. Due to the incomplete documents providing for The Commission for the Management of State Capital at Enterprises, the profit distribution 2019 has been delayed. Pursuant to Article 272 of the Decree No. 155/2020/ND-CP dated 31/12/2020, Board of Directors informs and proposes to pay 2019 dividends in the form of stock with the rate of 10% in 2021 after finishing the documents with the Management of State Capital at Enterprises.

In 2020, PV Drilling transferred an amount of retained earnings of 1,986 billion VND to investment and development fund in accordance with the approval of Annual General Meeting under Clause 1, Article 4 of the Resolution No. 01/2020/NQ-DHĐCĐ dated 18/06/2020.

Exchange rate difference: Exchange rate at the end of 2020 significantly decreased compared to last year. Exchange rate as of December 31, 2020 is 23,035 VND/USD vs. in 2019 is 23,120 VND/USD, decreased by 85 VND.

Unit: Bil VND

Items	Year 2019	Year 2020
Owner's contributed capital	4,215	4,215
Share premium	2,413	2,413
Retained earnings	3,805	1,938
Investment and development fund	1,604	3,590
Foreign exchange reserve	1,684	1,638
Others	247	248
<b>Total</b>	<b>13,968</b>	<b>14,042</b>

- Solvency ratio: In the challenging year 2020, PV Drilling focuses on the efficiency of working capital management by strengthening debt collection, balancing revenue and expenditure, updating cash flow and strictly monitoring inventory. Current ratio and quick ratio remained at a good level, 1.83 and 1.48 times respectively, far exceeding the prescribed safety level accordance with Financial Regulations of the Corporation.
- Profitability ratios, capital preservation: In 2020, PV Drilling's parent company's profit after tax will be achieved 186 billion VND, a slight increase compared to 2019. In addition, total assets, equity as well as owner's contributed capital are not much changed compared to 2019. Therefore, profitability indicators, capital preservation as well as the structure of assets, liabilities and equity in 2020 are kept unchanged.

## REPORT OF THE BOARD OF MANAGEMENT (continued)

### III. ANALYSIS OF 2020 BUSINESS PERFORMANCE

With a comprehensive business development strategy including actively expanding core business in the international market and maintaining drilling services in the domestic market in recent years, PV Drilling has completed the outstanding year of 2020 with positive results which are 5,229 billion VND of revenue and 186 billion VND of net profit amidst the dual impact of Covid-19 pandemic and oil price drop. The profit outcome is contributed by drilling related services and joint ventures.

#### Revenue and Net profit by services in 2020

Unit: Bil VND				
Service	Revenue	Percentage	Net profit	Profit margin
Drilling service	3,076	59%	(152)	-5%
Drilling related services	2,152	41%	123	6%
Income from Joint Ventures			216	
<b>Total</b>	<b>5,229</b>	<b>100%</b>	<b>186</b>	<b>4%</b>

#### Drilling service:

Drilling service revenue in 2020 achieved more than 3,076 billion VND, increased by 42% YoY. These outstanding results of drilling service are contributed by some factors such as:

	Revenue	Net profit	Highlight
Jack-up rigs	3,072	(100)	<ul style="list-style-type: none"> <li>- The PV Drilling jack-up rig's utilization: Y2020: 3.0 rigs vs. Y2019: 3.6 rigs.</li> <li>- Average day rate: Y2020: 60.3k usd/day vs. Y2019: 57.5k usd/day</li> <li>- 2.1 rigs working in the international market with the average day rate of 60.6k usd/day</li> <li>- Hiring 03 jack up rigs from partners including Japan Drilling (HAK-URYU-11) and Borr Drilling (IDUN and SAGA) from 11/2019 and 2/2020 to Q3/2020 for domestic market.</li> </ul>
Land rig 11	4	(42)	<ul style="list-style-type: none"> <li>- Warm stack due to drilling campaign postpone in the context of Covid-19.</li> <li>- Land rig 11 is expected to operate in mid-year.</li> </ul>
TAD Rig		(11)	<ul style="list-style-type: none"> <li>- Cold stack in 2020.</li> <li>- Reducing and controlling costs while waiting for Shell Brunei Petroleum contract.</li> <li>- Accomplished 40% of reactivation and 60% of DES construction in order to work for Brunei Shell Petroleum Company Sdn Bhd (BSP), commencing from Q3/2021.</li> </ul>
<b>Total</b>	<b>3,076</b>	<b>(152)</b>	

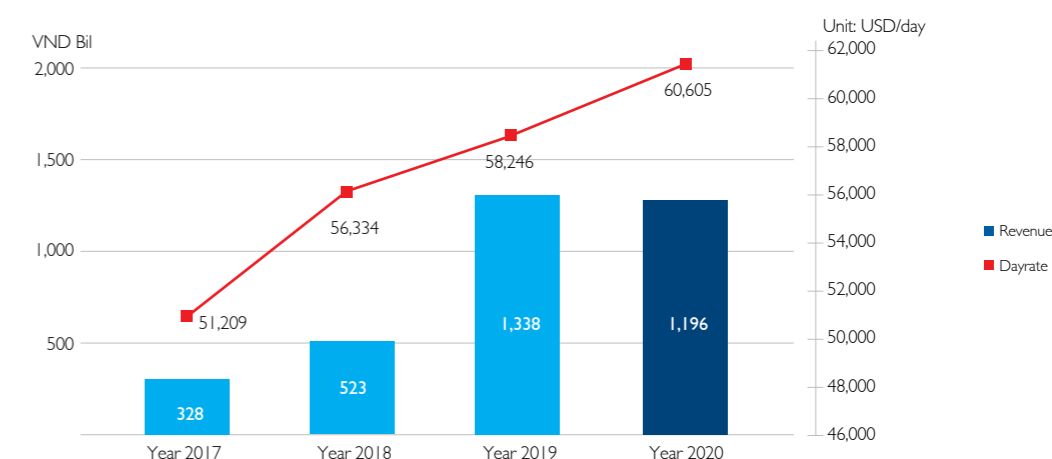
At the end of 2019, PV Drilling signed contracts for all owned jack up rigs which guaranteed workload for the rig fleet in 2020. However, the impact of Covid-19 epidemic has directly affected operation activities when most of the drilling campaigns were postponed or delayed. Some clients such as Petronas, Repsol and Hibicus in Malaysia stopped their drilling programs earlier than expected. For example, PV DRILLING I rig stopped working for Hibicus at late September, PV DRILLING II rig ended its drilling contract of Petronas in July 2020 while PV DRILLING III rig ended its contract at the end of May 2020. As a result, all 3 PV DRILLING I, II, III rigs have left Malaysia and back to Vietnam by the end of 2020.

Besides, PV Drilling has to reduce the dayrate in order to share difficulties with customers and paid additional personnel costs due to changing shifts/working longer shifts in the context of lock-down among countries.

In order to adapt with new scenario, PV Drilling quickly found replacement contracts for PV DRILLING II, III rigs. PV DRILLING II has been transferred to the drilling program for Vietsovetro since September 2020 while PV DRILLING III moved to Cambodia to perform drilling program for KrisEnergy from mid-October 2020.

Although there was no profit due to low dayrate and earlier termination of drilling campaigns, drilling service still generates the positive cash flow, ensure stable business operations while waiting for the recovery of oil and gas market.

#### Revenue and average day rates of Jack-up rigs operating overseas:



Re-activating PV DRILLING V (TAD) which will be provided for Brunei Shell Petroleum Company Sdn Bhd (BSP) is still on track with 40% of re-activate progress and 60% of construction progress for Drilling Equipment Set (DES) at the end of 2020. PV Drilling continue to monitor and urge preparation progress in order to deliver TAD for BSP on time;

In addition to seeking more clients in potential markets, other solutions such as minimizing drilling operation costs and controlling, replacing expats by local employees, reviewing and reducing insignificant workforce, debt collection is also one of the important element to increase the efficiency and effectiveness.



# REPORT OF THE BOARD OF MANAGEMENT (continued)

Ensuring employee safety, preventing Covid-19 epidemics and maintaining operation safety for rig fleet (PV DRILLING I rig has reached 14 consecutive years of zero LTI, PV DRILLING II has reached 11 years, PV DRILLING VI rig achieved 6 consecutive years, ..).

PV Drilling successfully negotiated with the clients in Malaysia, Cambodia and Vietnam to record revenue in USD currency that reduces the influence of the foreign exchange differences caused by converting domestic currency (Ringgit, Riel) to foreign currency (USD) or converting Vietnam Dong to USD. Besides, the interest expense which based on Libor rate term, is reduced thanks to Fed's low level of interest rate of 0%-0.25%.

### Drilling-related services

Drilling related services continued to have an outstanding year by applying some strategic solutions such as continuing to maintain cost-cutting while ensuring service quality, improving competitiveness, expanding into international markets and delivering new services to clients. In addition to successfully accomplishing signed contracts at international markets, the year 2020 witnessed a new step in international markets when PV Drilling won the first contract in providing casing services for KrisEnergy 5-well at Cambodia's offshore Block A. The new service development also recorded good results when the company introduced and was awarded Wellbore Clean-up Services, Expandable Liner and SafeVision® services by clients. With all the efforts, well technical services have brought remarkable results in 2020. However, workshop and trading activities decreased due to the limitation of workload compared to some big contracts for PTSC M&C and Cuu Long JOC in 2019. In general, the business performance of drilling related service was 2,152 billion VND of revenue, slightly decreased compared to last year and the net profit of 123 billion VND (+29% YoY).

The overview of performance from the drilling-related services:

### Manpower service

In 2020, PV Drilling secures manpower service not only for the owned jack-up rigs but also for hired rigs in Vietnam such as Idun, Saga, Hakuryu 11, Java Star and Noble. PV Drilling generates a significant revenue amount from these contracts and compensates for the low demand of manpower service during the period of delivering rigs in overseas. In addition, an increase of manpower demand in Japan and skilled labor contract of Idemitsu generated the growth of revenue and net profit by 16% yoy and 51% yoy respectively.

### Trading & procurement

Year 2020 is considered as a hard period for trading and procurement service due to the low demand of drill pipe and drilling equipment. However, the revenue and net profit of trading and procurement service decreased only 2% yoy and 22% yoy thanks to cost reduction plan and other mixed contracts related to manpower and maintenance services.

### Workshop service

Workshop services is defined as a wide service and faced a fierce competition in the context of the oil and gas downturn. In addition, the major contract to manufacture equipment set for SaoVang Dai Nguyet project which ended in 2019, therefore, the revenue and profit of workshop service in 2020 decreased sharply. However, this service has also recorded success in expanding to foreign markets when successfully implementing Mud Tank fabrication contracts, performing Mud Pump Modification for Japanese customers and delivering threading services for Josco in Japan and Taiwan.

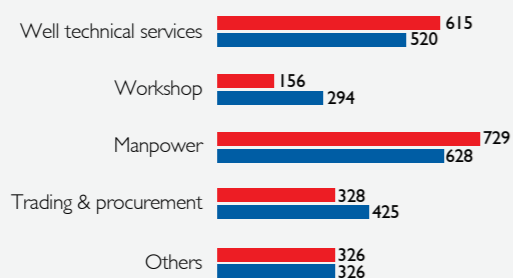
### Business performance of Joint ventures

In 2020, PV Drilling recorded the significant contribution from joint ventures, especially PVD Baker Hughes. This joint venture achieved an outstanding result thanks to prioritizing human labor focus on providing and accomplishing contracts in the context of disease pandemic and cost controlling. In 2020, profit from joint ventures was 216 billion VND, significantly increased compared to the figure of 111 billion VND last year.

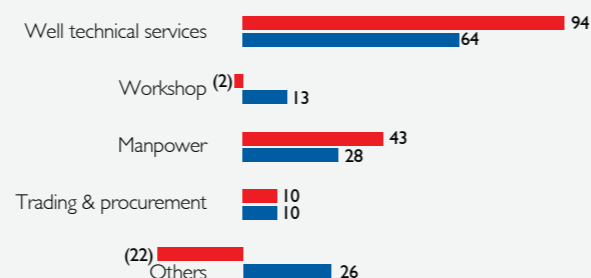
The performance of drilling-related services Year 2020 vs. Year 2019:

■ Year 2020 ■ Year 2019 Unit: VND Bil

#### Revenue of drilling-related services



#### Net profit of drilling-related services



## REPORT OF THE BOARD OF MANAGEMENT (continued)

### IV. INVESTMENT PLAN 2020

At the stage of Covid-19 pandemic and economic instability, PV Drilling continued to strengthen its control, improve market research, and implement appraisal and approval of the feasibility study in accordance with the Law. Furthermore, PV Drilling had temporarily stopped and delayed some insignificant investment plans in order to minimize waste and maximize resources. Besides Drilling Equipment Set (DES) construction project which is expected to be delivered to BSP from Q3/2021, other projects that PV Drilling are investing drilling pipe and heavy weight drilling pipe.

Total investment capital that PV Drilling invested in machines and equipment reached 303.6 billion VND at Holding company and 694 billion VND for its subsidiaries which are described as follows:

No	Investment items in 2020	Plan (billion VND)	Actual (billion VND)	Actual vs. Plan (%)
<b>A</b>	<b>Carry forward investment</b>	<b>37.91</b>	<b>27.84</b>	<b>73%</b>
<b>I</b>	<b>The Holding company's Investment</b>	<b>27.31</b>	<b>19.17</b>	<b>70%</b>
1	ERP – phase III	7.68	-	0%
2	Drilling Pipe, Heavy weight drilling pipe and Drilling collars for PV DRILLING I, II	19.63	19.17	98%
<b>II</b>	<b>Subsidiaries' Investment</b>	<b>10.60</b>	<b>8.67</b>	<b>82%</b>
1	Flyline Unit (Slickline Unit # 7)	10.60	8.67	82%
<b>B</b>	<b>Investment items in 2020 (*)</b>	<b>880.88</b>	<b>719.74</b>	<b>82%</b>
<b>I</b>	<b>The Holding company's Investment</b>	<b>298.42</b>	<b>284.41</b>	<b>95%</b>
1	Drilling Pipe, Heavy weight drilling pipe and Drilling collars for PV Drilling I, II, III, V	43.12	39.41	91%
2	Capital contribution in PVD Tech in relation to DES project	242.50	242.50	100%
3	Other Information System Investment	12.80	2.50	20%
<b>II</b>	<b>Subsidiaries' Investment</b>	<b>824.95</b>	<b>685.33</b>	<b>83%</b>
1	PV Drilling's Office (Vung Tau)	5.00	-	0%
2	Workshop equipment	19.52	2.27	12%
3	Oil spill equipment	2.00	-	0%
4	Casing Running Tool Internal (CRTi)	31.73	-	0%
5	Drilling and well equipment	24.94	-	0%
6	Capital contribution in PVD Tech in relation to DES project (PVD Offshore, PVD Well capital contribution)	-	7.50	
7	Well logging equipment	55.23	-	0%
8	Drilling Equipment Set (DES) for PV DRILLING V	676.80	668.34	99%
9	Training equipment	7.25	4.31	59%
10	Other investment	2.49	2.91	117%
	<b>Total</b>	<b>918.79</b>	<b>747.58</b>	<b>81%</b>

Note (\*): Excluded capital contribution of Holding company and Subsidiaries in PVD Tech in relation to DES project.



# REPORT OF THE BOARD OF MANAGEMENT (continued)

## V. THE IMPROVEMENT OF MANAGEMENT POLICY AND RESPONSIBILITIES FOR ENVIRONMENTAL PROTECTION IN 2020

Throughout the development journey, PV Drilling always aims at sustainable development with the motto of “Development is always associated with environmental protection”. PV Drilling’s environmental management has been systematized through the construction and application of an Environmental Management System according to ISO 14001, certified by DNV GL for the first time in 2006 and re-certified at the end of 2020 for the period 2021-2023.

In 2020, PV Drilling made improvements to the HSEQ policy in which the content relating to environmental protection was improved from “Any risk of causing environmental pollution can be prevented or minimized” to “Any risks posing an environmental hazard can be prevented or minimized”. Accordingly, PV Drilling’s commitment to environmental protection not only includes the content of “preventing environmental pollution” but also that of “preventing, minimizing pollution and rationally using natural resources”. That PV Drilling’s BOD approved the policy served as a basis for PV Drilling to set up objectives and strategy for sustainable development. The policy has been cascaded in details and integrated in management procedures in order to strictly control all environmental aspects from inputs (Raw materials, Energy, Water) to outputs (Emissions, Wastes) of all PV Drilling business activities.

In 2020, PV Drilling has completed and issued the risk and opportunity Management on occupational health safety – environment - quality procedure (PVD/HSEQ/023) to replace the environmental aspect Identification and impact assessment procedure (PVD/HSEQ/019) whereby environmental management is not merely about minimizing negative impacts on the environment but also about identifying opportunities for improvement of Environmental Management system.

This policy has been disseminated to all PV Drilling staff via various means such as posting on PV Drilling’s website, introducing at internal seminars, environmental campaigns, quarterly HSEQ newsletter and notice boards at rigs, offices and workshops... In addition, through the internal audits, external audits conducted by the customers or DNV GL, employees were interviewed on the level of awareness and implementation of environmental protection policy. The results showed that all staff understood the policy well and PV Drilling had fully complied with the legal and customers’ requirements on environmental protection and that of international standard ISO 14001-2015.

The Corporation has clearly defined the roles, responsibilities and authorities of each member of the Corporation’s

Board of Management and the Directors of its subsidiaries on environmental protection through the implementation of environmental management system according to the international standard ISO 14001:2015. Specifically, 01 Deputy General Director of PV Drilling Corporation and 1 member of the Board of Directors in each subsidiary is assigned to be in charge of environmental protection in particular and the management of Safety - Health - Environment - Quality in general, including responsibility for implementing environmental policies. In addition, at the Corporation’s Head office and its subsidiaries, there is a specialized HSEQ department with a team of well-trained and experienced staff.

PV Drilling always attaches great importance to environmental responsibility toward the community. Every year, through reviewing the organization’s context, PV Drilling reviews the needs and expectations of relevant interested parties, especially in the local communities where PV Drilling’s headquarters / workshops are located. The results of the review will be the input for both the action planning and for addressing annual environmental risks, opportunities and goals.

Environmental protection campaigns such as “Earth Hour”, “World Ocean Day”, “World Environment Day”... have also been launched by PV Drilling every year. Specific activities include one-sided paper re-use, saving of electricity, water, operation materials... These campaigns not only contribute to raising awareness on environmental protection, but also create a more professional working environment for employees.

PV Drilling business performance in 2020 was better than that of the year 2019. For example, the revenue in 2020 reached 5,229 billion VND, increased by 19.71% as compared with 4,368 billion VND in 2019. In order to achieve this remarkable figure, PV Drilling production and business activities have also grown significantly, leading to the rise of the consumption of raw material, energy, resources and emissions to the environment. However the average increase of the fuel and resource consumption (14.04%) and emissions (14.97%) were still relatively lower than that of the revenue in consideration of the operation.

The Corporation clearly stipulates the responsibilities and rights of each BOM member and Directors of its subsidiaries on environmental protection by implementing environmental management system in accordance with ISO 14001:2015. Specifically, at the Corporation one Vice President is assigned to be in charge of this field. The same is conducted at all the subsidiaries with one member of the Board of Directors.



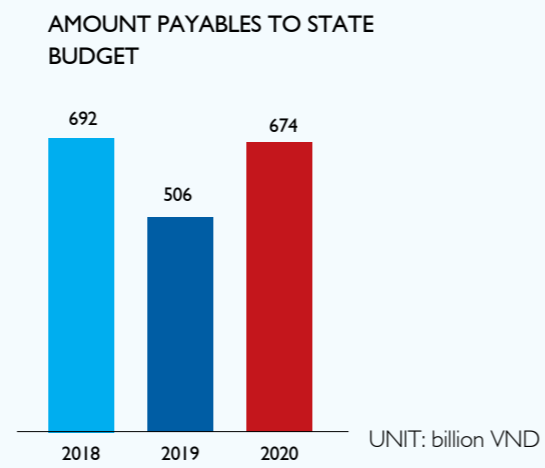
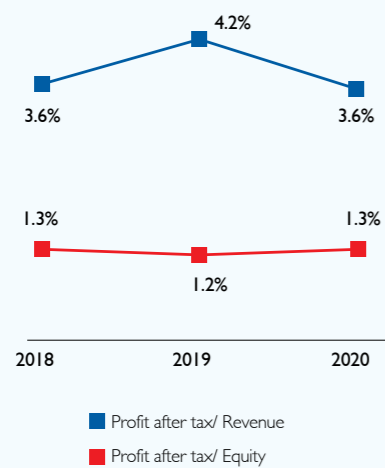
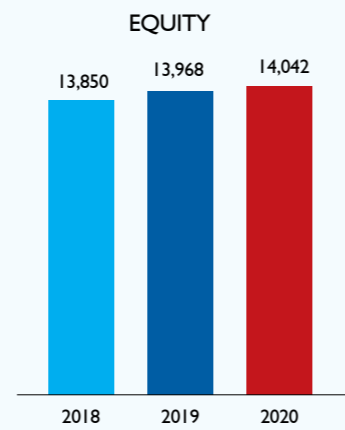
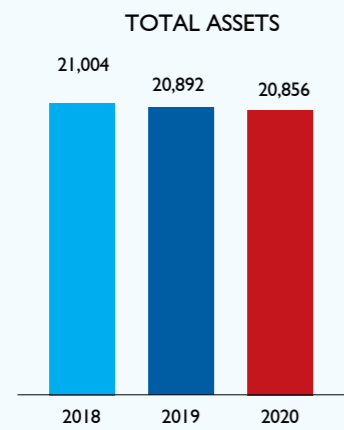
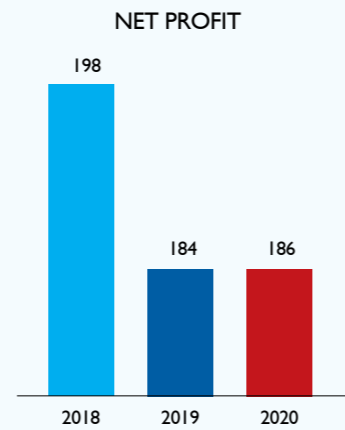
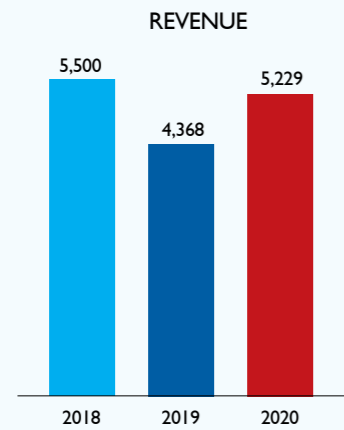
PV Drilling aims at sustainable development under the target of “business operation activities should be associated with environmental protection”.

Emissions	2019	2020	Increase / decrease (%)
Non-hazardous solid waste (ton)	212.79	240.09	12.83
Hazardous waste (ton)	165.13	213.16	29.09
Domestic discharged water (m <sup>3</sup> )	8,848	11,764	32.95
Industrial discharged water (m <sup>3</sup> )	4,420	3,758	(14.94)
<b>Average increase / decrease</b>			<b>14.97</b>

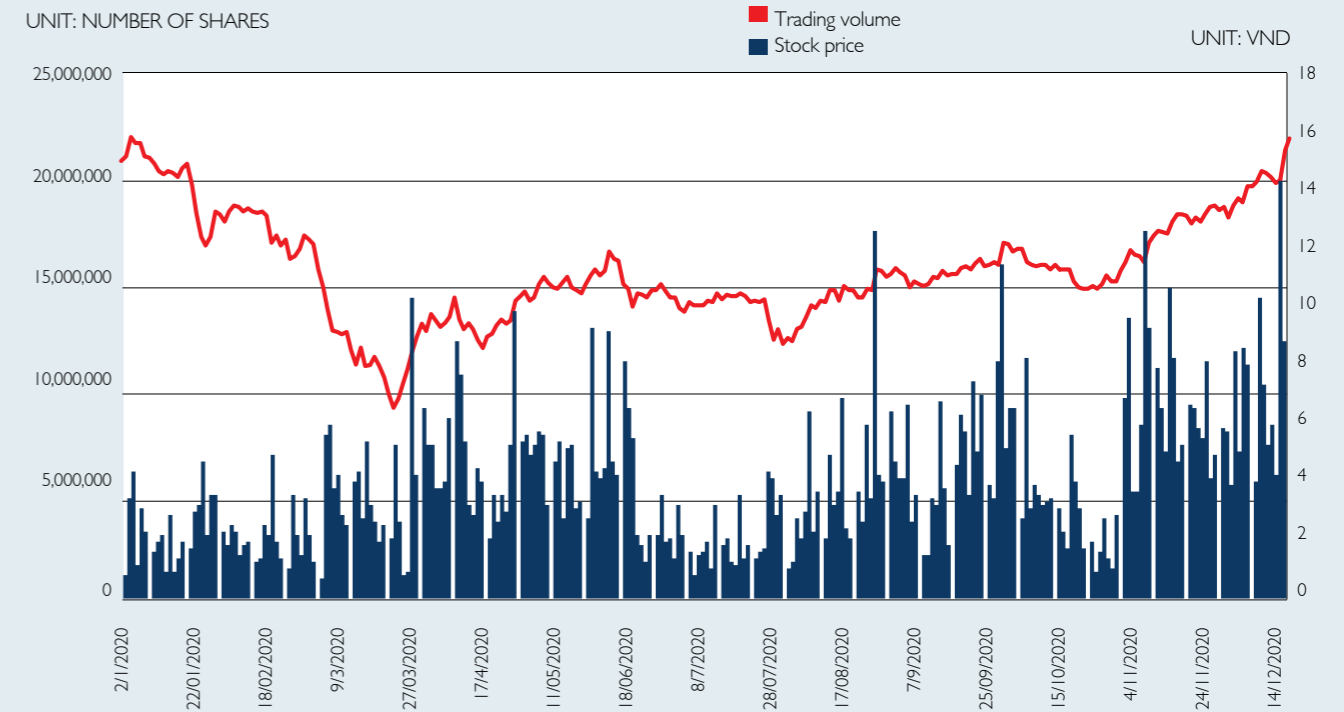
Fuel / Energy consumption	2019	2020	Increase / decrease (%)
Diesel Oil (ton)	570	816	43.24
Water (m <sup>3</sup> )	16,661	19,124	14.78
Electricity (kWh)	3,158,920	2,655,101	(15.95)
<b>Average increase / decrease</b>			<b>14.04</b>

# FINANCIAL HIGHLIGHTS IN 2020

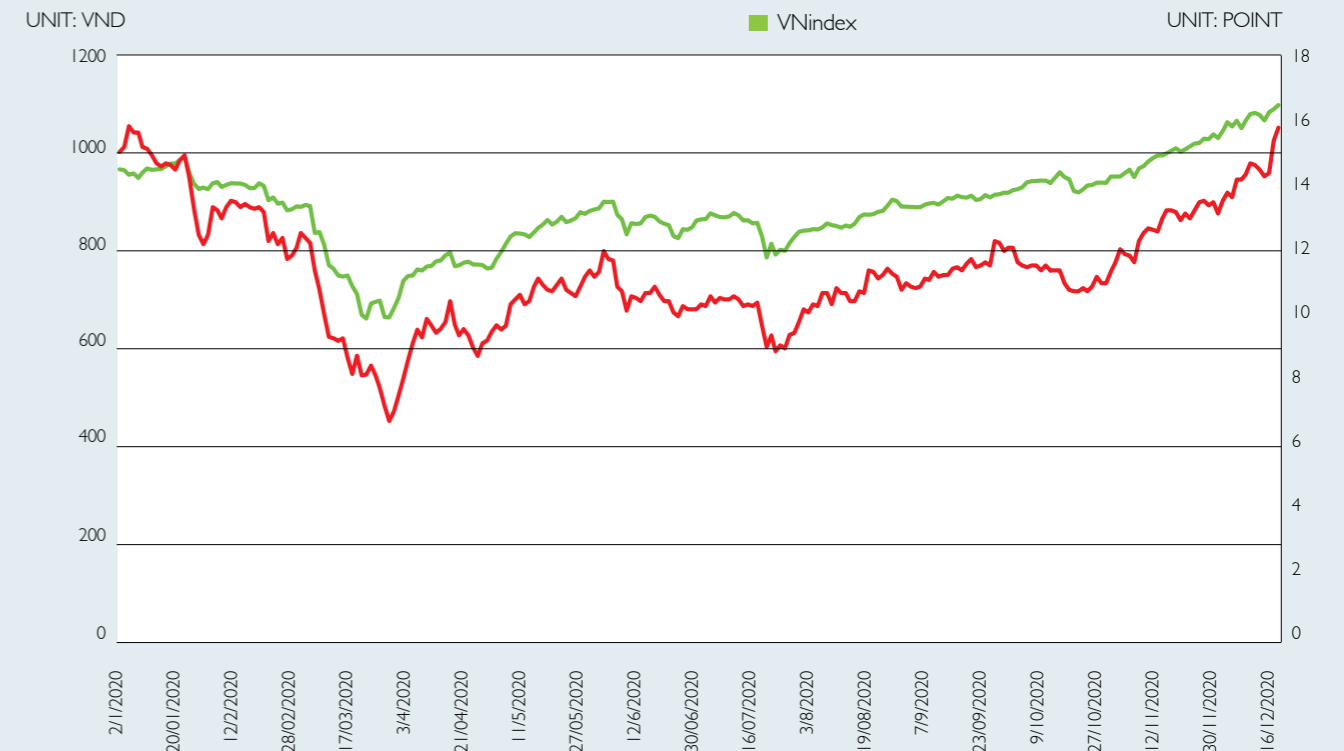
# STOCK INFORMATION - PVD



## STOCK INFORMATION - PVD



## PVD STOCK PRICE AND VN-INDEX



# STOCK INFORMATION CHARTER

## CAPITAL/ SHAREHOLDERS



Stock information  
 PetroVietnam Drilling and Well Services Corporation (PV Drilling)  
 Stock: PVDListed on HOSE at 25/12/2006  
 Financial year ended on 31/12/2010  
 Independent audit company: Deloitte Viet Nam

### Stock information

Charter capital	4,215,457,890,000	VND
Number of common shares issued to public	421,545,789	shares
Share class	Common	
Number of transferable common shares	366,710,682	shares
Number of restricted common shares (*)	54,835,107	shares
Par value (VND/share)	10,000	VND/shares

(\*): Including 54,832,000 shares owned by PetroVietnam, which has been restricted (that have not been adjusted) as well as 3,107 shares of employees that have not been adjusted due to updated ID.

### Trading statistics and stock price in 2020

Highest price	15,850	VND/shares
Lowest price	6,750	VND/shares
Trading volume/day	5,576,698	shares
Highest trading volume	19,667,390	shares
Lowest trading volume	977,950	shares

### SHAREHOLDERS' STRUCTURE

(Updated list of shareholders as of 14/4/2021)

	Number of shares	Percentage
DOMESTIC		
Petrovietnam (State shareholder)	212,497,404	50.4%
Other organizations	3,166,009	0.8%
Individuals	175,833,400	41.7%
FOREIGN		
Organizations	26,932,626	6.4%
Individuals	3,116,350	0.7%
TOTAL	421,545,789	100.0%

### LIST OF MAJOR SHAREHOLDERS

Petrovietnam (State shareholder)	212,497,404	50.4%
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Description	Date of issue	Number of shares	
Initial	Initial Public Offering	28/11/2006	68,000,000
1	Dividend by stock and new common share issuance	11/7/2007	9,519,730
2	New common share issuance	7/8/2007	1,340,000
3	New common share issuance	22/08/2007	31,280,000
4	Dividend by stock with ratio 20% / par value	26/06/2008	22,027,774
5	Merge PVD Invest into PV Drilling	14/10/2009	25,716,285
6	Dividend by stock with ratio 33% / par value	8/1/2010	52,624,426
7	Private placement	13/08/2013	38,000,000
8	Issuance of shares by ESOP	15/11/2013	2,000,000
9	Dividend by stock with ratio 10% / par value	23/12/2013	25,020,480
10	Dividend by stock with ratio 10% / par value	18/09/2014	27,544,655
11	Dividend by stock with ratio 15% / par value	25/08/2015	45,392,909
12	Dividend by stock with ratio 10% / par value	9/11/2016	34,799,901
13	Dividend by stock with ratio 10% / par value	4/9/2019	38,279,629
<b>Total</b>			<b>421,545,789</b>

Please refer to charter Audited financial statements, section Equity for more details of Shareholders' structure, change in share capital.

### DIVIDEND PAID

PV Drilling has not implemented the stock dividend payment plan with the rate of 10% as article 4 of Decision No. 01/2020/NQ-DHDCD dated 18th June 2020.

### TREASURY SHARES

	Unit: Shares
Number of treasury shares as of ( 01/01/2020)	416,000
Number of treasury shares in period:	-
Number of treasury shares as of ( 31/12/2020)	416,000

# Rising to the Challenges

With a spirit of strong determination, PV Drilling believes that we will overcome all challenges and get more achievements in the future although the oil and gas industry is currently facing numerous difficulties.

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[Rising to the Challenges](#)

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[Business environment in 2020](#)

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[PV Drilling's position in the overseas market](#)

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[PV Drilling pioneered drilling in the Kingdom of Cambodia](#)

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[Establishment of PV Drilling branch in Brunei](#)

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[Working overseas under the Covid-19 pandemic](#)

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[Investment in Installing a Drilling Equipment Set \(DES\) for PV DRILLING V rig](#)

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[Reactivation PV DRILLING V](#)

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[Human resources policies in 2020](#)

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[Strengthen risk management and internal controls](#)

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[Top risk portfolio at PV Drilling](#)

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[Subsidiaries](#)

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## RISING TO THE CHALLENGES

PV Drilling has successfully exceeded all business indicators and well maintained stable business operation during the turbulent time. In addition, we managed to make “PV Drilling” a powerful global branding, affirming the brand name of a Vietnamese drilling contractor in global market.

### 2015 - 2019: Stand firm amid difficulties

The oil and gas market experienced sequential changes caused by the plunged crude oil price during the period from 2015 to 2019. The price plunged to USD27.76 a barrel in Q1/2016 from USD100 a barrel in Q2/2014. The day rate and the price of other related services as well as the overall amount of work reduced by around 50% to 70%, which means as many as 40 rigs were unemployed within the ASEAN region alone. The world drilling market saw the disappearance of such big names, which had either experienced severe loss or restructuring or being merged, as Maersk Drilling, Ensco, Rowan, UMV, Atwood Oceanics...

The young PV Drilling was, on the contrary, stood firm against the situation. We dealt well with the circumstances and successfully expanded to overseas market. The expansion has further promoted the name “PV Drilling” in international market after a series of successful campaigns in Myanmar, Malaysia, Thailand and Algeria. In 2019 alone, our 5 out of 6 rigs operated in overseas market where 4 Jack ups drilled in Malaysia waters and PV DRILLING 11 land rig in Algeria. While the deep water drilling sector was still quiet with no project was seen in Vietnam and only a few worldwide that requires TAD, we proved our competence when winning over big players in obtaining the 6-plus-4-year contract for the PV DRILLING V with BSP in Brunei waters. The contract not only ended the TAD's long winter sleep started from 11/2016 but also opened up the opportunity for our drilling and drilling related services to penetrate deeper into this potential market.

We did maintain the quality of our service while at the same time implement serious cost optimization. We also strengthened various financial management measures such as maintaining the positive cash flow and financial security. As the result, we achieved our business targets and kept the business operations stable in the difficult period. We have further promoted our company name to the next level as an international drilling contractor in the global market.

### 2020: New challenges – new opportunities

In 2020, the whole world was almost paralyzed by the Covid-19 pandemic which, according to the IMF, was the most severe socio-economic crisis since the WWII. The global oil and gas industry in general and PV Drilling in particular faced numerous challenges posed by the dual impact of the Covid-19 pandemic and the plunged crude oil price. Specifically, from Q2/2020, the crude oil price, which had been remaining low, plummeted to almost minus USD40 a barrel in the night of 20<sup>th</sup> April 2020 for the first time in history. The day rate pressure got more intense when oil operators subsequently reduced, suspended and canceled their projects in 2020. The situation made the competition in getting the jobs become fierce. Records in August 2020 showed the lowest rig utilization rate since beginning of the year when 26 out of 61 Jack ups were idle. It was not an exception for PV Drilling when the 2 Jack ups PV DRILLING II and PV DRILLING II had to stop their operation midway due to the change in drilling plan of the customer. The land rig PV DRILLING 11, despite having signed the 3-year contract in Algeria, had also to standby for operation plan from the customer.

Because we had realized the challenges from the early phase of the pandemic and had the experience before in dealing with the crude oil price crash during the 2015-2019 period, we did therefore implement a combination of response measures that focused on such aspects as safety compliance, service quality, operation efficiency, timely service delivery, cost optimization, debt collection, financial security and job opportunity search. We also regularly updated the crude oil price and market situation in order to respectively plan our business objectives.



## RISING TO THE CHALLENGES (continued)

Owing to the above mentioned measures, we did safeguard the stable operation and completed the drilling campaigns both in Vietnam and Malaysia amidst widespread travel restrictions and border blockades which prevented crew change of rig personnel from happening. The fact that we had grasped the rare remaining opportunity in the year 2020 by successfully securing the contracts with Vietsovetro and KrisEnergy for PV DRILLING II starting from 9/2020 and PV DRILLING III starting from 10/2020 respectively as soon as these rigs returned from their early-terminated campaign in Malaysia further proved our capability in overcoming challenges in the hard time caused by the pandemic and fierce competition. The contract with KrisEnergy marked the first successful penetration into the Cambodia market, opening up more opportunities for other drilling related services.

Other services also gained success in overseas market, such as Casing and Tubular running in Malaysia, Thailand, Myanmar, the Philippines, Pakistan, Middle East, Cambodia; Manpower in Japan; fabrications and designs in Europe and Australia. Amid the difficulties, we still fostered the development such new services as Well bore clean-up and Safevision. These new services have initially been provided to our customers and achieved positive results.

Another bright spot in 2020 was the training and development of our people. We have gradually increased the local workforce ratio by replacing expatriate employees by local Vietnamese rig crew who were systematically trained to assume senior management positions on the rigs. Such balanced ratios have enabled the company to reduce human resources expenses.

Besides, we continued to focus on corporate governance and maintained the leading position in standardizing corporate governance practices as per both domestic and international norms. We had earlier invested in such management systems as Maximo, ERP, Corporate Risk Management... In the meantime, we are continuously consolidating internal regulations in order to meet the law requirements. Due to such multi-dimensional risks as strategic risks, operational risks, financial risks, compliance risks and disease risks we have to face as the nature of our business, a good corporate governance is therefore a solid foundation based on which we can effectively address such risks.



Good corporate governance will result in success. In fact, PV Drilling has firmly risen to the challenges of current market and exceeded 2020 business plan.



With a spirit of strong determination, PV Drilling believes that we will overcome all challenges and get more achievements in the future although the oil and gas industry is currently facing numerous difficulties.

### 2021: Marching steadily forward

The crude oil market showed positive signs during the early months of 2021 when the Brent price rose to above USD60 a barrel. However, it was forecasted that the market would still be unpredictable and would take time to recover. Therefore, we will continue to monitor the changes in the market in order to have appropriate measures for minimizing its negative impacts, maintaining business continuous operations, controlling costs, completing the commissioning of the PV DRILLING V and the DES construction project for the campaign in Brunei starting from the third quarter of 2021.

Besides, we will continue to expand to overseas market with our well technical services. We will also implement necessary restructuring approaches suitable with new market circumstances on the basis that the competent and skilled workforce is retained. Other areas of focus include review the current service portfolio; market share; strategic direction; research and development of high tech services that meet the market demands; increase competitiveness; enhancing corporate governance and ensuring safe operations and service quality.

With the spirit of determination, we believe that we shall rise to all the challenges and develop stronger in the future in spite of the fact that the oil and gas industry is still facing numerous difficulties.



## BUSINESS ENVIRONMENT IN 2020

Confronting arguably the toughest challenges in the oil and gas industry in 2020, PV Drilling has achieved an encouraging business outcome for year 2020 via implementing suitable strategies in a timely manner to sustain the stable operation of the fleet as well as to maintain the market share of other drilling-related services.



2020 has witnessed a lot of significant events that embraced dramatic impacts on shaping the development landscape of the world in years to come. Among many critical issues are the intense trade war between US and China, the geopolitical disputes and ethnic conflicts in almost every corner all over the world, the profound polarization in the presidential election of America, natural disasters with increasing strengths and frequencies, the growing concerns over climate changes, the world also endured the outbreak of Covid-19 pandemic causing infection for hundred millions of people worldwide. Since March 2020 when the pandemic started to accelerate uncontrollably, virtually all segments of the global economy went instantly frozen for the first time in recent years. Due to the impact of the pandemic throughout 2020, the global GDP has fallen by 3.9% [Source: IMF, World Bank] which was much worse than that due to the 2009 financial crisis and also the sharpest decline since 1961 when such statistics was first recorded. Most countries, even such economic powerhouses as America, England, European Union, Japan, have seen their GDP dropping for the first time after decades of growth. While aviation, tourism, retail and services took direct hit by Covid-19, no industries could avoid the impacts without suffering to a certain extent.

In the oil and gas industry, 2020 could be considered the year when the oil and gas business had to confront arguably the most difficult challenges in years. Due to pandemic outbreak, both crude oil demand and oil price nosedived. Statistics from OPEC recorded that the average demand for crude oil was only 92.26 million barrels/day, about 10 million barrels less than the average of 2019. The whole industry was shaken on 20 April 2020 when oil price plunged into minus zone for the first time ever in the history, bottomed at -37.6 USD/barrel (WTI). Despite being an anomaly due to the nature of oil future trading market, it was a vivid illustration showcasing the volatility of fossil fuels and its sensitivity to external factors. Fortunately, oil price recovered relatively well in the second half of 2020 thanks to the ongoing Deed of Cooperation (DoC) by OPEC+, and particularly the positive news on the progress of developing effective vaccines against Covid-19 that helped sowing the hope of curbing the escalation of infection in the near future. Oil price returned to 51.8 USD/barrel (Brent) and 48.5 USD/barrel (WTI)

at end of the year, decreasing respectively by 21% and 20% in comparison with the benchmark at the beginning of 2020 [Source: Market Insider].

In the same context of the global economy in 2020, the drilling market experienced a year full of overwhelming odds. When the Covid-19 started spreading since March 2020, almost all drilling programs were immediately halted. Oil companies had to hastily exercise long-term suspension or even terminate the drilling activities, cut off the budget and simultaneously adjust the planning for deploying exploration and production projects. Such moves instantly caused a drastic fall in rig employment. Respectively for jack up drilling rigs, statistics in 2020 showed 442 units all over the world being actively marketed, among which 305 units were successfully contracted. The marketed rig utilization averaged 68.9%, which was much lower than 75% utilization in 2019. In Southeast Asia, the jack-up utilization fell from 72.1% in 01/2020 to 53.8% with only 27 out of 50 units were contracted in 12/2020. In such context, the day rate of 300ft – 400ft jack-ups in Southeast Asia only lied within the range of 50,000 – 60,000 USD/day, a few cases even under 40,000 USD/day.

In confronting such adversities during 2020, PV Drilling has implemented suitable strategies in timely manner to sustain the stable operation of the rig fleet as well as maintain the market share of other drilling-related services, and achieved an encouraging business outcome for year 2020. In term of rig utilization, the result by the end of the year reached 76%, a significant decline compared to the average 90% in 2019. In Vietnam, PV Drilling has delivered many successful drilling programs for clients such as Hoang Long JOC, ENI, JVPC and Idemitsu. The Company also cooperated with international partners including Japan Drilling Company and Borr Drilling to supply modern drilling rigs to cater for the local demand. In the regional market, PV Drilling continued to extend the streak of overseas success via completing the drilling programs of SapuraOMV, SEA Hibiscus, Petronas Carigali, and Repsol in Malaysia, and marked its first footprint in Cambodian market with the contract for KrisEnergy.



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## PV DRILLING'S POSITION IN THE OVERSEAS MARKET



**PV DRILLING COULD PRIDE ITSELF ON THE REPUTATION AND QUALITY OF ITS OWN RIG FLEET AFFIRMED VIA THE DELIVERY OF MANY SUCCESSFUL DRILLING CAMPAIGNS FOR GLOBAL OIL AND GAS OPERATORS IN BOTH DOMESTIC AND INTERNATIONAL MARKETS.**

From 2017 until now, PV Drilling has implemented various drilling projects for large oil companies such as Petronas, Repsol, SapuraOMV, Hibiscus, Lundin in Malaysia, KrisEnergy in Thailand and Cambodia, Total in Myanmar. With the fleet comprising four jack-up rigs, one semi-submersible tender assist drilling rig and one land rig, PV Drilling has steadily maintained its market share in Vietnam and actively pursued the potential opportunities in the overseas markets in order to elevate PV Drilling's brand name at the international playground. Particularly, PV Drilling has operated two drilling rigs on regular basis in Malaysia since 2018, and during the period from Q4/2019 to Q2/2020, all four jack-up rigs of PV Drilling worked in this busy market, making PV Drilling the second largest drilling contractor in Malaysia after the national Malaysian drilling contractor Velesto.

Specifically in 2020, PV Drilling has delivered five drilling campaigns offshore Malaysia. PV DRILLING I worked for SEA Hibiscus in North Sabh and for Petronas Carigali in Sarawak; PV DRILLING II was contracted with Petronas Carigali to implement a development program in Sarawak; PV DRILLING III drilled for Repsol in Peninsular area; and PV DRILLING VI for SapuraOMV in Sarawak, Malaysia. All of such drilling activities have received positive feedbacks from clients in terms of operational efficiency, safety, effective coordination and professionalism of PV Drilling's management and rig crews. Apart from the outstanding efficiency of over 99%, PV Drilling also took proactive steps to adhere to the regulations of the Malaysian government on containing the spread of Covid-19. While closely monitoring the progress of the pandemic situation, PV Drilling has implemented countermeasures such as deploying preventive procedures on its offshore rigs and onshore facilities, conducting crew change within the host countries when the rigs are working overseas, developing a tailored remedial plans for various infection levels of COVID-19 pandemic to ensure the safety for all staff working abroad. As a result, PV Drilling has sustained the stable and continuous operation of the whole fleet throughout the peak stage of the pandemic and recorded no positive cases in all drilling campaigns in 2020.

Together with the solid position in Malaysian market, PV Drilling also established its first footprint in Cambodian territory. Given the potential of oil reserves in the Gulf of Thailand, the Cambodian government set high expectation on the exploration

and production activities to exploit their untapped resource and create the momentum to boost the economic development for the whole country. Seeing this opportunity, PV Drilling has monitored closely the development progress of Block A in Apsara field owned by KrisEnergy. The project is believed to pave the way for delivering the flow of first oil for Cambodia and opening up a whole new era for Cambodian oil and gas industry.

The drilling program of KrisEnergy is the first stage in a comprehensive strategy comprising a total of ten wellhead platforms for the full field development of Block A's project. Considering the substantial importance of such project, PV Drilling has exerted extensive focus and effort to complete the first batch of five development wells for KrisEnergy, successfully triggering the flow of first oil on 28 December 2020. Such significant achievement has contributed to establishing the prominent reputation and brought back the competitive advantages for PV Drilling in the market of oil and gas drilling services in Cambodia.

PV Drilling also expanded the markets for other drilling-related services including tubular running service for clients in Malaysia, Cambodia, Thailand, Myanmar, Philippine, and in the Middle East; manpower service for geothermal drilling in Japan; design and manufacturing services for clients in EU and Australia.

**THE SUCCESS IN SERVICE EXPANSION TO OVERSEAS MARKETS HAS AFFIRMED OUR COMPETENCY AND OUR BRAND PROVISION AND OUR BRAND NAME IN THE REGION ESPECIALLY WHILE THE GLOBAL OIL AND GAS INDUSTRY IS FACING VARIOUS MARKET CHALLENGES UNDER THE NEGATIVE IMPACT OF CORONAVIRUS PANDEMIC.**

## PV DRILLING PIONEERED DRILLING IN THE KINGDOM OF CAMBODIA

“ In December 2020, PV Drilling was happy to announce the participation of PV DRILLING III jackup rig to the success of Cambodia’s first offshore oil production, creating the foundation to develop the young oil and gas industry in Cambodia, the country of temples and pagodas. Operating under the outbreak of Covid-19 pandemic with gloomy forecasts of global economic recovery, this event comes up as a bright warm light in the cold winter.



Characterized as a pioneer of Vietnam Drillers, PV Drilling (\*) successfully completed the 6-well drilling campaign for KrisEnergy in block A offshore Cambodia, enabling the country’s first commercial flow of oil to be delivered to the surface in history.

*PV Drilling is proud to be part of the country’s celebration*

That Cambodia received the first flow of oil in history when the Covid-19 cases were still on increase and the outlook for the world economy’s recovery was still forecasted as dull was like the burning fire in a cold winter.

PV Drilling had earlier signed the contract with KrisEnergy to provide the PV DRILLING II for the six-development-well drilling campaign offshore Cambodia.

November 2020 for the mission after 7 day’s voyage with 69 crew members on board. It was also the first time we, apart from drilling service, provided casing and tubular running

services to this market. The Jack-up PV DRILLING III, despite the challenges of the Cambodia’s premature oil and gas market, safely and efficiently completed the campaign as scheduled.

Mr. Nguyen Xuan Cuong, our President and CEO, said in a comment on this milestone that “PV Drilling used to drill in such ASEAN countries as Thailand, Myanmar and Malaysia and had experienced various local cultures and business practices, but this is the first time we have participated in a Cambodian field development project which has yielded

the first flow of oil for the country. Aside from business and market development aspects, the mission is geo-politically important in a sense that it exhibits the cooperative relationship between the two neighboring countries within the Indochina Peninsula”.

Prime Minister Hunsen, on 29 December, 2020, also announced on his Facebook timelines that “The year 2020 was coming and our country has received a big gift. It is the first flow of oil extracted to the surface within the country’s territory. Major benefits includes increase

in the national budget, gains from the diversification of the country’s oil and gas industry and enhancement of the capability of the country’s oil and gas industry”. Prime Minister Hunsen’s Facebook profile was followed by about 13 million people at the time.

We cannot resist, when talking about the success of the operation, acknowledging the dedication of our employees who had worked on extended shifts on PV DRILLING III while the Covid-19 pandemic situation was still complicated in Cambodia.

## PV DRILLING PIONEERED DRILLING IN THE KINGDOM OF CAMBODIA (continued)

### Drilling during the Covid-19 pandemic

It is always hard for rig crew to work in normal situation because of the fact that they have to work far away from families, the hardship is multifold in the time of the pandemic. There were 69 crew members, among whom 3 are expats working in positions of OIM, Toolpusher and STC, on the JU when it was drilling.

Hoang Van Do, the Barge captain, said: "Without the pandemic, the crew will change after 28 days on board, but due to the Covid-19 pandemic, the shift is extended to 61 days, very long, not to mention some positions have to work up to 100 days on board. However, all the crew was prepared for this. The company has informed us that the shift shall be extended to 2 months at minimum and we can only do crew change once. And in the worst case, if the pandemic gets worse and the local authority does not allow crew change, we will have to work 4 months straight until the campaign completes and the rig is towed back to Vietnam".

In spite of the difficulties, the management team on the rig was aware that they had to maintain their positive attitudes in order to keep up the spirit of the crew, keep the operation safe and ensure the mission is completed as scheduled.

To ensure that the crew focused on the work, the company always fully complied with the law and company policies, especially such policy on various allowances as special allowance, offshore allowance, overtime and allowance paid to employees when they had to spend their time off in the host country due to the pandemic. Through weekly virtual meetings, the BOM and the rig

management team encouraged the crew to remain motivated and confident so that they can successfully complete the mission.

Despite of the pandemic related challenges throughout the campaign, we did try our best to arrange the chartered flight to assist with the crew change of our personnel so that most of them can travel back to Vietnam for their time off, to ensure the safe operations and the appropriate pay scheme for personnel who, due to the pandemic, have to stand by at home in Vietnam.

### Remain proactive in all circumstances

The oil and gas industry of Cambodia is still young. Infrastructure and supporting services are limited. In other words, everything was like that in Vietnam in the nineties of the 20th century and these had significant impact on the logistical supports to the rig operation. "It is true in reality when we actually experienced and worked in the Sihanouville. We almost had to build and prepare all facilities and people ourselves. Moreover, the culture differences created certain challenges for our team from the start" said Dinh Quang Nhut, the Director of the Drilling Division.

Nguyen Trung Hai, an engineer working in the logistic base added: "Almost all equipment, drill pipes and other consumables have been fully prepared for the campaign in order to prevent the shortage of same from affecting the operations. At present, the Shihanouville base is operational and we have established the logistic land transport route from Vietnam to Cambodia that can accommodate the transportation of cargoes from Vungtau base to Shihanouville within 24 hours. So, it is not a big deal anymore if we are to drill

longer there or to take on another future project".

Working on drilling rigs naturally requires a lot of travelling and direct contacts with different people from different countries, the company's employees were therefore encouraged to be proactive in enhancing the self-awareness in staying safe from the Covid-19. In the meantime, we did implement strict infection prevention and control measures and regularly updated information to all employees so that rules and regulations of the host country were complied. In addition, the fact that the company was giving adequate attention to the employees and the Covid-19 insurance was put in place enabled employees both onshore and offshore to keep their mind on the work.

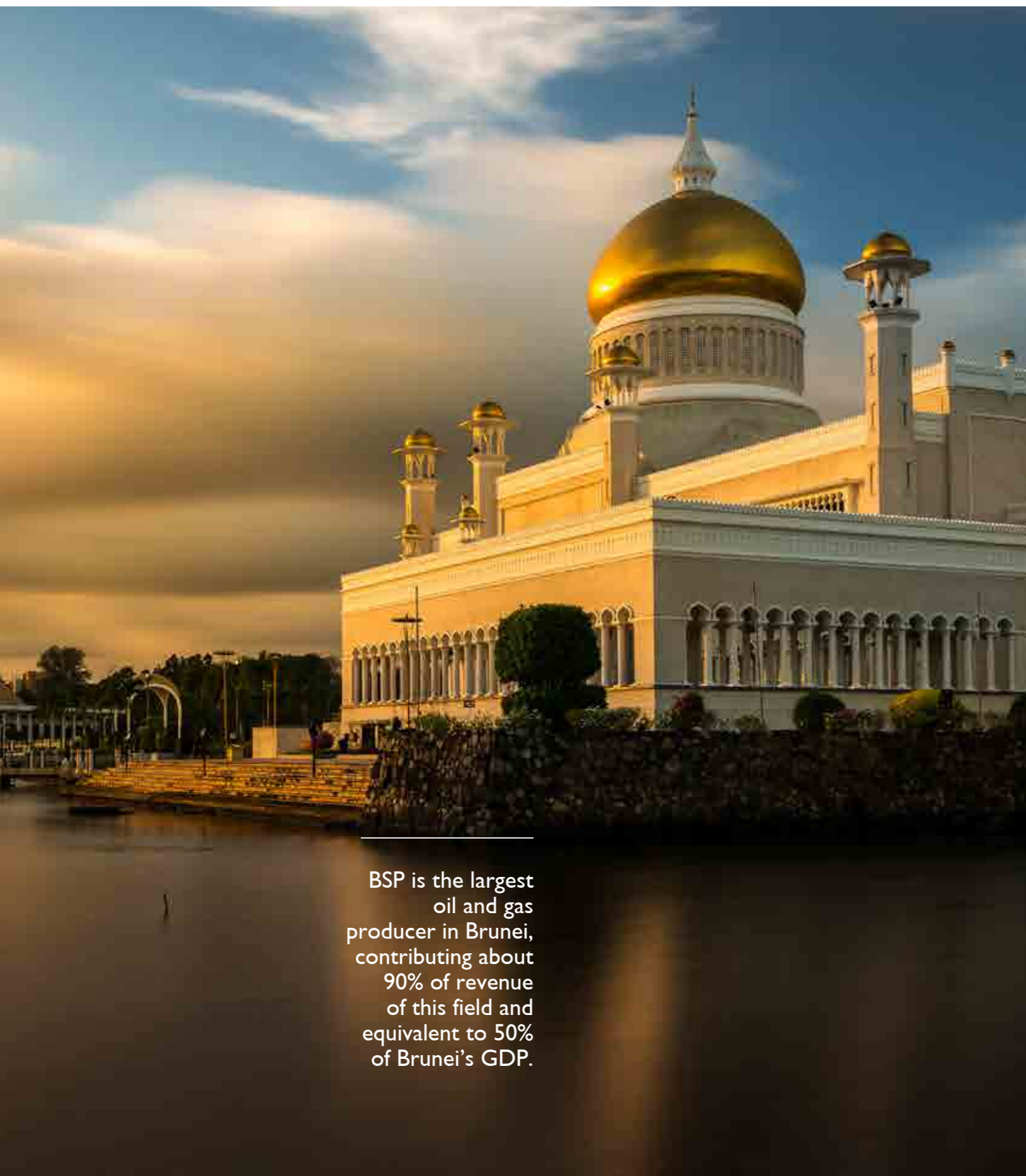
The success of the campaign once again demonstrates the consistency in the direction set by PV Drilling's BOM and that of the Drilling Division and the team spirit of the workforce. It also confirms PV Drilling's competence and its pioneering attitude towards expanding its drilling activities to overseas market. This opens up opportunities for us, as a competent drilling contractor, in providing other drilling and well related services to this young market.



Participating in overseas drilling campaigns during the outbreak of Coronavirus pandemic, PV Drilling's employees are always taking the initiatives in working at all circumstances to ensure their flexibilities in new situation and complete drilling campaigns in accordance with the client's schedule.



## ESTABLISHMENT OF PV DRILLING BRANCH IN BRUNEI



BSP is the largest oil and gas producer in Brunei, contributing about 90% of revenue of this field and equivalent to 50% of Brunei's GDP.

On 24 September 2019, PV Drilling entered into Contract No. C190015/TW with Brunei Shell Petroleum Company Sdn Bhd (BSP) for the Provision of Heavy Tender Assist Semi-Submersible Drilling Unit PV DRILLING V. The Contract has firm duration of 6 years, with 2 options of 2 years each, and the spud date is set to run in Q3/2021.

In order to facilitate the contract performance for BSP and to strengthen the position of PV Drilling in Brunei market, PV Drilling has officially established its Branch – PVD Brunei - on 30 April 2020.

### The necessity of establishing PV Drilling Branch in Brunei

#### Compliance with applicable laws in Brunei

In accordance with Brunei Companies Act (Chapter 39), all foreign companies are required to file the registration with Brunei Registrar of Companies before conducting any business activities in the country. The establishment of PVD Brunei Branch is a compulsory task in order to comply with the above regulation. Branch is a common type of business entity selected by foreign companies at the first stage of introducing their business in Brunei. PVD Brunei Branch, thus, would be the optimal set-up for PV Drilling to deploy the management and operation of PV DRILLING V for BSP as required under the Contract.

#### Compliance with the requirements under the Contract with BSP

As per the terms and conditions of the Contract with BSP, apart from the provision of the rig PV DRILLING V, it is obligatory for PV Drilling to comply with the following requirements:

- PV Drilling has to fulfill the KPI of Local Business Development (LBD) required by Brunei government. Respectively, PV Drilling has the obligation to recruit Bruneians for trainings and development at a committed minimum number/ratio in the first business year, and such local manpower ratio must be increased at later stages. Moreover, PV Drilling must increase the value of its expenditure in Brunei by subcontracting certain supporting services to local companies.

- PV Drilling is required to launch the initiative called In-Country Value Project. The initiative includes setting up workshops in Brunei to supply services such as maintenance, inspection of oil and gas equipment as well as other related services from the end of 2020. PVD Brunei Branch shall provide necessary assistance to execute the relevant obligations in accordance with the terms and conditions specified under the Contract with BSP.

#### Market development

BSP is the largest oil company in Brunei contributing 90% of the country's total revenue in oil and gas, equivalent to 50% of Brunei GDP. At present, BSP produces and supplies approximately 350,000 barrels of oil equivalent per day, manages seven petroleum fields (including Champion, South West Ampa, Fairley, Gannet, Magpie, Fairley-Baram and Iron Duke). BSP has over 200 offshore facilities connected via over 5,000km of pipelines, recovering oil and gas from over 4,500 individual reservoirs and more than 800 wells [Source: <https://www.bsp.com.bn/main/about-bsp>]. The establishment of PVD Brunei Branch will enhance the effectiveness of the work coordination with BSP during contract performance, and facilitate relationship development of PVD's subsidiaries/affiliates with BSP for other drilling-related services.



On 25 February 2020, PV Drilling's Board of Management issued Resolution No. 02/02/2020/NQ-HDQT to establish PVD Brunei Branch as a necessary preparation to launch the operation of the deepwater semi-submersible tender assist rig DRILLING V in Brunei.

## WORKING OVERSEAS UNDER THE COVID-19 PANDEMIC

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In early 2020 due to impact of the Covid-19 pandemic, thousands of oil and gas workers had to stay abroad longer than planned, including PV Drilling's engineers and workers on drilling rigs. With strong spirit and bravery, they have overcome their anxiety to successfully complete their work at overseas markets under the Covid-19 pandemic.



### Shift change in place due to Covid-19

Shift work schedule on the rig is about 4 rotational weeks but due to the Covid-19 outbreak, everything changed immediately. In March 2020, as usual, a group of PV Drilling's engineers and workers went for work in Malaysia on PV DRILLING II rig. Mr. Nguyen Huy Tu, a Barge Captain of the rig recalled: "At that time, Covid-19 has been declared but nobody could imagine its rapid outbreak; therefore, we didn't plan to go for such a long shift work."

However, the pandemic situation in Malaysia became so complicated that since March 18, 2020, the government has implemented a nationwide lockdown via a Movement Control Order including border closure, travel restriction, entry and exit prohibition. Up to this time, we started to frighten but still thought hopefully that after 2-week lockdown, everything would come back to normal condition. On the contrary, the movement control order continued to be imposed after two weeks, even reaching to 4 weeks each time up to May and June.

Mr. Tu recalled, at that time all of us were scared as never facing such a situation with 5 or even 6-month shift work while the pandemic hit its peak in Malaysia and treatment facilities were always overloaded. We were worried about the treatment at overseas in case some of us were confirmed with Covid-19 in addition to the stressful work. The shift work on rig was regularly 4 rotational weeks. Due to the pandemic and border closure, we had to endure the work continuously for months as nobody could come to Malaysia for shift change. In addition, those who stayed in Malaysia had to work non-stop while the work on rig was so stressful with a twelve-hour day shift, adding more stress to the working crew. For such a situation, ensuring safety and working mentality is a priority for both the leaders and workers on the rig.

"During the pandemic, as a scope of work, I had to assist in dispatching ships and moving rigs, so even while the pandemic hit its peak with travel restriction, I still had to travel from the rig to the shore, from this state to another state in the Sarawak, Labuan, Sabah... of Malaysia," recalled the barge captain Nguyen Huy Tu.

At that time, all of 4 owned jackup rigs were operating in Malaysia. Some rigs would finish early, so we had to move them to a new location or even out of the site with many potential risks to send it back to Vietnam. In the context of pandemic, the

## WORKING OVERSEAS UNDER THE COVID-19 PANDEMIC (continued)

more travelling you took, the more risk of infection you would have, especially when you travelled by air and staying on the land. Despite our anxiety, we tried our best to fulfill the tasks with professional duty and strong determination.

As a rig manager of PV DRILLING II rig, Mr. Lai Hoang Anh, who decided to stay in Malaysia as other back officers at Malaysia branch in Kuala Lumpur, added: Onshore drilling workers face many different types of hazards, hard work related to cranes towing, lifting and operating large equipment, so working on an oil rig carries a higher-than-average risk of injury. Unable to change shift will add to greater stress and pressure. As a rig manager, I always encouraged the crew to unite and work optimistically to complete the task safely, efficiently and return to their families later.

In addition, the top management at PV Drilling always paid special attention to the overseas crew by keeping in touch and encouraging in time which helped to increase their working mentality and comfort. Last but not least, thanks to

the understanding and sympathy of the clients, the crew was encouraged to work safely without enduring any other stress during the pandemic.

Anxiety and homesickness are among common undeniable feelings when the crew has to endure such a long shift work schedule. However, PV Drilling's working crew, who are famous with the professionalism, discipline, beliefs and compliance with safety regulations, can overcome all challenges for sure. In actual, they have completed all the tasks with highest sense of responsibility and discipline.

### The Return journey

Hopes of the return journey started to rise in early July 2020 when PV Drilling's management managed to hire an airplane to Malaysia for changing the drilling crew. But we still had to wait for 2 more weeks for their conduct of quarantine and only over half of us was allowed to return home on that flight.

"That is because we needed a team to bring the rig back to Vietnam but Malaysian labours refused to follow the rig as they were afraid of being stuck in Vietnam for long under negative impacts of Covid-19. Therefore, I decided to stay with some other colleagues to finish last tasks and bring back the rig to Vietnam. In the meantime, the top management showed their encouragement and high recognition when we decided to stay for two – three more weeks and come back with the rig later to ensure its safety." Barge captain Nguyen Huy Tu recalled.

Up to 19 July, 2020 PV DRILLING II rig started to leave Malaysia waters to be towed to Vung Tau on the 26<sup>th</sup> of July. We moved the rig to the right place, made it well-prepared, jacking up its feet and then stayed on the rig for one more week to complete the two-week quarantine as specified.

On August 3, 2020, we conducted the second test with Covid-19 and luckily, all of us received the negative results, everyone breathed a sigh of relief and joy. After that, on the 4<sup>th</sup>

of August, only some of us were able to come home, the others had to stay on the rig to implement the repair, maintenance, preparing for the new drilling campaign right after that and wait for the substitute crew.

We all went through a lot of up and down feelings during the 6-month shift work and all of us could bravely overcome all obstacles to complete the drilling campaign with highest result, and more importantly, we returned to the mother country safely. This return journey is really special to all of us, with a deep felling of happiness that can't be described in words.

With the pioneering spirit in Vietnam's oil and gas drilling industry, PV Drilling's employees are the people of professionalism and integrity to overcome all kinds of challenges. Thanks to the extended shift work in Malaysia within 6 months due to the sudden outbreak of Covid-19, we, PV Drilling's labor workforce has the opportunity to show our integrity and persistence and best effort to contribute to the success of the Corporation.

Employee is one of our core values at PV Drilling. So the charter of an airplane to bring the crew back to Vietnam in the context of Covid-19 pandemic has shown the deep concern and sympathy of PV Drilling's management toward the workers who has been working overseas under the Covid-19 pandemic.



## INVESTMENT IN INSTALLING A DRILLING EQUIPMENT SET (DES) FOR PV DRILLING V RIG

As aforementioned in the 2019 Annual Report, PV DRILLING V deep-water rig has signed a long-term contract with a solid term of 6 years and an extension of 4 years to serve the drilling campaign of the Brunei Shell Petroleum company (BSP), scheduled to start in 2021. This is the largest oil and gas manufacturer in Brunei, contributing 90% of oil and gas revenue, equivalent to more than 50% of Brunei's GDP. PV Drilling has successfully surpassed many reputable and experienced drilling contractors in providing semi-submersible tender assist drilling rigs (TAD rigs) to win the long-term drilling program of oil and gas contractor BSP. In order to implement the contract signed with BSP, PV Drilling approved PVD Tech – a subsidiary – to invest in installing a more compact DES, with dry weight at about 800 tons, manufactured by each modular, which saves assembly and dismantling time, accompanied with electrical and automation systems, compatible with the existing floating part of the PV DRILLING V and the wellhead rig of BSP. The investment in installing drilling equipment set will assist PV DRILLING V in fulfilling the requirements of drilling contracts for BSP as well as most of the requisitions of potential customers with similar rig designs in the global scale.

The progress of supplying equipment and installing DES has been carried out by reputable and experienced partners / contractors in international markets. Specifically, the design and supply of main equipment have been undertaken by National Oilwell Varco (USA) contractor while the construction and installation have been performed by Megaway Engineering & Trading Pte Ltd (Singapore) contractor. Total investment in the project of installing Drilling Equipment Set - DES is 35 million USD. The DES is expected to be finished in May 2021 and then integrated with the PV DRILLING V rig in Singapore.

### Some of key milestones in relation to the progress of installing DES:

- On September 17 2019, PVD Tech's General Meeting of Shareholders approved the policy of PVD Tech as the investor to install drilling equipment set (DES) and lease it to PV Drilling.
- On October 18 2019, PVD Tech signed a contract with NOV on the implementation of Basic Design (Basic FEED) for DES. NOV completed the contract and handed it over to PVD Tech in March 2020.
- On January 15, 2020, PVD Tech's General Meeting of Shareholders approved the feasibility study report and contractor selection plan of the project "Installing drilling equipment set (DES) for lease" and approved to increase PVD Tech's charter capital from VND 200 billion to VND 450 billion with the main purpose is to accrue equity in order to invest in this project.
- On January 22 2020, PVD Tech's General Meeting of Shareholders approved the contract with NOV on "Design and main equipment package for DES" and on January 23 2020, PVD Tech signed a contract with NOV (USA).
- Up to April 2021, NOV has completed the Detailed Design for DES and handed over all contracted goods in accordance with the provisions of the contract.
- On March 5, 2020, PVD Tech's General Meeting of Shareholders approved the contract with Megaway (Singapore) on "DES Fabrication and Installation". PVD Tech signed a contract with Megaway on March 5, 2020.
- Megaway contractor has been actively implementing the construction and installation of DES to ensure the delivery schedule of DES in May 2021. Up to April 2021, Megaway has completed the main works of DES such as Drill Floor, Mast Structure, BOP Control, BOP Stacks, Master Skid, Drawworks...
- On March 17 2020, PVD Tech signed a contract on leasing DES with PV Drilling Corporation.
- On June 25 2020, PVD Tech signed a loan contract to finance the Project with Tien Phong Bank with a total credit limit equivalent to USD 24.5 million, amounts to 70% of the total investment of the Project. Up to now, PVD Tech has disbursed about 19.587 million USD, accounted for 79% of the signed credit limit.
- Currently, PVD Tech has arranged and assigned 04 employees to Singapore to directly supervise the Project, in order to ensure the Project's quality, efficiency and progress as planned.



Investment in installing drilling equipment set (DES) for PV DRILLING V rig was assigned by PV Drilling to PVD Tech – a subsidiary. The total project investment values at about 35 million USD, expected to be completed in May 2021, then DES will be integrated into the PV DRILLING V rig in Singapore.



## REACTIVATION PV DRILLING

The year 2019 recorded a very outstanding achievement of PV Drilling, that is, the signing of a 6-plus-4- year drilling contract for PV DRILLING V with Brunei Shell Petroleum (BSP), the largest oil and gas cooperation in Brunei which contributes 90% oil and gas revenue equivalent to 50% GDP of Brunei. The campaign is planned to commence in the third quarter of 2021.

In order to bring the rig back to service, the preparation phase includes: (i) building a new Derrick Equipment Set (DES) with suitable load as per contractual requirement and (ii) reactivating the PV DRILLING V.

Despite the challenges faced during the process of mobilizing human resources as well as equipment and materials due to the impact of the Covid-19 pandemic, PV Drilling has made significant effort in reactivating the TAD to make sure the rig is operational as contractually scheduled. The activation work includes:

### 1. Work completed in 2020:

- Inspection and repair of all life-saving equipment and appliances such as life rafts, life jackets, life boats rescue boats;
- Inspection and repair of fire & gas safety system, such as fire-fighting and alarm system.
- Hull thickness gauging and loads inspection: hull and pontoon inspection.
- Helideck inspection and upgrading.
- Inspection of generators and VFD control system.
- Inspection of communication system.
- Inspection and replacement of corrosion control system (anode, antifouling).
- Implementation of other works related to the re-activation process, such as: de-preservation, dismantling of the DES for storage, mooring system inspection (mooring equipment, mooring winches, storage winches); pump system inspection, living-quarter inspection and repair, major equipment overhaul: Top drive (TDS), rotary table (RTB), solid control system, elevators, catheads, hull & deck painting..., and completion of such customer-required work as modification on Personnel transfer bridge (PTB), electrical cable umbilical...

### Other completed tasks include:

- Inspection and re-certification for such safety equipment as life-raft, water mist, foam system.
- Completion of the overhaul of generators, air-compressors, fork-lift. Inspection and repair of the electrical connections and junction boxes between the tender and WHP, thickness measurement of high pressure pipes, overhaul of re-useable drilling equipment and system such as TDS, RTB, cathead, hydraulic elevator, spider elevator, shale shakers;
- Completion of inspection on 6 main generators and 1 emergency generator; maintenance on the VFD control of mooring winches and drilling equipment; 5 year periodical inspection on electrical circuit breakers (ACB).

### 2. Plan for the first half of 2021:

- Implement the UWILD/Dry-docking, Lifting Gear Inspection (LGI)
- Continue major overhauls as per the task list. Major tasks include overhaul of heavy duty crane PC400; ballast piping; mud pumps; mooring winches; inspection of lifting gears, installation of corrosion control appliances, checking of

- equipment to be connected to the new DES. Those works are expected to complete by end of March 2021 after which the tender will be towed to anchorage for UWILD before departing for Singapore.
- Perform commissioning work on the VFD system. Reactivate the HVAC, chiller and freezer system. Reactivate the communication system, lighting system. Perform maintenance work on helideck safety lighting system according to CAP 437 8th edition. Perform commissioning work on drill water pumps, sea water pumps, ballast system...
- Work on the rig staffing. Mobilize the currently available workforce, preferably with TAD experience, by selecting suitable personnel from the existing teams on the Jack Up rigs. Recruit externally for vacancies which are required to be filled for such work as rig reactivation, DES construction and commissioning. Key positions are expected to be fully staffed by March 2021 and the rest of positions by May 2021 before the rig starts to drill.



PV Drilling is confident, through thorough preparation, that the PV DRILLING V will be ready to start its operation as per schedule as well as subsequent delivery of safe and efficient service to BSP. The Tender's operation shall contribute its part to the revenue and profit of PV Drilling in the upcoming years.



# HUMAN RESOURCES POLICIES IN 2020

## Overview

With the aim to optimize the human resources and increase the productivity, extensive restructuring continued to be the focus of PV Drilling in 2020. The move was to accommodate the external changes among which the low crude oil price and the unpredictably concurrent pandemic are the key. Positive changes in organization structures and competence of various management levels could also be witnessed from HR perspective.

Apart from restructuring activities, by end of 2020, roles and responsibilities of all functional departments were also reviewed and adjusted. Besides, recruitment of new headcount was put on freezing mode except for replacement or special cases. The total number of employees was decreased by 5.1% as compared to that of 2019. Apart from hiring freeze, the human resources were optimized through internal movements of personnel as well as workforce efficiency improvement measures.

The outward shift toward the regional market of the offshore fleet also increased the diversity of the workforce in terms of nationalities and cultures. Such diversity has helped, through experiencing different legal, cultural and management systems of the host countries, enrich the experience of the workforce and consequently enhancing the organizational capability.

In dealing with the challenges caused by the low crude oil price and the pandemic, PV Drilling also initiated a wide range of cost optimization measures some of which might have somehow had certain impact on the employee benefits. PV Drilling therefore ensured that any cost optimization solutions taken would carefully be considered so that they would have minimal impact on the employee benefits which closely link to employee motivation and engagement.

### Number of employees and average income

- Total number of employees at the 31<sup>st</sup> Dec 2020 is 1,558.
- Average income in 2020 was 18,650,891 VND/ person/ month, increase by 3% as compared to that of 2019.

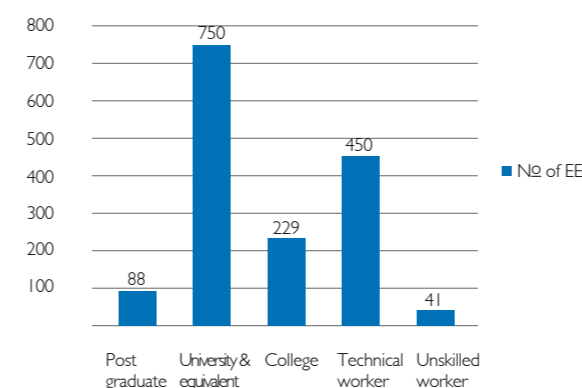
## Diversity

	Categories	31-12-2020
	Employees	1,558
1	<b>Breakdown by Education:</b>	
	Post graduate	88
	University & equivalent	750
	College	229
	Technical worker	450
	Unskilled worker	41
2	<b>Breakdown by age groups:</b>	
	Under 30	145
	From 30 to 39	737
	From 40 to 49	506
	From 50 to 55	115
	From 55	55
3	<b>Breakdown by gender</b>	
	Male	1,285
	Female	273
4	<b>Breakdown by nationality</b>	
	Vietnamese	1,531
	Expats	27

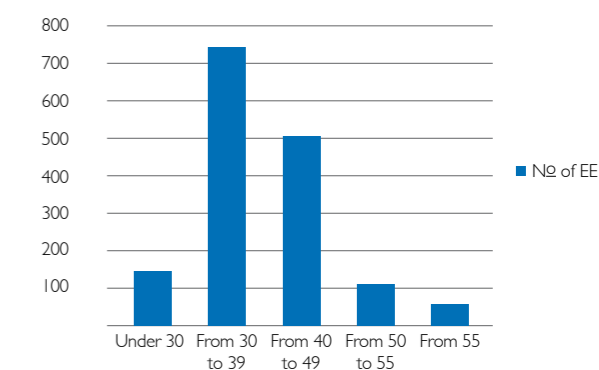


In 2020, PV Drilling focused on restructuring activities to optimize our internal resources, improve productivity and adapt to new market conditions.

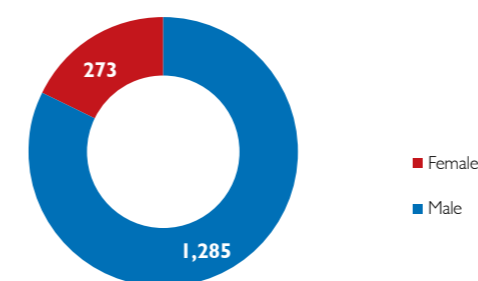
Breakdown by education



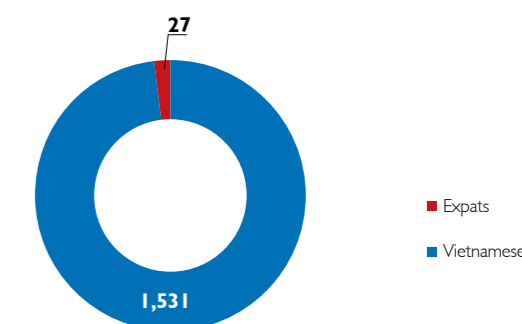
Breakdown by age group



Breakdown by gender



Breakdown by nationality



## Training and development

In 2020, PV Drilling continued to focus on safety and regulatory required training, especially for rig personnel. Below statistics provide an overall picture of the training and development activities in 2020.

	No. of Participants	No. of courses	No. of hours trained	Total training costs (USD)
Actual 2019	3,715	161	7,500	810,665
Target 2020	1,192	138	4,325.5	806,287
Actual 2020	2,730	137	2,446	598,841
% Actual 2020/ Target 2020	229%	99%	57%	74%
% Actual 2020/ Target 2019	73%	85%	33%	74%

## HUMAN RESOURCES POLICIES IN 2020 (continued)

### By categories of training

	Participants - Actual	No. of courses - Actual	Cost - Actual (USD)
Expertised, compulsory, On-job-training	715	70	389,984
Professional skills	1,948	48	208,028
Management	18	1	-
Others	49	18	829
<b>Total</b>	<b>2,730</b>	<b>137</b>	<b>598,841</b>

### By type of training

	Participants - Actual	No. of courses - Actual	Total costs - Actual (USD)
External training	2,683	120	598,841
Internal training	47	17	-

### Some key performance indicators

	2019	2020	% 2020/ 2019
Training hours used per employee	4.57 Hour	1.57 Hour	33%
Cost per training hour used	108.1 USD	244.8 USD	226%
Direct training expenditure per employee	493.7 USD	384.6 USD	78%

### Continuous learning and employee competence development

Apart from compulsory and regulatory required training, the on-the-job Competency-Based Training (CBT) continued to be the centre of PV Drilling's focus. This training program aims at providing employees with opportunities to proactively participate in career development training activities through resourceful learning materials and tools available on the rigs. The (CBT) program has thus far enabled PV Drilling to train and develop generations of competent successors to rig key positions. Furthermore, the program has generated such significant benefits as keeping the rig operation stable; increasing the ratio of local employees; reducing the recruitment of expatriates and consequently reducing the HR costs.

### Equality and anti-discrimination policies

As PV Drilling operates in international market, bound by both international laws and host countries laws plus employing multinational workforce, the company's Code of Conduct and policies are therefore built on the principle that it should observe not only the Vietnam laws but also those of international and host countries.

At PV Drilling, the discrimination against part time and full time employees does not exist; all employees work for PV Drilling under the signed labor contracts the signing of which abides by the current Labor Laws and Regulations. Discriminations against gender, ethnicities or nationalities are not present in any of PV Drilling's policies and regulations. Every employee regardless of gender is treated equally, i.e. signing labor contract as per agreed scope of works and paid fairly.

The Labor Union of PV Drilling was established and has been operating with full support from the Management. All employees are consulted and encouraged to join the Union.

Women Union, a division of Labor Union, represents female employees. Its functions are to protect the female employees' rights. Such special annual ceremonial events for female employees as International Women's day (8/3), Vietnamese Women's Day (20/10) are specially organized with attendance of all female employees. The protection of rights and benefits of female employees in accordance with laws and regulations are always communicated and respectively committed by the Company at such events.

All employees at PV Drilling are offered with opportunities to perform up to their capacities in order to contribute their parts to PV Drilling's successes. To accommodate this, unequal treatments or discriminations in such activities as recruitment, training, promotion or any other business conducts are not allowed in PV Drilling's workplaces.

Business conducts and decisions related to human resources are therefore made based on employee's competence and performances and not on the followings:

- Nationalities, races or skin colors;
- Religions;
- Disabilities;
- Interests;
- Gender;
- Or any others prohibited by laws;

### Zero child labor

PV Drilling's recruitment policy clearly states that the age threshold for job applicants is 18. PV Drilling is committed that the Corporation never employs child labor neither directly nor through agencies and subcontractors. PV Drilling also communicates this policy to its suppliers for their compliance.

### Major employee relationships policy

At PV Drilling, "people" is one of the core values and are the asset of the Company. PV Drilling therefore develops and deploys the best possible policies for the employees, namely:

### Code of Conduct:

Lays out core principles for business conducts and behaviors with an aim to complying with applicable laws as well as maintaining and nurturing ethical and proper behaviors of company's employees.

### Collective Labor Agreement:

Defines all agreed employees' benefits which are fully committed and implemented accordingly.

### Salary policy and performance management:

Ensures salary paid to employees is fair, competitive, and performance-based. The policy is designed to both encourage competent employees to contribute with full capacity and be attractive enough to outside talented candidates.

**Training policy:** Ensures employees are equipped with sufficient knowledge and skills for performing the jobs. Favorable conditions

are also created for employees to learn and development their career with the Company.

**HSEQ policy:** Ensures safety policies and procedures are in place so that PVD employees and its clients, partners and subcontractors working at PV Drilling workplaces are safe.

### Compensation and Benefits policy and its contents

#### Components and highlights of the Salary and Bonus policy:

- Base salary
- Performance based salary
- Allowances
- Business performance and individual performance-based salary review
- Periodical performance bonus and non-periodical performance bonus
- Rewards for researches and innovation initiatives
- Other allowances and awards on special occasion and events

#### Highlights of the Benefits policy:

Insurances:

- Social, medical and unemployment insurances under Vietnam laws;
  - High-quality medical insurance for medical treatments in Vietnam and ASEAN;
  - 24/24 accidental insurance;
  - Voluntary retirement insurance;
  - Life insurance for talent retention;
- Other benefits:
- Allowance on special occasion;
  - Seniority allowance;
  - Meal allowance;
  - Office clothing allowance;
  - Other allowances under the oil and gas assistance fund;
  - Periodical health check;
  - Cultural and sport activities for employees;
  - Other programs for employees' children: gifts for the children on the International Children Day, Full Moon Party, Family Day and rewards for the children with excellent performance at school.

### Commitments on human rights

- PV Drilling always respects the human rights as per international laws, Vietnam laws and the laws of host countries. PV Drilling ensures the compliance with human rights laws and regulations through the Company's Code of Conduct, policies, regulations and procedures.

## STRENGTHEN RISK MANAGEMENT AND INTERNAL CONTROLS

In 2020, the economic – geopolitical, global climate changes, the Covid-19 pandemic and the plunge in oil prices had strong impact on the oil and gas drilling industry in general and PV Drilling in particular. Thanks to the effective operation of the risk management system, PV Drilling has strengthened the implementation of response measures, minimized negative impacts from the market, and achieved positive results in production and business activities in 2020. The total consolidated revenue in 2020 was VND 5,288 billion which corresponded to 112% of the plan for 2020.

The corporate risk management system (ERMS) has achieved many important results, meeting the expectations of PV Drilling's Board of Directors. It became a very effective managing tool which adapted international standards and best practices. In 2020, the role of the system was strengthened and promoted. The results were then seen in the following aspects:

### 1. Promoting risk culture in the Corporation

Risk culture is considered the basic factor of risk management system in any enterprise. At PV Drilling, all employees strictly follow the regulations of the Risk Management Process, complying with the current controls to prevent and mitigate the risks. Proactive identification of potential risks ranges from daily business activities to strategic planning and budgeting. PV Drilling promotes risk culture through communication activities such as issuance of the quarterly ERM Newsletter, discussion of risk

management issues at Board meetings, short video clips played at the Company receptionist front-desk and seminars on risk management.

### 2. Corporation risk profile

ERMS has enabled PV Drilling's Divisions and Subsidiaries to identify risks and develop completed risk profiles including top risks associated with business objectives and strategic risks related to both the long-term goals and sustainable development of the Corporation. Based on the Risk Profiles from Subsidiaries in year 2020, the ERM team had reviewed, assessed, consolidated and completed the Risk Profile at corporate level, enabling the Management team to focus on the development of controls and plans. The team also proposed very specific action plans to prevent and minimize the impact and likelihood of risks, ensuring that the goals are fulfilled.

### 3. Effective tools for Enterprise Risk Management

In order for the ERM System to be effective, PV Drilling has developed and applied several risk management tools which include the organizational charter, Key Risk Indicators, Risk Parameters, Reporting Forms and Handbook of Risk Management (guidelines for operation of identifying, analyzing, assessing and treating risks). The tools aim at improving and professionalizing the ERMS which would help the Management in monitoring, detecting, examining and responding to risks in a timely manner.

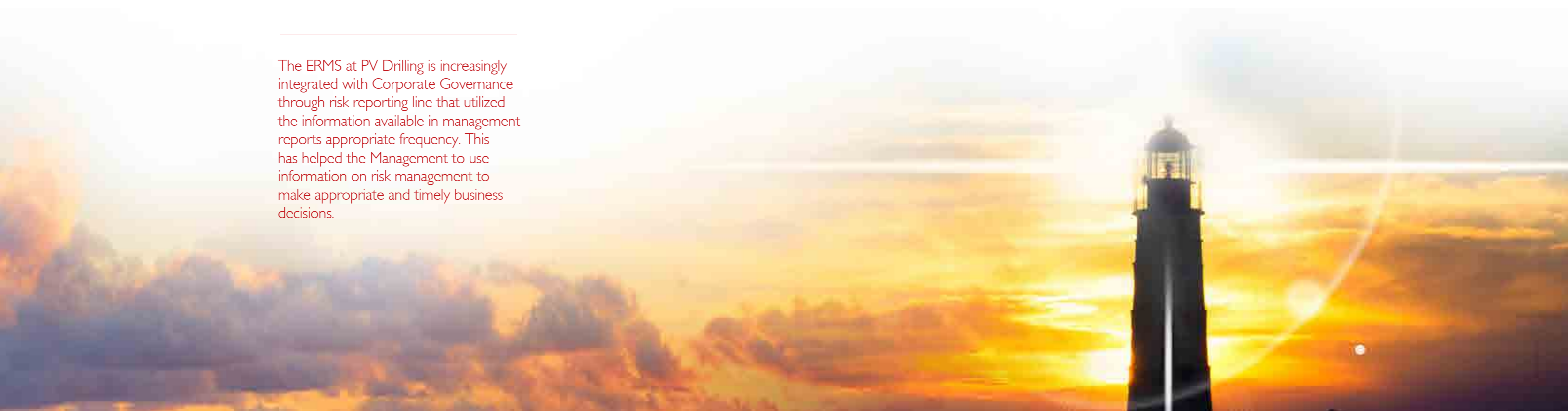
In addition, the ERMS is increasingly integrated with Corporate Governance through risk reporting line that utilized the information available in management reports with the right frequency. This has helped the Management team to use information on risk management to make appropriate and timely business decisions.

PV Drilling is the pioneer in developing and applying the ERM System in Vietnam and in the oil and gas industry as well. With achievements in ERM, PV Drilling showed that it has a suitable direction with the right strategy for sustainable development, contributing to raising the value of enterprises, enhancing competitive advantages, increasing the prestige and belief of shareholders and partners in developing business activities in the region and over the world.

Besides, the internal control system of PV Drilling is running effectively, significantly contributing to ensure consistency, compliance and strictly controlling risks throughout Corporation. In 2020, facing many difficulties due to the impact of the Covid-19 epidemic and fluctuations in oil prices, PV Drilling's Management Board has commanded and acted continuously to strengthen the internal control system to ensure sustainable development of PV Drilling such as:

- Proactively review, research, issue and update the internal procedures and regulations of the Corporation and its subsidiaries to ensure that the internal regulation framework and the corporate governance of PV Drilling are always promptly updated in accordance with the practical operation and compliant with current legal requirements;
- Strengthen the supervision of business activities through reporting mechanism and periodic monitoring reports in order to serve as a basis for making timely and proper management decisions.
- Optimize operating resources and provide timely reports on budgets and corporate governance through the completion and application of the ERP - Phase III. The analysis of the synchronized data obtained from the system serves as a basis for accurate and quick assessments based on which high level business and management decisions are made.
- In addition, internal audits performed by the Internal Audit, HSEQ, ... have enabled issues to be promptly detected so that recommendations were proposed to strengthen the internal control and corporate governance systems in order to ensure the compliance with the Law as well as Corporation's regulations.

The ERMS at PV Drilling is increasingly integrated with Corporate Governance through risk reporting line that utilized the information available in management reports appropriate frequency. This has helped the Management to use information on risk management to make appropriate and timely business decisions.



# TOP RISK PORTFOLIO AT PV DRILLING



The Board of Directors has assessed and identified PV Drilling's Top Risk Portfolio with respective response measures, namely:

## 1. Strategic risk

The market for drilling rigs and well technical services is still facing difficulties caused by the impact of such factors as prolonged low oil prices; weak global oil consumption due to lockdown and social distancing; moderate oil and gas production; low rig demand and low rig day rates.

In order to ensure the business objectives are constantly monitored, the following measures were identified by the Board of Management:

- Developing strategy and target focusing all resources on core businesses. Strengthening and developing the provision of drilling rigs and drilling related services;
- Building the Corporate's image and brand in the Oil and Gas Drilling industry both locally and regionally;
- Strengthening the strategy for developing offshore drilling services. Looking for business opportunities in the region and potential markets;
- Supervising the progress and quality of the new DES construction and the re-activation of the TAD rig in order to start the drilling campaign for BSP on time.
- Maintaining the corporate culture of professional working attitude and environment.
- Enhancing corporate governance and applying international standards and best international practices.

## 2. Risk of infection / isolation due to the pandemic

By the end of 2020, more than 83 million people in the world had been infected with SARS-CoV-2 and more than 1.8 million had died by the Covid-19. Although some countries have applied the Covid-19 vaccination, the pandemic, with the increasingly number of daily reported cases, has not been controlled. In order to minimize the risk of infection, all employees at PV Drilling are always vigilant in epidemic prevention and proactive in taking 5K measures (Facemask – Disinfection – Distance - No gathering – Health declaration) as recommended by the Ministry of Health as well as following the Company's instructions.

- Publishing regulations, instructions, procedures related to pandemic prevention: directives, response plans, medical declarations, work-from-home plans ...
- Monitoring and updating disease information to all employees.
- Propagating about hygiene measures, avoiding crowds,

wearing masks and washing hands properly ... via email, public screens.

- Applying quarantine measures for employees returning from pandemic localities or having close contact with cases of F0, F1, F2 or having symptoms of acute respiratory infections in accordance with instructions of medical authorities.

## 3. Financial risks

PV Drilling is a holding corporation with many subsidiaries and joint ventures. Therefore, activities of investment, financing, budget management, cash flow ... imply a lot of risks in the context of fluctuation of the exchange rate, interest rate and especially in the period of oil price crisis. Effectively handling financial risks is a significant challenge for PV Drilling's Board of Management. Financial risk management solutions implemented include:

- Centralized financial controlling through standards and norms on financial indicators;
- Budget planning through the managerial accounting reporting system applied from BUs level to Corporate level on the ERP Oracle EBMS platform;
- Strict control of costs and cash flow to ensure liquidity, financial safety. Using of derivative instruments to proactively ensure the source of USD and improve profit from financial activities.

## 4. Risks related to human resource management

At PV Drilling, "people" is always the core element of success, especially individuals with high qualifications and extensive experience in drilling and drilling technical services. In the difficult context of the oil and gas industry, PV Drilling's Board of Directors has approved the following solutions in order to manage human resources effectively:

- Completing the competency model for all levels;
- Developing the career roadmap, training and succession plan for talented employees;
- Deploying policies to attract and retain talents;
- Developing specific mechanism, along with the respective salary and bonus schemes, for motivation, nomination and identification of potential talent for development training.
- Developing qualified local Vietnamese employees to replace expatriate employees as a way to reduce costs and pressure from the labor market.

## 5. Compliance risk

Apart from having to comply with Vietnam law, policies and regulations of the Vietnam Oil and Gas Group, State Securities Commission and Stock Exchange Department..., PV Drilling also applies and follows international standards and practices in enterprise management. Therefore, to comply, the company has to ensure:

- Changes in policies and regulations that affect PV Drilling's business are constantly updated;
- All employees are periodically updated with changes in related law and regulations. Consultation and supports on law compliance are provided to BUs/Departments in timely manner;
- The management of the BUs, the compliance with State regulations and Company's internal regulations is regularly assessed to ensure effective and efficient operation.

## 6. Rig Operating Safety risk





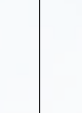
Because the Oil and gas drilling is a distinctive industry, the harsh weather and geographical conditions in offshore or desert always involve risks to machinery and people. In order to minimize the risks in rig operation, PV Drilling has implemented the following solutions:

- Continuously maintaining and improving the HSEQ system based on the international oil and gas industry standards. Applying such standards as quality management standard ISO 9001: 2015, environment management standard ISO 14001:2015, occupational health and safety management standard ISO 45001:2018. Participating and complying with the regulations of the International Association of Drilling Contractors (IADC);
- Managing inventories and maintenance work by Maximo system to ensure stable and safe operation of drilling rigs;
- Optimizing the operation of equipment and assets through using Asset Management and Reliability-centered Maintenance;
- Having in place the insurance policy for PV Drilling's rigs and its people.



In 2020, PV Drilling's management has supplemented "risk of infection or isolation due to pandemic" to the list of key risks of the Corporation.

## SUBSIDIARIES

	PVD DRILLING DIVISION	PVD INVEST	PVD OFFSHORE	PVD LOGGING	PVD WELL SERVICES	PVD DEEPWATER	PVD TECH	PVD TRAINING	PVD BAKER HUGHES	PVD TUBULARS	PVD OVERSEAS	PVD EXPRO	VIETUBES	PVD OSI
<b>ADDRESS</b>	3 <sup>rd</sup> Floor, 111A Pasteur, District 1, Ho Chi Minh City 	G320, 3 <sup>rd</sup> Floor, The Manor 2, 91 Nguyen Huu Canh Street, Binh Thanh District, Ho Chi Minh City.	43A Street 30/4, Ward 9, Vung Tau City, Ba Ria Vung Tau Province 	4 <sup>th</sup> Floor, PVFCCo Tower, 43 Mac Dinh Chi Street, Da Kao Ward, District 1, Ho Chi Minh city. 	12A Floor, Vincom Center, 47 Ly Tu Trong Street, District 1, Ho Chi Minh City 	3 <sup>rd</sup> Floor, 111A Pasteur, District 1, Ho Chi Minh City 	8 <sup>th</sup> Floor, Green Power, 35 Ton Duc Thang Street, District 1, Ho Chi Minh City 	Road No.1, Dong Xuyen Industrial Zone, Rach Dua Ward, Vung Tau. 	5 <sup>th</sup> Floor, Cantavil An Phu Premier Building, No. 1 Song Hanh Street, Hanoi Highway, An Phu Ward, District 2, Ho Chi Minh city. 	Unit 1204, 12 <sup>th</sup> Floor, CJ Building, 6 Le Thanh Ton Street, District 1, Ho Chi Minh City. 	9 Temasek Boulevard # 31-00 Suntec Tower 2, Singapore 	65A, Street 30/4, Thang Nhat Ward, Vung Tau City, Ba Ria Vung Tau Province	Street 11, Dong Xuyen Industrial Zone, Rach Dua Ward, Ba Ria Vung Tau Province 	Street 11, Dong Xuyen Industrial Zone, Rach Dua Ward, Ba Ria Vung Tau Province 
<b>CORE BUSINESS</b>	Manage and operate the rig fleet of PV Drilling Corporation (PV DRILLING I, II, III & IV) and the leased rigs.	Provide consultancy manpower, drilling support subsurface, and WHP - operations support equipment - services. 	Drilling Manpower Supply Service, Inspection, Maintenance and Workshop Service and Oil Spill Response Service... 	Provide advanced technology services in Drilling Operations for the Oil and Gas Industry including Mud Logging, Slick-line & Cased Hole Logging, Well Testing and Provision of Geological Specialists... 	Provide well technical services, tool rental, tubular running, manage pressure drilling, solids control... 	Manage and operate the advanced technology Semi-Submersible Tender Assist Drilling Rig (TAD) 	Engineering and manufacturing equipment skid; providing Surface/ Subsea wellhead and mudline rental services, providing full range of Conductor services and trading services for oil and gas industry 	Training, certification for petroleum, manpower supply and technology and marine safety equipment... 	Supplying a wide range of services such as directional drilling and logging while drilling, drill bits, electric logging, liner hanger... 	Supply of Drill pipe, casing, tubing, coupling (OCTG) with wide range of different connections (from API to premium connection) and providing procurement agent service and total tubular management services (TTM services). 	Investing, operating the modern offshore rig PV DRILLING VI, aiming for potential markets in the region and beyond 	Provision of exploration well testing, production well clean-up, subsea test tree & subsea lubricator, surface PVT sampling and bottom hole sampling, sand control at surface for exploration and production and early production services. 	Threading, processing, repairing, restoring (including: threading, thread inspection, tubular unlogging, magnetic particle test, pressure test, tubular cleaning and coating) casting tubes, drilling collars, drilling pipes, conducting pipes and accessories for oil and gas industry 	Manufacturing, supplying and threading of API and proprietary connectors. 
<b>CHARTERED CAPITAL</b>	— billion VND 	— billion VND	<b>130</b> billion VND 	<b>80</b> billion VND 	<b>80</b> billion VND 	<b>764</b> billion VND 	<b>450</b> billion VND 	<b>28.9</b> billion VND 	<b>20</b> million US dollars 	<b>3.5</b> million US dollars 	<b>66.7</b> million US dollars 	<b>6.4</b> million US dollars 	<b>3.7</b> million US dollars 	<b>5</b> million US dollars 
<b>OWNERSHIP</b>	100%	100%	100%	100%	100%	100%	97%	52%	51%	51%	82%	51%	51%	51%

## SUBSIDIARIES (continued)

# PVD Drilling Division

Established in 2007, with dynamic, enthusiastic, non-stop creative and full of experiencing workforce, PVD – Drilling Division is completely confident to manage and operate the most modern drilling rig fleet in the world. PVD – Drilling Division commits to clients about safety and efficiency of operating performance, thereby meeting the highest service quality and optimizing costs for our clients.

### REVENUE

# 3,109

Billion VND

### OWNERSHIP

# 100%

3<sup>rd</sup> Floor, 111A Pasteur, District 1, Ho Chi Minh City

Manage and operate the rig fleet of PV Drilling Corporation (PV DRILLING I, II, III & IV) and the leased rigs.

The past 20 years has been a long development journey for PV Drilling with many ups and downs of the oil and gas industry. After a short start-up time, Drilling Division quickly caught up to other world players in the drilling service market. The business was growing positively due to favourable crude oil price. With many long-term contracts and successful drilling campaigns, drilling services became PV Drilling's core business which has contributed the main part to the corporation's revenue and profit. However, in the midst of the decreased crude oil price during the period from 2015 to 2019, Drilling Division, under the leadership of PV Drilling Management, promptly responded to the challenges by conquering the South East Asia market which laid the foundation for further capturing more of the world market share.

Although the market challenges will not disappear in 2021, the experience has been unforgettable for Drilling Division's employees. No sooner did the crude oil price show signs of positive recovery at the beginning of 2020 than the price war, coupled with the Covid-19 pandemic, happened. The business performance was, once again, heavily hit. Drilling Division, in response, secured the contracts to drill in Vietnam and Cambodia using both owned and chartered rigs in an effort to keep the rigs utilized and the revenue safeguarded after the contracts in Malaysia were suspended. The efforts have enabled Drilling Division to both secure the cash flow and optimize the cost.

The consequent travel restrictions by many countries in the world caused a lot of difficulties to the business operation of Drilling Division, especially that of the rigs. Crew change and maintenance plans were suspended. Drilling plans were reviewed on daily basis by the clients as the crude oil price and the pandemic situation were taken into account. The cooperation in the work and with the governmental authorities in the host countries were extremely challenging. The overtime and over-shift pressure on rig personnel, fueled by the psychological effects of being away from families for prolonged time, has put the Drilling Division's Management in unprecedentedly tough position. In such situation, the Management's direction was to handle all unexpected situations with proactivity and flexibility including utilizing all available resources on the spot and respectively revising the crew change plan.

Employees also had memorable experience. They were fully taken care of and well equipped to stay safe in the pandemic. Individuals with good performance were acknowledged and promoted to higher position. Many of them were confident to take new roles as key positions during the tough time of the pandemic. The behaviors of such individuals have contributed to the stable operations of the rigs, optimizing the operation cost, enhancing the Company's reputation as well as demonstrating the qualities of the "Pioneer of Vietnam Drillers" as PV Drilling's slogan says.



The Covid-19 pandemic is still complicated and unpredictable in the world. Based on the above mentioned accomplishments, Drilling Division is confident in its ability to handle any future situations that it may face in the time to come.

#### Achievements and awards:

- Certificate of Merit given for Environmental, Health and Safety from General Director of Vietnam Oil and Gas Group through Decision No 7658/QĐ-DKVN dated 14/12/2007.
- Emulation Flag given by the Ministry of Industry and Trade according to Decision No 0078/QĐ-BCT dated 07/01/2010.
- Certificate of Merit from The Prime Minister through Decision No 585/QĐ-TTĐ dated 20/4/2011.
- Certificate of Merit from the Ministry of Industry and Trade through Decision No 758/QĐ-BCT dated 21/02/2012.
- Labour Order, third class awarded by The President of Vietnam according to Decision 2225/QĐ-CTN on November 18<sup>th</sup>, 2013.
- PV DRILLING I had compassed the longest drilling well of Vietnam for CUU LONG JOC (Well 15-I-SNN-3P, length 7300m)
- In 2018, PV DRILLING I received Appreciation Letter from KrisEnergy Thailand after completing a safe drilling campaign with down time only at 0.2%.
- Certificate of Merit given for PV DRILLING I by Total E&P Myanmar in recognition of implementing the work with good performance in safety during the whole campaign.

- PV DRILLING II achieved the record of the longest well drilled by PDC 12 ¼" drilling bit at well RDT-2P & RP-7P recognized by KNOC.
- PV DRILLING III achieved the award of the Best Perform Drilling Rig in Malaysia in the First Quarter of 2018 appointed by Petronas.
- PV DRILLING III achieved the award of the Best Perform Drilling Rig in Malaysia in 2018 voted by Petronas.
- PV DRILLING VI received the Appreciation Letter from CuuLong JOC after completing a safe drilling campaign of well ST-3P-ST HPHT with down time only at 0.03%.
- PV DRILLING II achieved the record of safe operation without any Lost Time Incidents (Zero-LTI) in drilling campaign of 2019 awarded by Sapura OMV.
- PV DRILLING I was honored to receive the safest record in the first quarter 2020 given by Petronas (PCSB).

#### Development strategy:

- Managing the rigs effectively while proactively looking for contracts within the region and around the world.
- Operating the rigs safely and efficiently.
- Implement the drilling campaign for BSP in Brunei by putting PV Drilling V to operation as planned.

## SUBSIDIARIES (continued)

# PVD Invest

Established in 2010, PVD Invest has gained 10 years of operation in the oil and gas field. With the starting point to provide professional manpower service, PVD Invest has been affirming its service premium quality as well as its reputation in providing technical services for E&P, development drilling campaigns in Vietnam and the region.

### REVENUE


# 625

Billion VND

### OWNERSHIP

# 100%

 G320, 3<sup>rd</sup> Floor, The Manor 2, 91 Nguyen Huu Canh Street, Binh Thanh District, Ho Chi Minh City.

 Provide consultancy manpower, drilling support subsurface, and WHP - operations support equipment - services.



2020 marks the first 10 years of PVD Invest's operation, with efforts and continuous development from the core service of providing professional manpower service to technical services such as Mud Cooling, Solid Control, Rig Positioning, H2S Control, Tanking ... serving campaigns for Drilling, Exploration, Development and Oil and Gas Exploitation in Vietnam and the region. With the relentless effort of each employee in the company, maintaining Manpower Contracts and Technical contracts and continuing to renew contracts in 2020 helped PVD Invest achieve the Production plan that was assigned by PVD with the profit after tax is: \$446,913

Step through 2021 with a slight increase in oil prices, but due to the impact of the Covid-19 pandemic, mobilizing people, equipment and services faces many difficulties, incurs many costs, and eventually people have to go quarantine. Furthermore, the fierce competition from other rival companies is also a big challenge for PVD Invest to overcome during the past time with a small initial investment.

To survive through a difficult year, PVD Invest consistently upholds the spirit of minimizing costs, at the same time efficiently utilizes the qualified capability from domestic human resources as a result of Covid-19 causing many

difficulties in foreign personnel employment. In addition, the monitoring of the QHSE system and issues related to equipment operation & maintenance, training and development of service operators is still strengthened, ensuring that they are always ready when mobilized. Above all, PVD Invest is trying to find job opportunities and deploy new technical services such as Marine Growth Prevention, EOR...

As an enterprise with young human resources, PVD Invest always encourages creating creative condition as well as self-training, improving the sense of responsibility for both work and the company in optimizing costs, ensuring service quality and trust for customers.

### Development strategy:

In order to ensure works as well as the survival of PVD Invest in the upcoming difficult time, each individual enhances the marketing spirit in approaching different customers, finding more job opportunities and as well as maintaining good relationships with existing customers. Learn and develop the available techniques to create a company's unique service which creates it as a competitive advantage in the market.



*PVD Invest commits to try its best so that the Company will overcome all turbulences and challenges of 2021's market, maintaining jobs for its employees, finding and improving available technical skills to create distinctive services, increasing competitive advantages and pursuing the Company's development goal.*



## SUBSIDIARIES (continued)

# PVD Offshore

Established in 2007, PVD Offshore specializes in providing drilling manpower; inspection, maintenance - workshop service and oil spill response service. Over the past years, the Company has been maintaining a high growth rate, gradually expanding market share in providing services to domestic and foreign clients operating in Vietnam.



### REVENUE

# 466

Billion VND

### OWNERSHIP

# 100%

43A Street 30/4, Ward 9, Vung Tau City, Ba Ria Vung Tau Province

Drilling Manpower Supply Service, Inspection, Maintenance and Workshop Service and Oil Spill Response Service...

#### Main services:

- Provision of Drilling Manpower Supply Services;
- Provision of Inspection, Repair, Maintenance and Workshop Services;
- Provision of Oil and Chemical Spill Response Services;
- Other supporting services;

In 2020, there were many difficulties for service providers in global oil and gas industry. The downturn of oil price and the outbreak of Covid-19 had occurred at the same time and that has caused bad impact on production and business activities of PVD Offshore. Facing with such situation, company had strictly complied with the government's regulations on infection prevention and drastically implemented clients' HSEQ requirements to ensure safety for the workforce working on drilling rigs as well as in production facilities while maintaining continuous service provision to customers during epidemic. As a result, PVD Offshore did achieve good business result with 466 billion VND of revenue and 47 billion VND of profit after tax, and exceeded the targets registered with the Corporation. Specifically, the result mainly comes from:

- **Drilling manpower supply services:** PVD Offshore has been maintaining manpower supply for all of the Corporation's jack-ups which were operating in Malaysia as well as in domestic market. In addition, the Company also provided full crews for 04 foreign rigs operating in Vietnam's water. Despite many difficulties

caused by social distancing and travel restrictions between countries, PVD Offshore still made smooth arrangements with partners to ensure the uninterrupted and stable supply of manpower to customers in Japan.

- **Inspection, repair, maintenance and workshop services:** Due to the dual impact of the plunged oil price and the Covid-19 pandemic, the operation of the Workshop was not as active as it was several years ago. The workload was just enough to keep the business running. However, the local drilling campaigns were still being implemented as planned, which had contributed to maintaining the continuous operation of the workshop. At the same time, in 2020, PVD Offshore also received the first order from Japanese customers to provide mechanical structure fabrication services. This order had confirmed the ability of PVD Offshore in providing designing and manufacturing services.
- **Oil spill response services:** Although, the impact of the Covid-19 pandemic was less severe, customers requested to reduce the price because of the downturn of the oil price. However, company made great efforts to maintain high-quality service and achieved the business target.

According to forecasts, there are still many obstacles and challenges in 2021 as the Covid-19 pandemic has not yet been under control. PVD Offshore's leadership and staff, however, commit to maintaining our stable business results, creating jobs for employees and fulfilling the target registered with PV Drilling.

#### Achievements and Rewards:

Third Class Labor Order from the President, Certificate of Merit from the Prime Minister, the Ministry of Industry and Trade and Petrovietnam as well as the acknowledgment from customers for safety and quality of services provided.

#### Service development orientation:

- Maintaining constant traditional services.
- Searching for new opportunities outside the industry and abroad.
- Researching, developing and seeking for opportunities in green energy such as solar power, wind power, renewable energy...

PVD Offshore has quite positive business results in 2020 with VND 466 billion in revenue and VND 47 billion in profit after tax.

## SUBSIDIARIES (continued)

# PVD Logging

Established in October 2014, PVD Logging specializes in providing high-tech services in exploration and production of the oil and gas industry, focusing on key services such as Slickline, Cased-hole Logging and Production Logging, Mud Logging, Well Testing, and provision of Geologist Consultants.



PVD Logging Company provides technical services for exploration and production sector in Oil and Gas industry. The services include Slick-line, Cased-hole Logging, Production Logging, Well Testing, Mud Logging and provision of Geologist Consultants.

Despite facing historically unprecedentedly difficulties caused by the dual effect of the Covid-19 pandemic and the prolonged low oil price in 2020, PVD Logging strived to overcome the challenges to achieve impressive business results. The company's revenue reached nearly 340 billion VND and the profit after tax reached 60 billion VND, respectively equaling to 149% and 132% as compared to that of the year 2019. The company contributed nearly 50 billion VND, which is 47% higher than that of the year 2019, to the State budget.

The year 2020 continued to be another successful year for the flagship services of Slick-line and Cased-hole Logging besides the outstanding performance, which contributed nearly 50% to the Company's revenue, of the Well Testing services. The Mud Logging services, on the other hand, had another quiet year due to the moderate exploration activities.

In 2020, the management team of the Company was also consolidated by the appointment of the Deputy Director in charge the services of Slick-line, Cased-hole Logging and Well Testing and the Operation Manager of Production Logging Department. In addition, the R&D

and internal training activities continued to focus on improving service quality and narrowing down the technology gap with other international companies.

#### Development milestones:

- 2006:
  - Invested in the first Mud Logging Unit
- 2007:
  - The first unit of Slick-line and Cased-hole Logging was invested and put into operation.
  - Signed the first contract to provide Well-site Geologist
- 2008:
  - Signed the first contract to provide Well Testing services
  - Built the first Mud Logging Unit in-house (the 4th Mud Logging Unit owned by Company)
- 2010:
  - Reached milestones of 10 trillion VND in turnover
  - Carried the 10th Mud Logging unit into operation
- 2013:
  - Executed the first contracts to provide Mud Logging Services and Provision of Well-site Geologist in the regional market.

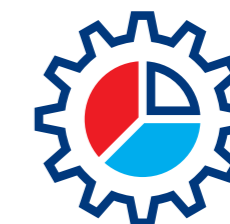
#### Achievements and awards:

- Certificate of Merit from the Prime Minister (QD 585/QD-TTG),
- 20 April 2011;
- The Labor Medal, Third Class (QD 2225/QD-CTN), 18 November 2013;

- Other certificates of merit, flags and titles issued by the Ministry of Industry & Trade, Petro Vietnam, PV Drilling Corporation.

#### The company business development goals in the year 2021:

- Focusing on providing services for the P&A activities in domestic and regional markets.
- Strengthening strategic partnerships with international companies and regional partners, seeking opportunities for the Mud Logging services and reducing of dependence on limited exploration activity in domestic market.



PVD Logging is among PV Drilling's subsidiaries which achieves the most remarkable business performance even operating under the volatile period of the oil and gas market. Particularly, PVD Logging achieved almost VND 340 billion revenue and VND 60 billion profit after tax.

#### REVENUE

# 340

Billion VND

#### OWNERSHIP

# 100%

4<sup>th</sup> Floor, PVFCCo Tower, 43 Mac Dinh Chi street, Da Kao Ward, District 1, Ho Chi Minh city.

Provide high-tech services including Mud Logging, Slick-line and Cased Hole Logging, Well Testing and Provision of Geological Specialists, Industrial explosive storage, management and transportation for oilfield industry.

## SUBSIDIARIES (continued)

# PVD Well Services

Established in 2007, PVD Well Services has specialized in provision of well technical services such as Tool Rental Services (DTRS), Tubular Casing Running Services (CRTS), Managed Pressured Drilling (MPD), etc. With more than 13 years of experiences in providing services in the field, PVD Well Services has been trusted and recognized by clients as one of the leading service provider.

### REVENUE

# 255

Billion VND

### OWNERSHIP

# 100%

📍 12A Floor, Vincom Center, 47 Ly Tu Trong Street, District 1, Ho Chi Minh City

📄 Provide well technical services, tool rental, tubular running, manage pressure drilling, solids control...

PVD Well Services, a subsidiary of PV Drilling, was established in 2007. PVD Well Services is currently providing its traditional services such as Drilling Tool Rental Services (DTRS), Casing and Tubing Running Services (CTRS), Managed Pressure Drilling Services (MPD)... In addition, the company has developed a number of new and potential high-tech services such as Expandable Liner, Well Bore Clean Up (WBCU) and SafeVision...

Over the past 13 years, PVD Well Services has gradually strengthened its position and dominated the market. Together with the team of skillful, highly experienced, enthusiastic and creative employees, the company has made continuous efforts in affirming its market position in order to become a leading services provider in the oil and gas industry and contribute significantly to the development of PV Drilling on its 20th development journey.

The outbreak of the Covid-19 pandemic in 2019 plus the low oil price has forced many oil companies to stop their drilling activities. The situation has led to the reduction in demand for the Company's services. PVD Well Services faced intensive competition from both foreign competitors and local private ones some of whom even dumped their service prices to win jobs. In the such difficult situation, the Board of Directors of PVD Well Services have endeavored to look for solutions to maintain the business activities and create jobs for employees, such as; researching and applying new technical services; providing more solutions to customers; expanding to overseas market; optimizing warehouse and factory systems. Such solutions have helped increase customer's confidence in the company's services. PVD Well Services has taken small but steady steps with the determination to achieve stable and long-term growth target. As a result, the Company has achieved certain achievements, such as:

#### Production and business activities

- Maintained 100% market share for CTRS and roughly 95% for DTRS in the domestic market. The Company has also won most of the important tenders and successfully negotiated to extend various contracts for the period of 2020-2021
- Successfully developed the high-tech Casing Running Tool (CRTi) service which has been provided to 100% of domestic oil and gas operators. The CRTi is considered to be an essential technology in drilling campaigns. The technology has contributed to further strengthening the competitiveness of the Company.
- Researched and sought opportunities to expand equipment and service portfolio in order to increase competitiveness. The new services include SafeVision and Well Bore Clean Up services which were already provided to the customers in 2019 and 2020. Both



- services have been trusted and selected by customers for their operation in 2021.
- Achieved good performance in providing the Casing & Tubing Running Service in Thailand, Myanmar and Malaysia in the early 2020.
- Successfully won, for the first time, tender and provided the Casing and Tubing Running Services for client in Cambodia. That the service was highly appreciated by the customer has created the momentum for further marketing activities and new market penetration.
- Completed the Science and Technology projects on development and application of the quality management system according to API Q2 standards and on the design, fabrication, and application of the Hydraulic Extendable Bail Arm equipment which have helped improve the business efficiency.
- Continued to raise awareness on cost saving; cutting and strictly controlling costs; enhancing debt collection; delaying unnecessary investment projects; increasing internal training...

#### Safety - Health - Environment - Quality

- Maintained a track record of over 3.2 million hours of zero lost time incident (Zero LTI) since 2007.
- Maintained the management system certification of Safety, Health, Environment and Quality Management System according to international standards API Q2, ISO 9001, ISO 14001 and ISO 45001 in order to contribute to enhancing the reputation of PVD Well Services as well as increasing bidding competitiveness.

- Successfully migrated to the ISO 45001:2018 certified by DNV GL.
- Achieved and awarded outstanding performance in Safety - Health - Environment - Quality in 2020 by PV Drilling.
- Received the compliment letter from Idemitsu for the drilling campaign of lot 05-1B and 05-1C.

#### Personnel and training

- PVD Well Services has, over the years of development, a team of young, dynamic and creative employees working in a professional, sociable and supportive environment. This is one of the advantages of PVD Well Services, especially during the difficult period of the market where such culture becomes essential.
- The highlight in training of PVD Well Services was the increase in internal training activities in order to reduce training costs and utilize the capabilities of the Company's experts. In 2020, as many as 17 training courses for 47 participants were conducted by the Company's experts in 2020. Specifically, the successfully training of the CRTi crew has helped reduce the number of partner's crew and at the same time, increase the ratio of Company's. This has enabled the Company's personnel to operate and maintain the equipment. The Company targets at 100% of its personnel to be capable of operating CRTi as well as mastering the technology.

## SUBSIDIARIES (continued)

# PVD Well Services (continued)

Established in 2007, PVD Well Services has specialized in provision of well technical services such as Tool Rental Services (DTRS), Tubular Casing Running Services (CRTS), Managed Pressured Drilling (MPD), etc. With more than 13 years of experiences in providing services in the field, PVD Well Services has been trusted and recognized by clients as one of the leading service provider.

### REVENUE

# 255

Billion VND

### OWNERSHIP

# 100%

12A Floor, Vincom Center, 47 Ly Tu Trong Street, District 1, Ho Chi Minh City

Provide well technical services, tool rental, tubular running, manage pressure drilling, solids control...

Through 13 years of development, PVD Well Services has developed generations of strong, quality and professional team with strong PV Drilling cultural characteristics. The results should not have been realized without the efforts and engagement of PVD Well Services' Board of Directors and all employees. Consequently, since its establishment, the business results of PVD Well Services have always been stable with healthy financial status. In 2020, despite many difficulties caused by both low crude oil price and Covid-19 pandemic, PVD Well Services, owing to the efforts of the Board of Directors and staff, achieved the positive results with revenue of VND255 billions and profit after tax of VND53 billions. Revenue increased by 30% and profit after tax 13% as compared to that of 2019. The performance is encouraging the company to try harder in conquering upcoming targets.

The oil and gas market shall continue, as forecasted, to be unstable in 2021. The fact that unpredictable fluctuation of the oil price, the Covid 19 pandemic being not under control and the canceled and suspended drilling campaigns to 2022 or further by such clients as Phu Quoc POC, VGP, KNOC, PVEP will cause certain difficulties to the Company's business. Apart from competing with foreign competitors, the company will have to deal with the local players who are ready to compete on low value contracts. Other challenges include insufficient financial resources, high bad debts, shortage of high quality human resources, expansion to foreign markets being restricted due to protection barriers and limited market understanding. Some investment projects of the Company may be postponed or even cancelled if the oil and gas market show no signs of recovery.

Therefore, in 2021, the Board of Management and all employees of the PVD Well Services will make every effort to maintain the existing domestic market share, strengthen marketing and develop new services, enhance debt collection, focus on strengthening internal resources, train high-quality human resources for mastering technologies, perform well current service contracts, ensure labor safety in all production and business activities, constantly expand market and offer price flexibility in bidding, enhance financial control and cost saving, effectively invest in important projects. These solutions are to overcome difficulties in order to win objectives in 2021.



### Achievements and awards:

- Certificate of Merit awarded by the Prime Minister in 2010
- The third-class Labor Medal in 2012
- Certificate of Merit and Emulation Flag awarded by the Ministry of Industry and Trade in 2008, 2011, 2014, 2019
- Certificate of Merit awarded by Petrovietnam in 2007, 2008, 2010, 2013, 2015, 2016, 2020.
- Certificate of Excellent Labor Collective awarded by PV Drilling for 12 consecutive years
- Excellent reached more than 3.2 million of hours Zero LTI since 2007.

### Development strategy:

- Maintain the domestic market share of traditional services such as CTRS and DTRS and seek overseas market development opportunities.
- Continue to expand and develop such new and potential services as Expandable Liner, Well Bore Clean Up and SafeVision,...
- Invest in another set of CRTi to strengthen capability in service provision and at the same time train personnel to master this technology.
- Search alternative technical solutions equipment to improve such core services as CTRS and DTRS.



PVD Well Services is the first unit in Vietnam to be certified with API Q2 in 2018 by API. With this certificate, PVD Well Services has increased its competitive advantages when taking part in bidding for service provision.



Providing CRTS services along with technical equipment and manpower at overseas market, PVD Well Services has completed the provision of the above-mentioned services for the drilling campaigns in Cambodia and get high appreciation from the client.

## SUBSIDIARIES (continued)

# PVD Deepwater

PVD Deepwater was established in July, 2010 with the mission to provide deepwater drilling services in Vietnam and the region by providing and operating the Semi-submersible Tender Assist Drilling rig - PV DRILLING V (TAD), realizing the strategy “Drilling deeper – Reaching further”.

### REVENUE

# 18

Billion VND

### OWNERSHIP

# 100%

3<sup>rd</sup> Floor, 111A Pasteur, District 1, Ho Chi Minh City

Manage and operate the advanced technology Semi-Submersible Tender Assist Drilling Rig (TAD)

From the orientation of applying science and technology as the core factor for the development of PV Drilling, as well as towards the mastery of advanced drilling technology and expanding the drilling services market share, PV Drilling has researched on the application of semi-submersible tender assist drilling rig in exploring and exploiting oil and gas fields, which are located in deep water blocks with complex seismic and strata, thereby sharpening TAD, the first in Vietnam, combined with high new technologies applied in construct wells with complex stratigraphic conditions (high pressure, high temperature).

On June 18, 2010, PV Drilling's General Director issued a Decision on the establishment of PVD Deepwater, One Member Limited Liability Company, with mainly provision of implementing high technology in deep water drilling rig.

From mobilization day, under the direction and support of Petro Vietnam, PV Drilling and Drilling Division,... as well as support from customer Bien Dong POC, in more than 5 years of performing contract, PVD Deepwater has managed and operated the PV DRILLING V rig safely and efficiently with an average operating efficiency of over 95%.

On August 31, 2012, the Certification Office of the Ministry of Science and Technology certified the TAD for applying high technology in using the Semi-submersible tender assist drilling rig project serving exploration, exploitation and production activities in Vietnam's deep-water area.

According to previous plan, PV DRILLING V will be used for drilling campaign of Bien Dong POC until Apr. 2017 and right after that would be used for the project to develop Ca Rong Do oil field previously owned by Talisman (Repsol currently). However due to the sharp drop in oil prices, Bien Dong POC shortened the drilling campaign, Repsol's drilling program was also stopped and extended indefinitely, the PV DRILLING V rig had to be suspended and anchored in Vung Tau.

During cold stack period, from December 2016 up to now, PVD Deepwater has always proactively performed well assets protection, maintenance to ensure equipment is always in safe and good condition and enable to operate as soon as the rig is employed, minimizing reactivation cost.

On Sep 24, 2019, PV Drilling has entered into a Contract for Provision of Heavy Tender Assist Semi-Submersible Drilling Unit "PV DRILLING V" with Brunei Shell Petroleum Company SDN BHD (BSP). The Contract has the duration of six (06) year, plus two (02) times of two



(02) year extension. Whereby, PV DRILLING V is delivered by PVD Deepwater and taken over by PV Drilling from beginning of 2020 in order to perform the Contract with BSP, with expectation of commencement from Q3.2021. PVD Deepwater believes that PV DRILLING V will continue to be operated safely and efficiently, meeting customer requirements, and contributing to PV Drilling's economic benefits.

### Achievement:

PVD Deepwater was honored to be granted the Certificate for "applying high technology in using the Semi-submersible tender assist drilling rig project serving exploration, exploitation and production activities in Vietnam's deep-water area" by Certification Office of the Ministry of Science and Technology.

## SUBSIDIARIES (continued)

# PVD Tech

PVD Tech, a subsidiary of PV Drilling, established in 2006 with charter capital of VND 200 billion. As of 31/12/2020, its charter capital has increased to VND 450 billion to promote the investment in a new drilling equipment set (DES). Its scope of business includes well technical services; engineering, fabrication and manufacturing services; trading, maintenance and logistics services.

REVENUE  
**369**  
Billion VND

OWNERSHIP  
**97%**

8<sup>th</sup> Floor, Green Power, 35 Ton Duc Thang Street, District 1, Ho Chi Minh City

Well technical services, engineering, fabrication and manufacturing services, trading, maintenance and logistic services.

In 2020, the oil and gas industry was heavily affected by the double impact of the deep drop in oil prices and the Covid-19 pandemic; domestic oil and gas activities encountered many difficulties, including many projects delayed or withdrawn from implementing as initially planned. This has enormously affected the production and business development of PVD Tech, resulting in 2020 revenue, merely reaching VND 369 billion, equivalent to roughly 47% of that in 2019. However, with the perseverant efforts to overcome obstacles, optimize production and business costs, effectively cut expenses, PVD Tech successfully completed the profit target, ensuring profitable business in the currently tough market situation with after-tax profit of VND 7.7 billion.

Beside service provision, PVD Tech has been emboldened by PV Drilling Corporation in carrying out the investment project of installing new drilling equipment set (DES) with a total investment of 35 million USD in order to coordinate with PV Drilling Corporation to cultivate the preparing operations for drilling campaign in Brunei, which is expected to start from the third quarter of 2021. Given the determination that this project is quintessential not only for PVD Tech but also for the whole PV Drilling Corporation, PVD Tech's Board of Directors has heavily focused on ensuring the investment project will be completed with quality and on time. Up to February 2021, the DES project has basically finished several main milestones, assuring the required schedule. The DES investment project will invigorate PVD Tech in increasing the company size, proliferating revenue and profit as well as yielding opportunities to develop other technical services in the Brunei market.

In 2021, PVD Tech will further focus on organizational restructuring, optimizing costs in order to prompt internal resource efficiency, preventing functional overlapping among departments. At the same time, PVD Tech will advance service promotions. In addition to traditional aspects, consisting of providing services to offshore oil and gas constructions, PVD Tech will concentrate on developing high technology services for onshore projects in Gas - Power – Fertilizer sector. Regarding to production and business activities, it is anticipated that in 2021 PVD Tech will garner plentiful positivity and merits with a number of valuable signed contracts which are projected to be delivered within the year. In terms of investment operations in 2021, PVD Tech will mainly mobilize resources to complete the DES project with required quality and timetable while approaching no other remarkable investment plans.

### For Mechanical – Manufacturing services:

- Research into designing and manufacturing technological equipment sets with high content of technological development for oil and gas industry.
- Focus on repairing services, maintenance operations for PV Drilling's rigs.
- Expedite the establishment of Mechanical - Manufacture Workshop in Brunei to initially perform repairing and maintenance services according to the drilling campaign of PV Drilling Corporation in Brunei and in the long run, for oil and gas projects in Brunei.



### For Drilling Technical services

- Consistently develop wellhead services, provide Hydraulic Workover Unit (HWU) for repairing wells and well plugging & abandonment (P&A) services.
- Provide intensive training to engineer team specialized in underground wellhead services to perform services for drilling projects of oil and gas enterprises.

### For trading services:

- Look for opportunities to supply quality materials, equipment and high technology to other industries.

### For Equipment and Maintenance services:

- Provide specialized training to maintenance engineers to perform maintenance services for oil and gas equipment. Work closely with strategic partners such as GE, Baker Hughes, FES to cultivate maintenance services and supply spare parts for customers in the oil and gas field as well as in other industries.
- Besides, with the tendency of gradually shifting from fossil energy to renewable energy in Vietnam and over the world, PVD Tech has established a Board of Research and Development Project specialized in alternative energy field, orientating PVD Tech towards investing in a number of solar power projects as well as participate in the supply chain of materials, equipment and services for domestic wind power projects.

### Development orientation:

Throughout 15 years of establishment and development, PVD Tech boasts an influx of well-skilled, experienced, dynamic and creative technical human resource with myriad strengths in different fields: Mechanics - Manufacture, Drilling Technical Services, Trading, Maintenance. Besides, PVD Tech features strong financial capacity, with current equity is over 500 billion VND, total assets are over 1,100 billion VND. Especially, PVD

Tech has been granted short-term credit limit with a totality of over VND 200 billion without secured assets by commercial banks.

In the upcoming period, PVD Tech sets the development orientation of specific services as follows:

- Approach designing and manufacturing technological equipment sets with high content of technological development, serving oil and gas industry. Focus on repairing and maintenance services for PV Drilling's rigs. Expedite the establishment of Mechanical - Manufacture Workshop in Brunei to initially perform repairing and maintenance services according to the drilling campaign of PV Drilling Corporation in Brunei and in the long run, for oil and gas projects in Brunei.
- Maintain to develop wellhead services, provide light petroleum drilling rig to repair wells and well destruction services. Provide engineer team with intensive training specialized in underground wellhead services to perform services for drilling projects of oil and gas enterprises.
- Beside oil and gas field, PVD Tech actively seeks opportunities to supply high-quality and high-tech materials and equipment to other industries.
- Provide intensively specialized training to maintenance engineers to perform maintenance services for oil and gas equipment. Work closely with strategic partners such as GE, Baker Hughes, FES to cultivate maintenance services and supply spare parts for customers in the oil and gas as well as in other industries.
- Besides, with the tendency of gradually shifting from fossil energy to renewable energy in Vietnam and over the world, PVD Tech has established a Board of Research and Development Project specialized in alternative energy field, orientating PVD Tech towards investing in a number of solar power projects as well as participate in the supply chain of materials, equipment and services for domestic wind power projects.

## SUBSIDIARIES (continued)

# PVD Training

Founded in 2007, PVD Training is a subsidiary of PV Drilling with 51.8% of charter capital. PVD Training is currently a leading service provider in the region, specialized in providing 03 core services including Training and Certification, Labor supply and Technical services.


### REVENUE


# 352

Billion VND

### OWNERSHIP

# 52%

 Road No.1, Dong Xuyen Industrial Zone, Rach Dua Ward, Vung Tau.

 Training and Certification, Labor supply and Technical services.

PVD Technical Training Joint Stock Company (PVD Training) was established in 2007, is currently a leading service provider in the region, including: training and certification, manpower supply and technical services for the oil and gas, marine, construction, industrial production and energy industries. PVD Training offers a variety of skills training, safety awareness and engineering programs which follow international standards. The certificate issued by PVD Training has global value and is recognized by many international organizations such as: OPITO (Offshore Petroleum International Training Organization), IWCF (International Well Control Forum), LEEA (Lifting Equipment Engineers Association, IRATA (Industrial Rope Access Trade Association), IMO (International Maritime Organization)...

PVD Training's services are developed on the basis of being a unit specializing in providing safety and technical training programs, standardized training for workers and experts according to international standards. PVD Training has been providing a large workforce of experienced, capable and qualified, well-trained workers for the oil and gas, marine, construction and industrial production industries. Maintaining and increasing the number of laborers annually has contributed to creating jobs for workers during the crisis period of the oil and gas industry under the double impact of the Covid-19 epidemic from the end of 2019 until now. This has contributed to increasing revenue, brand name of PVD Training as well as the success of projects. PVD Training is also a pioneer in providing technical consulting services, safety technical solutions such as consulting on safety management systems, asset integrity management systems, quantitative risk assessment, providing safety equipment, fire protection services, testing according to Vietnamese and international standards such as: VR, BV, DNV-GL, ABS, LR. In 2020, PVD Training is generally affected by the difficult situation of the oil and gas industry and the global economic downturn. The recent outbreak of Covid-19 has had a negative impact on the Vietnamese economy, the oil and gas industry in general and PVD Training in particular. The amount of work for projects in the industry decreased, the demand of domestic and foreign customers also decreased sharply while the competition became more and more fierce. In the difficult context, the change in approach and development has brought many opportunities for businesses in the "contactless economy". In addition, the strong development of economies in the trend of globalization is also an important factor that has influenced and changed the perception and development of the Company's development strategy in order to be in line with the general trend for survival and development. With flexible policies and strategies, suitable for each time and for each service object and customer, the Board of Directors has optimized internal resources, increase the capacity of human resources, internationally standardize services and continuously innovating by which to bring out more effective solutions. With constant innovation and



pioneering in providing services to limit risks, market fluctuations, fierce competition at home and abroad, this is the strategy and key to success by that maintaining the sustainable development of the Company in the past period.

By combining between offline and online training in this pandemic situation on the timely manner, PVD Training has been maintaining its position as a pioneer with the number of training programs that have been certified by international organizations, diverse in types. Online training ensures both cost savings and safety in the context of the current complicated developments of the Covid-19 pandemic. In 2020, PVD Training is recognized by OPITO and IWCF organizations for a number of online training programs that very few other training centers in the world are recognized and capable of providing. In 2020, PVD Training was recognized by the API (American Petroleum Institute) for the international crane driver training program. This is an important mark and step forward when PVD Training's brand is affirmed in the international arena in the field of providing training services, opening up opportunities and attracting customers in the region as well as other countries all around the world to register to participate in training at PVD Training. Besides, grasping the needs and development trends of renewable energy, in which wind power is a potential new field, the Board of Directors of the Company has developed and implemented plans to reach out to investors, contractors and customers. Up to now, PVD Training has implemented training programs according to GWO standards, wind power contractors in Vietnam and abroad.

Despite the difficulties, the Company still focuses on renovating and modernizing facilities, building investment plans for equipment for training, especially the training programs that are recognized by International organizations. With the policies of developing internal resources, create conditions and motivation for personnel to study and improve their professional and managerial skills to meet the requirements of international organizations. The company always takes care of the employers' life with practical actions. In addition, the Company implements programs towards the development of future generations by sponsoring scholarships for students with excellent achievements during their study at the Faculty of Geology and Petroleum of the University, Ho Chi Minh City University of Technology every year. With the spirit of solidarity and consensus sharing of all employees in difficult times, the Company's Board of Directors and all employees have made efforts to overcome difficulties and challenges, maintain stability and ensure efficiency. production and business activities in terms of revenue and profit, ensuring service quality, maintaining and expanding customer network, actively promoting the Company's brand and image, improving income for workers. 2021 is forecasted with many difficulties and challenges due to a decrease in the workload for projects in the industry, but with the tradition and collective solidarity of PVD Training maintained over the years, the Company believes that we will continue to complete business plans, ensure to maintain achievements by strengthening internal resources and develop sustainably with new policies and strategies in line with the general development trend of the economy in the near future.

## SUBSIDIARIES (continued)

# PVD Training (continued)

Founded in 2007, PVD Training is a subsidiary of PV Drilling with 51.8% of charter capital. PVD Training is currently a leading service provider in the region, specialized in providing 03 core services including Training and Certification, Labor supply and Technical services.


### REVENUE


# 352

Billion VND

### OWNERSHIP

# 52%

 Road No.1, Dong Xuyen Industrial Zone, Rach Dua Ward, Vung Tau.

 Training and Certification, Labor supply and Technical services.



Simultaneously, implementing service improvement and creative solutions to continue to offer new, different services, more optimal solutions, bringing more added values to customers. Besides maintaining the traditional market share, PVD Training will continue to pioneer in all services, in approach to customers to enhance domestic and international competitiveness, brand development. The above orientations and very specific solutions will help PVD Training overcome difficulties, challenges and seize opportunities.

#### Achievements and awards:

- OHSAS 18001: 2007 certificate issued by DNV.
- 2015 – voted by AI magazine as an international standard training center.
- IWCF certified as the best well control training unit in 2016.
- Most Innovative for Safety & Technical Training Provider Award 2018 by Acquisition International (AI), London - UK.
- Skilled for Safety Champion Award 2018 and Leadership Award 2018 by OPITO (Offshore Petroleum Industry Training Organization).
- Certificate of Top 10 Asia Pacific Outstanding Brand 2019 by Asia Pacific Economic Review.
- International certification of all training programs on well control, completion and repair (IWCF Drilling Well Control & Well Intervention) granted by the

International Well Control Forum (IWCF) .

- Certificates for technical service maintenance and maintenance issued by ABS, Lloyds, DNV, VR, BV.
- Training certificate for 15 training programs T-BOSIET/ T-FOET/ T-HUET/BOSIET/FOET/HUET/T-BOSIET+EBS/ TFOET+EBS/T-HUET+EBS/H2S/ EBS/ TSBB / MEM/ Banksman & Slinger/OIM issued by OPITO (Offshore Petroleum Industry Training Organization)
- In 2020, PVD Training is recognized by API (American Petroleum Institute) for the international crane operator training program.

#### Development orientation:

Besides, grasping the needs and development trends of renewable energy, in which wind power is a new potential field. In many ways, the Board of Directors has developed and implemented plans in approaching contractors and customers in the field of wind power. PVD Training was established in 2007, is a member unit of which PV Drilling holds 51.8% of charter capital. PVD Training is currently the leading training company in the region with 3 strong areas of activity including: Training and certification, Manpower Supply and Technical Services. PVD Training not only focuses on developing the field of safety training by implementing GWO-standardized training programs for wind power contractors in Vietnam and abroad but also expands service provision for related fields such as supply of human resources, supply of machinery and equipment, and technical services. In 2020, PVD Training was recognized by the

API (American Petroleum Institute) for the international crane operator training program. This is an important step forward as PVD Training's brand is affirmed in the international arena in the field of providing training services, opening up opportunities and attracting customers in the region. Moreover, timely figure out the needs and development trends of renewable energy, in which wind power is a potential new field, PVD Training quickly seize the opportunity and host courses following the GWO standards in wind power for contractors in Vietnam and abroad.

In 2020, PVD Training was recognized by API (American Petroleum Institute) as an international crane driver training programmer. This is an important mark and step forward when the brand of PVD Training is affirmed, opening new opportunities and attracting more clients in the region. In addition, PVD Training is soon aware of the potentials of wind power in the trend of developing renewable energy, the Company has instantly implemented training activities in accordance with GWO standards, one of the big wind power contractors in Vietnam and overseas.



## SUBSIDIARIES (continued)

# PVD Baker Hughes

Establishing in 2011 as a joint venture company between PV Drilling and Baker Hughes, PVD Baker Hughes has been developing its capacities to deliver drilling and exploration services such as directional drilling and surveying services, measurement while drilling and logging while drilling services, drilling bits services, gravel pack services, intelligent well completion services, cementing services, stimulation, coil tubing services, ect.

### REVENUE

**1,131**  
Billion VND

### OWNERSHIP

**51%**

5<sup>th</sup> Floor, Cantavil An Phu Premier Building, No. 1 Song Hanh Street, Hanoi Highway, An Phu Ward, District 2, Ho Chi Minh city.

Directional drilling and surveying services, measurement while drilling and logging while drilling services, drilling bits services, gravel pack services, intelligent well completion services, cementing services, stimulation, coil tubing services.

2020 was the incredibly challenging year for PVD Baker Hughes and the entire global oil and gas industry. In response to the wide-spreading COVID-19 pandemic with its strong impact on the global economy and the volatile oil price which plunged in 2020 to the negative figure, the company had proactive actions to mitigate these impacts through the efficient & safe operations, services quality improvement adhering to the company's core values and strategies. Overall, PVD Baker Hughes maintained the solid financial and operational efficiency against the turbulent environment.

Throughout 2020, PVD Baker Hughes has positioned itself to compete across the entire chain of innovative solutions and provide drilling services to the customers.

Today's success results from the trust and timely support of the two mother companies. Besides, it comes from the integrity of a united international labor force who is always trying to strive for excellent business results, fighting to affirm the Company's competency in service provision and its leading position in Vietnam as well as in the region.

Despite operating in the depressed oil and gas market heavily impacted by the COVID-19 pandemic, PVD Baker Hughes still achieved outstanding achievements. Specifically, the company's revenue in 2020 reached 1.131 billion VND with the after-tax profit at 381 billion VND.

The current success would not have been realized without the trust and timely support from both partners, plus the integrity of a united international workforce who always striving to assert themselves, assert Company's position in Vietnam market as well as in the region.



Despite the uncertainties of 2020's oil and gas market, PVD Baker Hughes continued to achieve one more remarkable year with revenue of VND 1,131 billion and profit after tax of VND 381 billion.

## SUBSIDIARIES (continued)

# PVD Overseas

PVD Overseas was established in 4th April, 2013 on the base of cooperation with reputable partners in Singapore. Since then, the Joint venture has been reinforcing its infrastructure and human resources with the strategic aims to become a drilling contractor providing premier drilling rigs and drilling services.

REVENUE

**368**

Billion VND

OWNERSHIP

**82%**

No. 9, Temasek Boulevard,  
# 31-00 Suntec Tower 2, Singapore.

Managing and operating the jackup rig PV DRILLING VI.

Established in Singapore on 4th of April 2013, PVD Overseas undertakes the strategic mission of investing in modern drilling rigs and delivering quality drilling services to clients in the regional market as well as on global scale.

PVD Overseas is currently the owner of the jack-up rig PV DRILLING VI – the most modern rig of PV Drilling's rig fleet. Since its first operation in 4th of March 2015, PV DRILLING VI now has over six years of drilling experience with outstanding record in term of operation and safety performance for many clients in Vietnam and Malaysia. Average rig efficiency remains consistently high at approximately 99%. In March 2021, the Rig reached the milestone of 6-year operation with Zero Lost-time Incident (LTI) and received the acknowledgement from the Association of International Drilling Contractors (IADC). Via such remarkable performance in both operation and safety aspects, PV DRILLING VI has earned the trust of the clients and gained competitive advantages in Vietnam as well as in Southeast Asia.

Enduring a challenging year in 2020, PVD Overseas and the rig PV DRILLING VI continued to sustain the momentum for development and success. In the context where Covid-19 pandemic spread the infection on worldwide scale and caused tremendous obstacles for the mobilization of manpower and equipment for drilling operation, PVD Overseas has implemented necessary preventive measures in harmony with the general policy of the parent company - PV Drilling and the regulations of relevant authorities in the operational areas. With consistent efforts and commitments, PV DRILLING VI has completed the drilling campaigns of SapuraOMV in Sarawak, Malaysia and TNK Vietnam B.V. (Rosneft) in Vietnam. All of these drilling programs have been executed successfully with excellent safety record and free from Covid-19 infection on board of the Rig. Accordingly, PVD Overseas has achieved a positive business performance for 2020 with 90.6% in rig utilization, 368 billion VND in revenue.



For the outlook of 2021, the market seems to be on the right track of recovery as vaccination has been deployed in fast-paced manner by all governments to curb the pandemic. Additionally, OPEC+ has agreed to maintain the Deed of Cooperation (DoC) to control the output of crude oil, which has facilitated oil price to increase significantly since the beginning of the year. As forecasted, crude oil price can steadily swing over 60 USD/barrel (Brent) in 2021. Such oil price would provide solid premises for oil companies to accelerate their exploration and production projects in the upcoming time. At present, PV DRILLING VI has signed the contract with Eni Vietnam B.V ("Eni") and performed the operation at Block 114, offshore Vietnam. To ensure reaching the business targets of 2021, PVD Overseas established the crucial missions of maintaining the safe and efficient operations of the Rig, optimizing management protocols, ensuring strict adherence to safety procedures and implementing cost-saving measures. In addition, PVD Overseas shall continue exerting the efforts in marketing and business development, seeking for long-term rig contracts, and particularly, engaging potential cooperation to strengthen the capability of its rig fleet in order to catch up with the recovery trend of the oil and gas drilling market in 2021 and the years ahead.

PVD Overseas plans to charter at least one more jackup rig for the market demand and consider the possibility of building a new jackup rig when the market shows more signs of recovery.

## SUBSIDIARIES (continued)

# PVD Tubulars Management

PVD Tubulars Management (PVD Tubulars) is a joint venture company between PV Drilling (51%) and Marubeni-Itochu Asia Pte., Ltd (49%) supplying Total Tubular Management services, OCTG, tubulars, casings, pipelines and accessories.

REVENUE

**749**

Billion VND

OWNERSHIP

**51%**

Unit 1204, 12th Floor, CJ Building, 6 Le Thanh Ton Street, District 1, Ho Chi Minh City.

Supply of Drill pipe, casing, tubing, coupling (OCTG) with wide range of different connections (from API to premium connection) and providing procurement agent service and total tubular management services (TTM services).

Established in 2008, PVD Tubulars Management Co., Ltd. (PVD Tubulars) operates in import – export and supply of tubulars, casings, pipelines, specific connections, and accessories for oil and gas industry. With great efforts, PVD Tubulars has become one of the leading companies in supplying and distributing products and services for oil and gas market.

In 2020, PVD Tubulars continued to build the confidence of customers and promoted its brand name in the oil & gas market. Customers provided positive feedback on the quality of products and services that have been constantly improved.

The prolonged COVID-19 pandemic and the competitions from both domestic and overseas competitors who have expanded their operations in Vietnamese oil & gas market such as Sumitomo, Tenaris, V&M, Mitsui, POTS, Petechim, SV Solution have fueled PVD Tubulars with the motivation to maintain its current market share on one hand and to further grow that of the domestic market on the other. Moreover, PVD Tubulars has continuously sought and researched new products, controlled the quality of current products and services, organized its business effectively, built business strategies that are suitable for the current market situation, increased labor productivity, controlled the business costs and speeded up development as well as finding customers, etc. Besides, PVD Tubulars has focused more on skill development, occupational awareness of staff, built and maintained the certificate system including ISO45000, ISO14001, ISO9001. These factors have been highly appreciated by oil & gas customers.

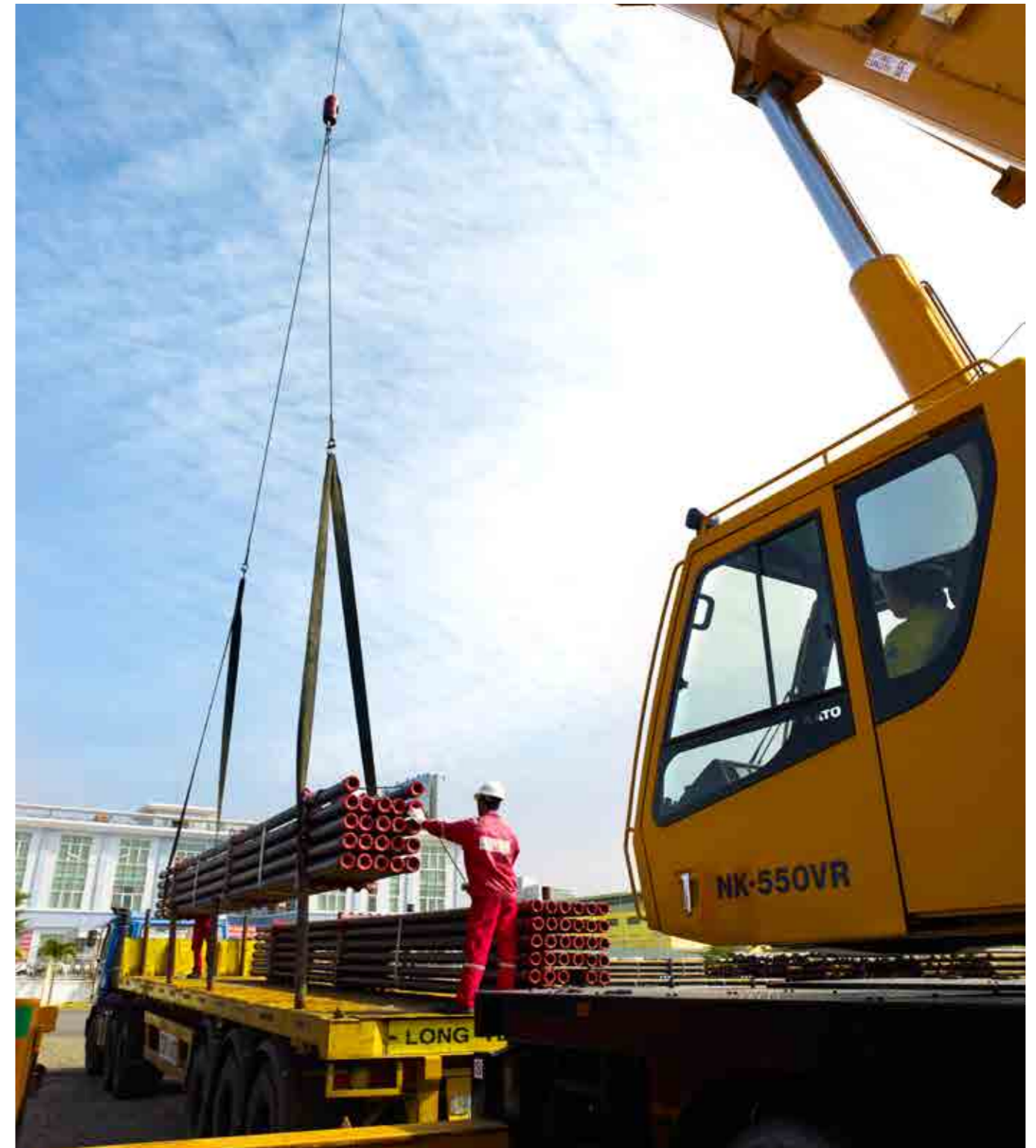
With a relentless effort, PVD Tubulars has performed contracts with great value for big customers such as Vietso Petro, Idemitsu, ENI, TNK Vietnam, etc. and achieved the revenue of VND749 billion, increased by more than 60% as compared to that of 2019.

### Achievements:

Since the establishment in 2008 to 2020, the Company has constantly strived to meet business goals, contributed to the development of the domestic oil and gas industry, as well as fulfilling all tax obligations to the Government. As a result, the Company has been recognized by the Government Organizations for its efforts with some rewards such as: Emulation Flag of Petro Vietnam; Merit Certificate from Petro Vietnam; Merit Certificate from the Minister of Industry and Trade; Merit Certificate from the Prime Minister ...

### Development orientation:

The positive signals of the economy in general and of the oil and gas in particular have created the momentum for us to confidently set goals to maintain and develop production and business activities in 2021 as follows:



- Seeking and expanding new market by diversifying new products and services;
- Pushing up sales and service supply, improving customer care service to maintain the current markets, attaining new customers in the oil and gas industry;

- Closely following changes of the market to propose flexible and effective business plans for the main business activity, seeking and executing bidding packages to ensure the highest profit rate;
- Complying with the policies and common business strategies of the investing partners to get the best support from the parent company.

## SUBSIDIARIES (continued)

# PVD Expro

Established in May 2008 and officially run in August 2008, PVD-Expro is the Joint venture between PVD Logging (a member of PV Drilling) and Expro International BV, in which PV Drilling contributes 51% of charter capital. With the motto of "quality first", PVD-Expro has supplied well testing service to most of large-scale oil and gas companies in Vietnam and got high appreciation and trust from the clients.

### REVENUE

**58,6**  
Billion VND

### OWNERSHIP

**51%**

65A, Street 30/4, Thang Nhat Ward, Vung Tau City, Ba Ria Vung Tau Province

Provision of exploration well testing, production well clean-up, subsea test tree & subsea lubricator, surface PVT sampling and bottom hole sampling, sand control at surface for exploration and production and early production services.



Year of 2020 comes with lot of difficulties and challenges for the economy in general and the oil and gas production industry in particular, due to countries' policies to control oil prices, the rapid development of modern technology to protect the environment as well as alternative energy sources (wind energy, natural gas, electric power, solar energy, ...), along with the global spread of Covid-19 virus, lead to dropping of gasoline prices. In addition, competitors are foreign companies lower down the price to below balance point; try to get more market share, leading to a significant reduction in the rental unit price of labor and equipment.

Faced with the above difficult situation, with the motto of putting "Safety - Quality" of services on top, and the prestige and trust of customers, JV still won contracts to provide well testing & clean-up services for major oil and gas contractors in Vietnam, such as JVPC, Vietsovpetro, Hoang Long, Cuu Long JOC, Idemitsu, Rosneft... Our JV has received high appreciation from customers for providing the high quality & safely services, especially

Idemitsu sent a letter of commendation for the project called the high-pressure well clean-up of Sao Vang gas field.

#### Business performance of 2020:

In 2020, the Company keep continue to maintain cost optimization measures and practice savings. The customer's schedule was implemented as plan, along with some unexpected work requests that were handled as quickly as possible with the consensus of all employees in the company are the main factors contributing positively to business results, NPAT in 2020 reached 152% of the budget planned.

#### Development orientation:

- Human resources: Try to maintain the benefit for employees, in order to retain a team of experienced well testing experts. Professional training is also maintained regularly for new personnel.
- Business operation: Company will continue with all the best to become a brand-named with a high reputation, confidence in quality with reasonable prices for the services it

is providing, in order to compete effectively with competitors who are the foreign company with much stronger potential.

#### Report and Assessment of the Board of Directors:

2021 going to comes with lot more difficulties than 2020, but the Board of Directors commits to stay optimistic with all employees and continue to maintain the spirit of overcoming difficulties, practicing Safe - Efficient - Economical production for successful year end.

In addition to striving with the highest sense of responsibility to ensure business operation safely and efficiently, such effective measures as cost optimization, cost reduction as well as the flexibility in service provision and efforts to complete client's programs are among positive factors that contribute to the results of business operation. Specifically, in 2020, PVD-Expro has revenue of VND 58.6 billion and profit after tax of VND 20 billion.

## SUBSIDIARIES (continued)

# Vietubes

Established in 1995, Vietubes specializes in threading, processing, repairing, restoring of casing and tubing, drill collars, drill pipes, conductor pipes and accessories for oil and gas exploration, drilling and exploitation, etc. PV Drilling has invested into Vietubes with 51% of investment capital since 2012.


### REVENUE


# 49

Billion VND

### OWNERSHIP

# 51%

 Road #11, Dong Xuyen Industrial Zone, Rach Dua Ward, Vung Tau City

 Threading, processing, repairing, restoring of casing and tubing, drill collars, drill pipes, conductor pipes and accessories for the oil and gas industry and marine engineering.



The year 2020 is really a challenging year for the global economy in general and the oil and gas industry in particular due to the uncontrolled outbreak and spread of the Covid-19 epidemic in the world. The oil and gas industry shown signs of recovery when the average oil price of 64 USD per barrel in 2019 has plummeted in the second quarter of 2020, leading to a serious decrease in workload. As a supplier of a specific and narrow range of products, Vietubes has suffered many negative influences from the market in 2020. Facing serious decline in workload of the domestic and foreign markets, Vietubes continues to maintain the policy of minimizing management costs, service costs, reducing materials, streamlining production and management processes, implementing rotating work, the collective of Vietubes employees has made efforts to promote solidarity, overcome difficulties and end the year 2020 with better results and reducing negative profits compared to the plan.

The market is forecasted to have many challenges and unpredictable fluctuations in 2021. All Vietubes employees are committed to working side by side, striving and promoting internal strength to enhance competition, dominate the domestic market and promote the search for export markets through partners in the joint venture for premium connections and API connections as well as customers outside the oil and gas industry in order to ensure the completion of the business plan of the year 2021 and contribute to the overall success of PV Drilling.

#### Achievements and awards:

- Certificate of Merit awarded by the Vietnam General Confederation of Labor for the movement "Green-Clean-Beautiful, Assurance of Labor Hygiene and Safety- Fire Prevention".
- Emulation flag awarded by the Prime Minister and the Ministry of Industry for excellent achievements in the emulation movement of implementing excessive performance of production and business plan and other tasks.
- Certificates of Merit awarded by the Prime Minister, the Minister of Trade and the General Director of Vietnam Oil and Gas Group for the excellent completion of the task.
- Third Class Labor Medal awarded by the Nation President (Decision No. 1033/QĐ-CTN dated July 8, 2011).
- The title of Excellent Labor Collective awarded by PV Drilling.

#### Development orientation:

Expanding services to foreign markets and strengthening searching and linking companies inside and outside of the oil and gas industry in order to make the most of available resources, expand services of production and business.



As a supplier of a specific and narrow product range, Vietubes has faced numerous negatively impacts of 2020's market with serious decrease in workload both domestically and internationally. To rise to all the challenges, Vietubes continued to maintain the effective measures such as cost reduction, service costs, material saving and improving the production and management processes and implementing rotational work. During the year, the Company's employees have contributed great efforts to promote the spirit of solidarity and overcome difficulties. As a result, the Company got better results for the year 2020, reducing negative profits compared to the plan.

## SUBSIDIARIES (CONTINUED)

# PVD OSI

Founded in 2011, PVD - OSI is a joint venture between PVD Tech, a subsidiary of PV Drilling (51%) and Oil States Industries Asia Pte., Ltd. (49%) in which PVD Tech contributed 51% of capital equity.


### REVENUE


# 33.96

Billion VND

### OWNERSHIP

# 51%

 No. 11 Road, Phu My 1 Industrial Zone, Phu My Ward, Phu My Town, Ba Ria - Vung Tau Province.

 Manufacturing, threading, repairing and maintaining all kinds of connectors in oil and gas industry.



2020 is considered as a very difficult year for the oil and gas industry all over the world in general and Vietnam in particular when it was hit by a "double storm" of the Covid-19 pandemic and the oil price dropping from 59 USD / barrel down to 19.33 USD / barrel. The storm, which forced oil and gas contractors to either shorten, cut or suspend Drilling campaigns, seriously affected PVD - OSI's business and production.

In such situation, PVD - OSI came up with various measures to overcome the difficulties such as applying improvement solutions to improve productivity and minimize production costs and minimizing any other costs when possible... Despite being dually impacted by the Covid-19 pandemic and the low oil price, PVD - OSI has, with the support from the Mother Company of PVD Tech, Oil States Asia and PV Drilling Corporation and the efforts of all employees, achieved the production and business targets of 33.96 billion VND in revenue and 13.08 billion VND in profit after tax.

In response to the upcoming difficult period, which is forecasted to be another challenging year for the oil and gas industry, PVD - OSI shall strongly focus on cost reduction solutions, especially on the review and re-evaluation of fixed and operation costs. With determination in constantly improving, at the same time, propagating to all employees to be aware of the difficulties so as to encourage employees to continue to unite, engage and join hands with the Company, PVD - OSI believes that it will overcome the challenging period in order to harvest the future success which shall in turns contribute to the overall success for PV Drilling.



Operating in the context of turbulences and difficulties, PVD-OSI has tried to work out with effective solutions such as improving production and efficiency, minimizing production costs and operating costs, ect. Despite being heavily affected by the dual impacts of the Covid-19 pandemic and crude oil price crisis, with the support from the parent company PVD Tech, Oil States Asia and PV Drilling Corporation along with the efforts of the whole company, PVD - OSI has completed its business plan in 2020 with revenue of VND 33.96 billion and profit after tax of VND 13.08 billion.

# Reinforcing internal **Strength**

During the crude oil price crisis, PV Drilling has always actively strengthened and promoted internal resources by implementing internal training programs to accumulate practical experience, gradually increasing the number of local staff in rig operation and management.

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Market outlook and business plan in 2021

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Deployment of deepwater drilling service in Brunei in

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The strategy of service development

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Training and Development Plan Investor Relations

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Cost Reduction

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Development strategy for period of 2021 - 2025

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Corporate Social Responsibility Activities

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PV Drilling corporate culture

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# MARKET OUTLOOK AND BUSINESS PLAN IN 2021

As anticipated by prestigious financial institutions, the year 2021 would be the pivotal period for the post-Covid economic recovery, given the fact that all governments are taking vigorous actions in deploying vaccination programs for their populations. Since the news that anti-Covid vaccines are on the way and approved by World Health Organization (WHO) for official use, the global economy started to see very positive reactions. Global GDP in 2021 is forecasted to increase by 4.7% and shall maintain a steady growth rate of 3.3% over the next several years [Source: OPEC World Oil Outlook to 2045].

Specifically for the oil market, it is certain that OPEC+ will continue to keep the Deed of Cooperation in effect and shoulder with other oil exporting countries to control the output of crude oil. The world also expects more responsible actions and policies from the new presidential term of the United States in promoting peace and economic cooperation, delivering a powerful drive to stimulate the world economy and boost oil demand. According to OPEC's outlook, the demand of crude oil will rise to 96.05 million barrels/day, increasing 6.5% compared to the average of 2020. In term of prices, financial institutions and energy organizations are holding quite optimistic views on the recovery trend of oil price in 2021. The International Monetary Fund (IMF), U.S Energy Information Administration (EIA) anticipated an increase of 21% for Brent crude oil which could be stabilized within 52 – 55 USD/barrel. Meanwhile, other financial institutions such as Goldman Sachs are even confident to forecast oil price heading toward 65 USD/barrel by the summer of 2021. In fact, in just a short period from 11/2020 to 02/2021, crude oil has climbed from 37 USD/barrel to 60 USD/barrel

However, such speedy recovery course of oil prices still poses valid concerns for the market. In the short term, oil companies would be cautious with their investment decisions due to the volatile nature of the oil and gas industry and its sensitivity with regard to even the slightest changes in the world economic – political landscape. Oil prices will be substantially dependent on the control of supply among oil exporting countries, and highly susceptible in time of political conflicts. In addition, new policies and laws regarding climate change and the development of alternative energies will also impose significant impacts on oil prices. Therefore, 2021 would not be the period to witness a significant number of E&P projects to be launched, but more like a buffer stage for oil companies to prepare for the next development cycle.

Respectively for the drilling market, according to statistics from IHS and Westwood Energy, the global demand for jack-up rigs will be around 350 units during 2021 – 2025. Areas busy with E&P activities like Southeast Asia, Middle East and Gulf of Mexico will continue to account for a large proportion of the global demand for jack-ups. Meanwhile, rig supply will continue to stand at 400 units over the next few years, and possibly decrease due to the number of new-built rigs entering the market lower than the anticipated attrition rate. According to Westwood Energy, there will be at least 87 jack-ups turning over 30 years of service and decommissioned during the period of 2021-2025.

In Vietnam, the productivity in 2020 reached 9.65 million tons of crude oil and 9.16 billion cubic meter of gas, corresponding to a reduction of 10% compared to that of 2019. The declining trend in production at primary oil fields posed a real critical concern for the country, given the context that the number of new discovery is alarmingly limited. Therefore, to ensure the energy security and stable revenue for the state budget, the implementation of new E&P projects will be more likely to receive greenlight, gearing forward in the upcoming time. Accordingly, for the period of 2021 – 2025, Vietnam market would need around 6 – 8 offshore rigs. In Southeast Asia, rig demand is expected to escalate i.e 8 – 16 units in Malaysia, 11 – 22 units in Thailand, 8 – 16 units in Indonesia, etc. In other smaller markets such as Cambodia, Myanmar, rig number shall also increase in correspondence with the implementation of the E&P activities in the next period.

Though the mid-term outlook for drilling market are positive, the fierce competition among drilling contractors are far from loosening up, at least until 2022. Due to the persisting impacts of Covid-19 and the travel restrictions still in effects across the whole region, the demand for jack-ups may only slightly recover by the end of this year assuming the pandemic will be curbed at that time. The day rate for jack-up in Vietnam and the regional market is anticipated to swing within the range of 50,000 – 60,000 USD/day in 2021.

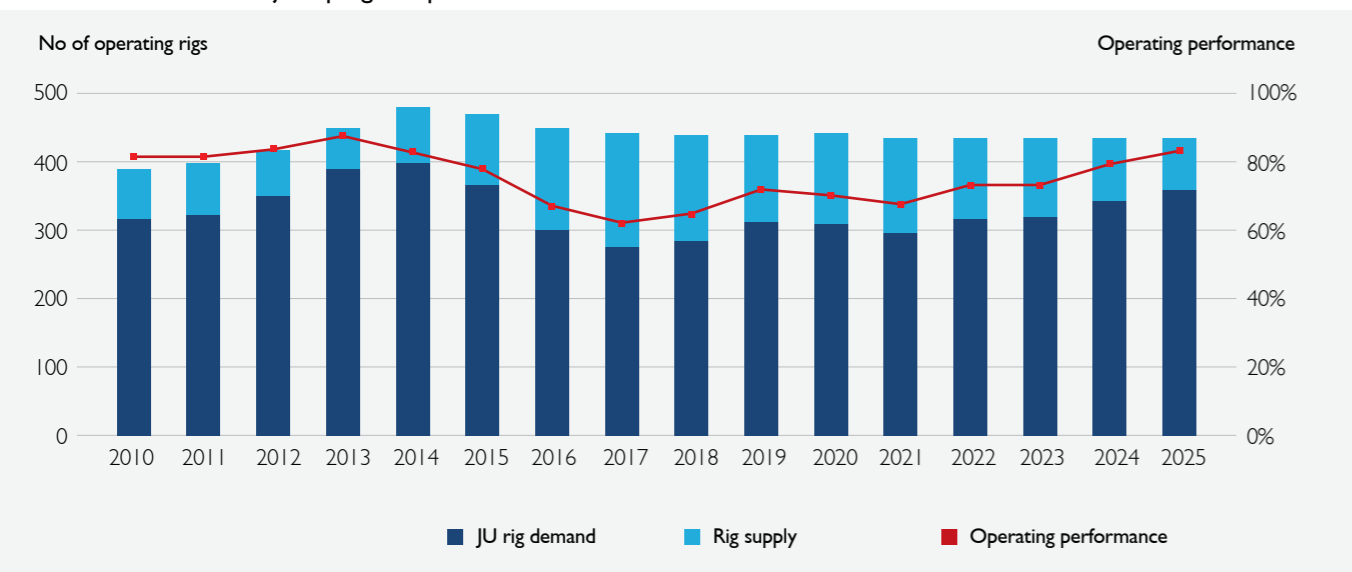
In consideration of such potentials for 2021 and the upcoming years, to ensure the capability to meet the demand of the market, PV Drilling must maintain the stable and safe operation for the fleet in 2021, creating the necessary premises for development from 2022 onward. PV Drilling shall embrace a

clear strategy focusing on the primary market in Vietnam, actively looking for opportunities in Southeast Asia in order to secure continuous and long-term works for the fleet. As per current schedule, aside from operating drilling rigs in Vietnam, PV Drilling will also manage to keep at least one or two units working on regular basis in overseas territories in 2021. Simultaneously, PV Drilling will mobilise the Semi-submersible Tender Assist Rig PV DRILLING V to Brunei from Q3/2021 for the execution of the long-term contract with Brunei Shell Petroleum.

With the assumption that the market needs more time to regain sufficient momentum, the impacts of the pandemic still linger, rig demand in domestic market is still low, rig day rate is not yet recovered, and the supply-demand balance is still significant, PV Drilling set out the target of business performance at 4,400 billion VND in revenue and strive to make profit for the year 2021.

**WITH TIRELESS EFFORTS AND APPROPRIATE DECISIONS, PV DRILLING HAS MANAGED TO CONFRONT WITH THE STORM OF CHALLENGES OF 2020. BASED ON THE EXPERIENCE ACCUMULATED, PV DRILLING IS PROUD OF ACHIEVE MORE REMARKABLE RESULTS, CREATING POWERFUL MOTIVATION TO BRING THE BRAND NAME OF “A PIONEER OF VIETNAM’S DRILLERS” TO THE WORLD IN THE YEARS TO COME.**

Forecast demand of the jackup rigs for period of 2021 - 2025





## DEPLOYMENT OF DEEPWATER DRILLING SERVICES IN BRUNEI

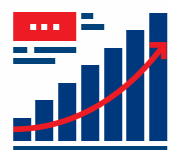
For the drilling campaign in Brunei, after signing the contract with BSP, PV Drilling has placed substantial focus on mobilizing all internal resources across the whole corporation to execute the management and supervision for the reactivation of the rig PV DRILLING V. The target is to build the new Drilling Equipment Set (DES) and incorporate the DES onto PV DRILLING V in timely manner and in compliance with BSP's required schedule from Q3/2021.

PV Drilling, via its subsidiary, conducted the critical investment to build a new DES with dryweight of 800 tons and in a more compact structure. Its modular design (built into blocks) shall greatly facilitate the fabrication while the assembly/disassembly would take significantly less time. Besides, other electrical, automation and balancing systems shall be built compatible with the Rig's existing Tender and BSP's Wellhead Platforms. The supply of critical components as well as the construction will be undertaken by internationally reputable and qualified partners and vendors. With the new DES, PV DRILLING V shall possess versatile specifications similar to other rigs of the same design, rendering the Rig satisfactory with the requirement of BSP for the upcoming program as well as the criteria of other potential campaigns later on. As per current schedule, the new DES shall be completed in May 2021 and the commission and integration onto PV DRILLING V shall be done in Singapore in June 2021.

In parallel, the reactivation for other sections of PV DRILLING V has also been conducted in meticulous manner to meet BSP's project timeline. By end of 2020, PV Drilling has fulfilled most of the required inspection works for the safety system, communication system, helideck, generators, lifeboats, inspection of tender hull's thickness and load capacity, replacement of anti-corrosion equipment. Moreover, PV Drilling also completed the removal of the old DES, the required survey

for anchor and mooring system, mud and pumping system, iron roughneck, the maintenance of accommodation blocks, the overhaul of the topdrive system, rotary table, painting jobs on rig hull, deck and rig floor areas, as well as other relevant modifications including personnel transfer bridge, electrical and controlling equipment.etc. to meet BSP's requirements.

In addition, to comply with the request of the local authority over the local content, PV Drilling has cooperated closely with BSP and other drilling contractors in Brunei such as Sapura, Aban to utilize the local drilling manpower upon the termination of their existing contracts. PV Drilling also executed an agreement with local manpower agency to supply the source of local workforce throughout the whole duration of this long-term contract. PV Drilling plans to complete the recruitment/training and get the full crew ready by June 2021. The management team as well as other necessary facilities to support the operation of PV DRILLING V including warehouse, office, onshore accommodation, etc. have been established and ready for the work.



With the spirit of keen determination dedicated from all management and staff, PV Drilling shall exert the best efforts to ensure the efficient and safe operation of PV DRILLING V in this upcoming drilling campaign for BSP which shall open up a whole new chapter in the corporate strategy of overseas expansion, and further promote the brand name of PV Drilling to new territories on the global map of the drilling industry.



## THE STRATEGY OF SERVICE DEVELOPMENT

Over the past years, PV Drilling has continued to make significant investment to reinforce its capability of providing drilling rigs and drilling-related services. With the current rig fleet including four jack-ups, one deepwater Semi-submersible TAD rig and one land rig, along with modern infrastructure and facilities supporting the deployment of a wide range of high-tech well services, PV Drilling can pride itself on the solid position and its competence which furnish the competitive advantages in tendering processes in both domestic and international markets.

With regard to the drilling service segment, PV Drilling have established a solid reputation for the rig fleet via outstanding working efficiency and impressive safety record over the years. In 2020, despite the impacts of low oil price and pandemic lockdowns, all PV Drilling's jack-up rigs have operated with remarkable efficiency over 99%. As the highlight of rig operation, the jack-up PV DRILLING I has achieved the prominent milestone of 14 years straight working without any Lost Time Incident (Zero LTI)

In the upcoming period, PV Drilling will concentrate the efforts on diversifying the scope of services and increase the market share as follows:

- Drilling services as PV Drilling's core business: PV Drilling has established a strong reputation for its rig fleet in both local and overseas regions thanks to the outstanding rig efficiency and impressive safety statistics. PV Drilling shall continuously monitor the market demand to find investment opportunities for new jack-up and/or tender barge with appropriate analysis in order to timely align the internal resources with the recovery trend of the market.
- Well technical services: PV Drilling will continue strengthen its leading position in the segment of well technical services in Vietnam, focus on those performed by its wholly-owned subsidiaries, invest on specialized machinery and equipment to reinforce the capability to meet clients' diverse demands.
- Promote services in overseas markets, particularly the scope of well technical services and other drilling-related services.

- Concentrate on high-tech well services and other technical services performed by PV Drilling as well as its subsidiaries.
- Intensify the capability to provide Bundled Services to offer more value added for clients on the aspects of cost and time savings and in term of risk mitigation. PV Drilling sets the target of successfully promote the deployment of Bundle Services for clients in Southeast Asia.
- Cooperate with local and foreign partners to provide relevant services to meet clients' demand and strengthen its market share.
- Perform comprehensive research in providing lump-sum service package for Plug and Abandonment (P&A) drilling campaigns, collaborate with partners to undertake P&A works for all oil fields in Vietnam.
- Promote new services, especially those involving renewable energy, wind power to diversify PV Drilling's scope of business.

- Promote research activities and applications of new technologies, accelerate the technology transfer processes from international partners.

With solid infrastructure and modern facilities, skillful workforce and a comprehensive management system, PV Drilling will continue to strengthen the existing scope of drilling and well technical services, and simultaneously, devise strategy to deploy new scope of services in line with clients' demands, explore the opportunities in renewable, energy, in accomplishing the strategic goals of strengthening the market share in Vietnam and in Southeast Asia, realizing the Vision and Mission of PV Drilling on the ground of sustainable development.



**VISION:** TO BE AN INTERNATIONALLY REPUTABLE AND RELIABLE DRILLING CONTRACTOR AND DRILLING-RELATED SERVICES PROVIDER IN THE OIL AND GAS INDUSTRY.

**MISSION:** BECOMING A LEADING REGIONAL DRILLING SERVICES PROVIDER AND DRILLING CONTRACTOR, CREATING GREAT VALUE ADDED FOR CLIENTS BY DELIVERING PREMIUM SERVICES AT COMPETITIVE PRICES.



## TRAINING AND DEVELOPMENT PLAN

That the challenges from the prolonged low crude oil price and the Covid-19 pandemic we were facing continued to put us in a situation when we had to plan our training and development activities in a way that only regulatory required training programs related to safety and technical competence would be implemented. Such other training and development programs as optional and skill trainings were suspended. In the meantime, we continued to focus on training and development system development, exchange of information among subsidiaries through periodical meetings, utilizing internal resources and optimizing costs.

Enhancing the self-learning and internal training through competence management.

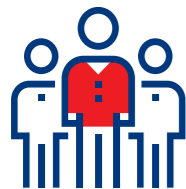
Part of the training and development system development journey is to develop the employee competence management program. The program, which is an important component of Human Resources Management, aims at training and developing people in a methodical and systematic way. Some key benefits the program are:

- Training need identification: Based on each competency description, managers and staff can assess each individual competency through observable behaviors in order to identify competencies that need to be addressed and developed.
- Training and development tool: By studying the competency description of a position, employees can self-assess their competence against such position in order to identify the matching ratio as well as competency gap so that learning plans can be made to address the gap and prepare them for future development goals.
- Human resource optimization: As training and development needs are identified through competency assessment, gaps are therefore correctly identified and resources used for training and development activities are optimized. In case of limited resources, needs can also easily be prioritized.

### The program development progress

The development of the program required several heavy works to be completed. Therefore, in 2020, the company had to review the organization structure, functions and responsibilities of each functional department so that necessary adjustments would be made in order to make sure they addressed the new situation both of the company and the market in an agile and effective way. The list of positions, job descriptions and respective competency descriptions would thereafter be developed.

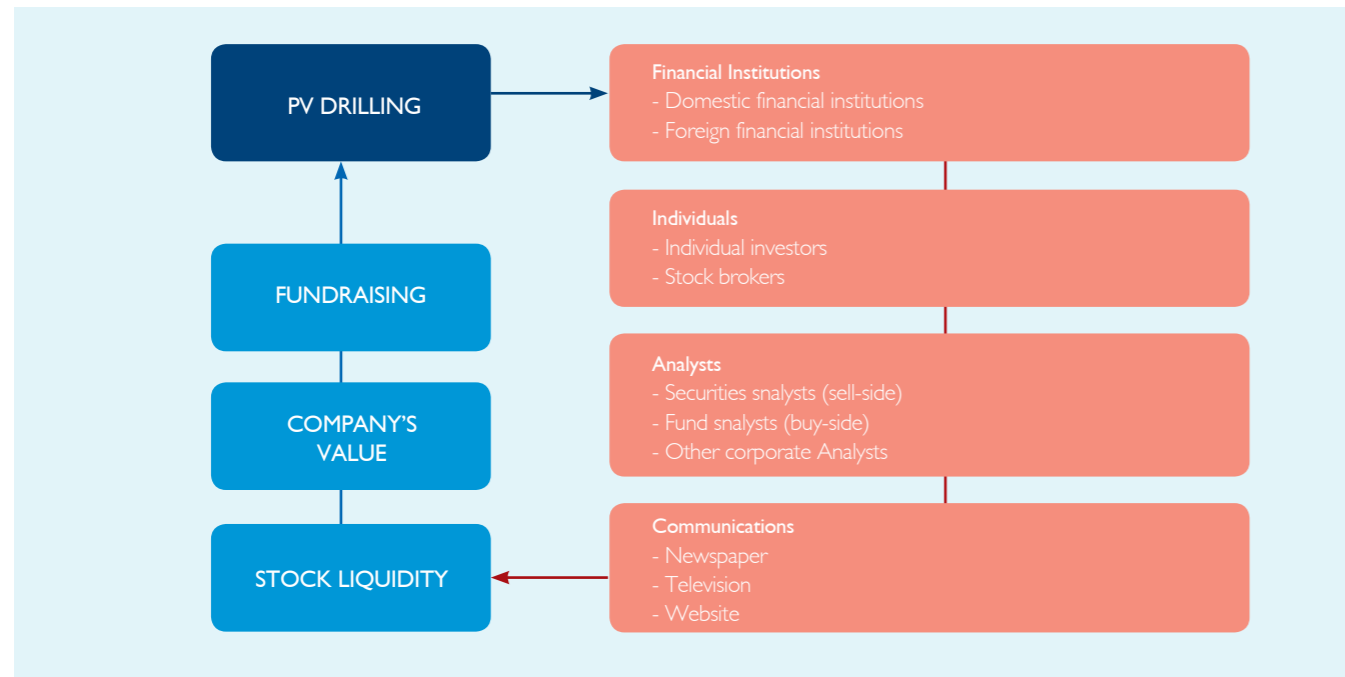
It is expected that, by quarter 2/2021 the development of the competency descriptions shall be completed.



In 2020, PV Drilling reviewed the organization structure, functions and responsibilities of each functional division so that necessary adjustments would be made in order to make sure they addressed the new situation. In the meantime, job descriptions and respective competency descriptions would thereafter be developed. It is expected that the competency description will be completed within the 2nd quarter of 2021 and applied later.



## INVESTOR RELATIONS



### Investor Relations Policy

It has been 15 years since the first day listed on HOSE, PV Drilling has accompanied and witnessed the development of Vietnam capital market. During the period of economic reform and integration into the world economy, Vietnam capital market has been made many achievements and contributed to the national economic reform. In the context of increasing information requirement from investors and other related parties, PV Drilling acknowledges that professional investor relations could generate many advantages such as building corporate images and increasing the company value, especially for listed companies. Professional and effective investor relations activities will bring many sustainable benefits in many aspects. Being aware of the obligations and responsibilities of enterprises listed on the Ho Chi Minh Stock Exchange (HOSE), PV Drilling always tries to protect the rights and interests of shareholders and investors by complying with the Law on Enterprises in Vietnam, strictly complying with regulations on information disclosure and equal treatment with shareholders. Business information from operational activities and development strategy is transparently delivered by PV Drilling. This policy is oriented by the Board of Management to investor relations team. Specifically, CEO and CFO are responsible for delivering the financial information and business development strategy in short-term and long-term.

### Investor relations activities in 2020

In 2020, in the context of the Covid-19 epidemic, PV Drilling acknowledges that investors need more and more transparent and timely information from businesses on financial health, the impact of the pandemic on current business operation, potential impact on the future plans and how the company overcomes the difficult period. PV Drilling has proactively delivered transparent and consistent information about the enterprise in terms of financial information of bidding, investment and development. In 2020, PV Drilling has added additional items in order to disclose information about activities between related parties, specifically contracts signed between the Parent Company and its subsidiaries.

In order to increase the quality and transparency of published information, PV Drilling not only improves finance and accounting activities but also complies the regulation of unaudited and audited financial statement in the context of complying with regulations on information disclosure under Circular No. 155/2015/TT-BTC.

From the early 2020, PV Drilling also plans Quarterly Analyst Meeting in order to deliver the information of financial statement, business result, business forecast in 2020, potential market and development strategy of the company. Amidst the impact of Covid-19 pandemic, PV Drilling actively updates business information in many forms based on different situation such as online meeting or conference calls. These events has been supported by the participation of well known investment funds and security companies such as Dragon Capital, VietnamHolding, Dynam Capital, Vietcapital, SSI, HSC, KIS, Shinhan, Yuanta, Maybank, Vietdragon, VCBS, FPT, VNDS v.v..



In 2020, PV Drilling has accomplished of updating website with the new platform which is expected to deliver information clearly and efficiently.

### Dividend payment procedure

After listing on HOSE in 2006, PV Drilling has implemented dividend payment procedures of both cash and stock dividends in accordance with the regulations of Ho Chi Minh Stock Exchange and Vietnam Securities Depository.

- Regarding shareholders who deposit, cash and stock dividends are transferred to shareholder's electronic account through Vietnam Securities Depository.
- For undeposited shareholders, PV Drilling's investor relations team is responsible for instructing shareholders in accordance with the regulation of internal policy.

Pursuant to Resolution of the Board of Directors No. 01/2020/NQ-ĐHĐCĐ dated 18/06/2020, Annual General Meeting approved the profit distribution 2019 in the form of stock dividend with the rate of 10% issued from retained earnings. Due to the incomplete documents providing for The Commission for the Management of State Capital at Enterprises, the profit distribution 2019 has been delayed.

### Investor relations activities in 2021

In order to improve the efficiency and professionalism of investor relations activities and adapt the demand of stakeholders such as shareholders, investors (private and institution), PV Drilling is implementing some tasks in 2021 as follows:

- Update and improve investor relations policy and information disclosure in order to enhance the efficiency of investor relations activities in accordance with Circular 96/2020/TT-BTC
- Actively connect with all related parties such as securities, funds, newspapers and media in order to transparently disclose the company information.
- Disclose information by Vietnamese and English
- Update internal policies in accordance with Vietnam Corporate Governance – Code of Best Practice and ASEAN Corporate Governance Scorecard in order to improve brand name and build trust and engagement with investors.

## COST REDUCTION

### Results of waste prevention practice in 2020 in accordance with Decision No. 3015/QĐ-DKVN dated 25/06/2020 of PetroVietnam.

PV Drilling has developed a waste prevention program in accordance with Decision No. 1055/DKVN-KTĐT and Resolution 997/NQ-DKVN dated 02/03/2020 of PetroVietnam. Amidst the impact of Covid-19 pandemic and the oil price drop, PV Drilling has implemented many solutions including cutting costs and maximize resources. Furthermore, PV Drilling encourages innovation in business operation to ensure the performance, meet the targets in 2020 and improve operational efficiency. The result of these practices in 2020 is saving 90.59 billion VND, equivalent to 104% of the total savings plan assigned by PetroVietnam and 238% of the total registered savings plan. Some practical solutions to save money and prevent waste have been applied by PV Drilling as follows:

- Collecting 85% of bad debt; Efficient using capital based on cash flow management and existing equity in order to build an appropriate loan/disbursement plan.
- In the context of Covid-19 epidemic, all employees have complied with the Covid-19 prevention and had proper responses in accordance with the instructions of the Corporation which is to minimize the impact of the epidemic on production and business activities. As a result, there were no cases of Covid-19 infection while crew shift activities have been guaranteed with very low personnel costs.
- Strengthening control and strictly managing expenses in accordance with the approved plan and current regulations of PV Drilling.
- Reviewing all precedures related to maintenance and repair machinery and equipment, procurement process, inventory management in order to optimize production and business operation, improve the operating efficiency of drilling rigs and machinery.
- Reducing rental costs.
- Saving and waste prevention of all expenses such as stationery, tools and supplies.

In 2021, PV Drilling continued to issue waste prevention practice according to Decision No. 57/QĐ-PVD dated March 23, 2021. PV Drilling shall actively assess and evaluate the impact of oil price fluctuations to develop and implement synchronously groups of short-, medium- and long-term response solutions in varied perspectives such as corporate governance, investment, finance, market and policies in order to respond and minimize potential risks. Whereby:

- Management solutions: PV Drilling focuses on directing production and business, minimizing production and business costs, reducing meetings... Strengthening optimal cost management, implementing tools and solutions to reduce costs, save time and improve labor productivity.
- Financial solutions: Evaluating the impact of cash flow, preparing plans to limit potential risks, restructuring capital sources, reducing capital costs; reducing interest expenses; mobilizing loan capital, strengthening the management of debt collection, restructuring debts and loan negotiation...
- Investment solutions: Update, evaluate, classify and identify priority projects; Improve Contract Management, Seek for investment opportunities...
- Market solutions: Monitoring supply and demand movements, crude oil prices and Covid-19 epidemics; implementing overseas expansion, maintaining domestic market share in order to optimize costs and generate revenue and profit.
- Solutions on mechanisms and policies: Proposing the Government and ministries to consider and amend the draft Decrees and Circulars on tax and depreciation policies.



# DEVELOPMENT STRATEGY FOR PERIOD OF 2021 - 2025

## I. TARGETS:

- To be an internationally reputable and reliable drilling contractor and drilling-related services provider in the oil and gas industry.
- Continue to promote the internal strengths, occupying high market share, aiming to dominate above 80% of the jackup drilling domestic market in Vietnam, expanding and strengthening market share of drilling and well technical services in the region and over the world, creating more added values for the clients with premium service quality at competitive prices.
- Developing on the principle of sustainability, community cohesion, environmental protection, national defense and security, protection of Vietnam waters and islands.

## II. IMPLEMENTATION MEASURES

1



### DRILLING SERVICES:

- Constantly improving service quality, maintaining effective operation of the rig fleet, ensuring high efficiency, managing and operating chartered rigs safely and efficiently.
- Expand services to overseas markets such as Malaysia, Thailand, Myanmar, Brunei, ect. Trying to find job opportunities in Australia, Indonesia and the Middle East.

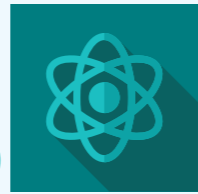
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### WELL TECHNICAL AND OTHER SERVICES:

- Maintain the growth rate based on increasing the number and the range of drilling-related services, providing services along with drilling contracts.
- Improve service quality and increase competitive advantages, thereby meeting the increasing needs and progress of the clients.
- Consider the investment in necessary machinery and equipment to ensure the service quality.
- Focus on services dominating large market share and high competitiveness, try to provide high tech services to diversify and improve the scope of services.
- Continue to expand to overseas markets.

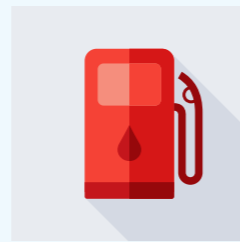
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### INVESTMENT ORIENTATION

- Do market researches, consider the investment in building new jackup rigs, tender barges and land rigs.
- Building both superstructure (personnel, organization) and infrastructure to improve management competency and expertise management as a base for better use of internal resources.
- Promote the investment in management activities, building remuneration policies in terms of professionalism and up to the market trend.

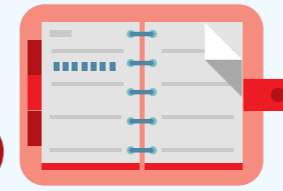
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### MARKET EXPANSION

- Maintain the domestic market share, expand and strengthen the market share of drilling and well technical services in the region and over the world, creating more added values for the clients by providing services with premium quality at competitive prices.
- Expand cooperation with international partners to expand scope of services.
- Strengthen marketing activities, finding jobs in regional markets; ensure to maintain at least 2 jackup rigs in potential markets such as Malaysia, Brunei, Indonesia, Thailand, Myanmar, Australia and the Middle East, ect.
- Promote the bundled services in regional markets.
- Learn to understand international laws and policies, taking advantage of preferential policies (if any) when joining/cooperating to provide services at overseas markets.
- Strengthen cooperation with foreign oil and gas contractor, actively linking the subsidiaries, maximizing internal strengths to offer better bid and meet more requirements of foreign clients.
- Enhance promotion for the brand name and related services of the subsidiaries as well by participating international conferences and exhibitions.
- Promote the research, analysis and strategy forecast of the world trends, economic impacts on Vietnam in general and the domestic oil and gas in particular.

5



### CAPITAL AND FINANCIAL MANAGEMENT

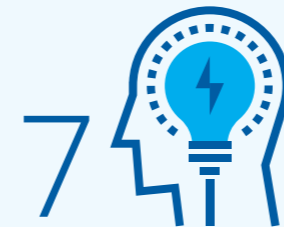
- Seriously implement cost control solutions, strengthening financial management, cash flow, budget control and actively collect debt to increase operational efficiency.
- Arrange capital sources to restore the investment in facilities and drilling rigs, ensuring the rig fleet to operate efficiently and capably to compete with rigs of the modern classes on the market.
- Develop budget plan in accordance with the need of business development in each period, ensuring taking advantage of all resources.

6



### SAFE OPERATION

- Maintain the safety achievements, improving operational effectiveness, strengthening competitive advantages, promoting trust, cooperation as well as job opportunities at potential markets.
- Ensure rig operational efficiency by optimizing operating procedures, performing rig maintenance well, focusing on information technology in rig management and operation, timely meeting all production requirements.
- Strengthen the implementation of solutions to improve the competency and raise awareness of operational safety for the rig working team.



### ORGANIZATIONAL MANAGEMENT AND RESOURCES

- Update and apply the latest methods to develop human resource management activities.
- Evaluate, select and focus on training and developing a group of experts as well as the next generation.
- Completing personnel management on Oracle and applying it for the whole Corporation,
- Developing a manpower management system based on the competency model, building career path, training and development orientation, and assessment of working competency and effectiveness.
- Develop policies to foster the next generation, retaining talents, attracting experts as well as qualified, professional and experienced manpower.
- Improve working conditions by implementing remuneration policies for experienced human resources.

8



### TRAINING

- Increase training for drilling manpower, contributing to the improvement of service quality and competitiveness; extensively implementing training programs for rig operating engineer and local personnel development programs to hold key positions in rig operation.
- Focus on training, improving skills and expertise for human resources in order to meet the increasing requirements in service provision, and be able to receive technology transfer from foreign countries.
- Propagate and develop sanctions to manage and apply the Business Code of conduct to the whole Corporation.
- Develop a learning culture of learning to become a learning organization in the future.
- Competency model is applied to build competency requirements for each individual, division and subsidiary. Based on this model, job targets, training demand for the white collar and technical workers are identified.
- Promote internal training such as online training and e-learning.

9



### SCIENCE AND TECHNOLOGY

- Create and use the fund of Science and Technology development for technology innovation applied to business operation.

10



### ENVIRONMENTAL SAFETY

- Comply with regulations on identification of environmental aspects and assess environmental impacts in accordance with current procedures, especially when the environment changes appear or with annual assessment.
- Comply with applicable laws on environment, managing waste and wastewater, implementing the monitor and evaluation the compliance with laws on environment as well as the environmental impacts caused by subcontractors, suppliers.
- Organize training and seminars to raise awareness of the labor force about environmental protection, strengthening inspection and supervision both periodically and irregularly.

## CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

PV Drilling used to allocate significant amount of profit for the Social responsibility activities before the year 2016 when the business results were good. Such activities as favor repayment programs; hunger elimination and poverty reduction; post-natural disaster recovery; disadvantaged children assistance; school facility construction; heart surgery sponsorship; medical equipment funding; construction of children SOS village, great unity house, etc were carried out by the Company from the utmost Northern province of Ha Giang to the Country's far-end southern province of Ca Mau. The majority of projects, among those above mentioned, were implemented in the central provinces of Nghe An, Quang Binh, Quang Tri, Quang Nam... where such natural conditions as geographic and topographic, climate and natural disasters are unfavorable to people's lives. The projects under the Social responsibility programs have played the role in helping many poor families out of poverty, enabling many localities to have more schools and medical facilities and assisting many children of poor families to follow through their education. During the period from 2021 to 2016, PV Drilling had implemented numerous social responsibility projects with the funding amount of nearly VND300 billions.

Since the year 2016, the low crude oil price has affected significantly to the business of the company, especially the financial results. As a result, PV Drilling, apart from overcoming business challenges and making sure that both the rigs and its people are occupied, focused more on the internal social responsibility activities. The Labor Union, Youth Union, War veteran organization were encouraged to participate accordingly.

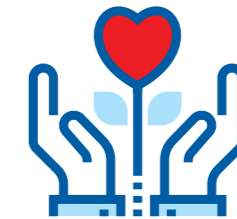
In 2020, amidst the Covid-19 pandemic and its consequentially social distance, the PV Drilling's Management and the Labor Union distributed VND1.5 billion in value of food and necessities to the employees. In addition, the Company also initiated the "Vi Dong Bao mien Trung Than yeu" campaign in an effort to help the people in the central provinces of Quang Binh, Quang Tri, Thua thien Hue, Quang Nam, Quang Ngai...to overcome the aftermath of the flood. The campaign also received VND 1.1 billion from the Company's Natural disaster Prevention and Control fund. The kindness of the employees towards the people of the Central region were expressed through such concrete and meaningful actions as donation of text books, stationery for the children; donation of one day's salary for the

people in the flood-affected areas. The Labor Union together with the Youth Union had organized charity trips to the affected localities to assist the people in overcoming the difficulties after the flood.

In addition, many meaningful activities were also organized by the Labor Union and the Youth Union for the communities such as donation of resources to the free supermarket in Vungtau, donation of rice to the rice ATMs, etc.

Through such activities, PV Drilling did not only give but also received. What PV Drilling received was the affection of the people and the stronger sense of engagement of the employees within PV Drilling.

Actively participating in the CSR activities is a beautiful cultural tradition of PV Drilling and this tradition has played the vital role in the company sustainable development up to present.



**In addition to well completing CSR activities, PV Drilling has always shared responsibilities with the community, for instance, while we chartered an airplane to get 43 employees back to Vietnam, we also supported the Ministry of Foreign Affairs to bring back other 90 Vietnamese labors who were stuck overseas.**



## PV DRILLING CORPORATE CULTURE

Corporate culture is regarded as the soul and vitality to strengthen the Corporation. Specifically, it refers to the values and beliefs that are accumulated and accepted while the Corporation is operating, reaching to the core of a Corporation's ideology and practice and affect every aspect of a business. It can't be denied that corporate culture is the top competitive advantage and the glue to connect all the employees in the Corporation, creating common standards which contribute to remarkable success and sustainability of the Corporation. With almost 20 years of establishment and development, PV Drilling is proud to possess a particular culture identity, naming "PV Drilling's culture".

The journey of building, accumulating and creating cultural identity of PV Drilling can be summarized as follows:



"Employee" is considered the most valuable asset at PV Drilling. In fact, employees play an important role in deciding the culture of the workplace. Employee is also accepted as one of PV Drilling's core values in addition to the two others, "Professionalism" and "Integrity". Working in an international environment, professionalism and integrity have absolutely contributed to enhancing PV Drilling's competence and reputation of service provision. The journey of 20 years of development is not so long but within this period, PV Drilling has overcome numerous challenges with about 5 global oil price crises. From a small enterprise with a few simple services, PV Drilling has developed into a young well-known drilling contractor in the region with a modern rig fleet accompanied by state-of-art machinery, high-skilled workforce, a total asset of USD one billion and profit after tax recording over VND 2,400 billion in 2014, etc. These remarkable achievements definitely come from hard work, strong strength and resilience, great aspiration, professionalism and integrity of the whole workforce that all build up such strong and successful PV Drilling.

With the orientation of strengthening and promoting PV Drilling culture in order to implement the development strategy for the period of 2021 - 2015, PV Drilling's BOD has planned to implement the project "Strengthening and promoting PV Drilling culture" to develop PV Drilling's culture in 2021 as follows:

- 1) Improving working environment: With an aim of building a professional working environment to optimize working efficiency, PV Drilling will deploy the following activities: Decorate and rearrange the working area in good condition that is Sort, Set in Order, Shine, Standardize, Sustain (5S); Increase working efficiency.
- 2) Implementation of the Project "Strengthening and promoting PV Drilling Culture": Developing PV Drilling's Cultural Manual based on its core values and fundamental cultural values; Developing internal communication channels to spread the content of the project in a most effective way.
- 3) Completing regulations on corporate governance in accordance with working performance, assessing compliance and working efficiency.
- 4) Completing and applying PV Drilling's brand identity;
- 5) Building a learning culture by promoting self-study, self-training and strengthening internal training activities. For previous years, PV Drilling has been focusing on promoting investment in training activities, developing employees' competence, building career path for each individual in order to increase income, promote creativity and strengthen cohesion with the Corporation.
- 6) Promote initiatives and solutions to increase labour productivity, optimize cost and ensure labor safety.

- 7) Enhance the roles of other groups with various activities to improve teamwork, make a connection between the management and employees, enhance the understanding and connect individual targets with the Corporation's strategy.

Besides, PV Drilling will maintain current crucial activities with good remuneration policy, exciting cultural and artistic activities along with boosting up business operation, promoting the brand name, building a professional working environment which allows individual career path so that we can meet even the strictest requirements of the clients, partners both domestically and internationally.

Corporate culture is friendly smiles, solidarity, mutual support at work, trust, an excitement when winning a new bidding package or winning a prize in a competition. Actually, corporate culture is the greetings when colleagues get sick leaves or the feeling "Miss PV Drilling!" when enjoying a long Tet holiday as PV Drilling is really a "second home" in the hearts of PV Drilling's employees.



Corporate culture is regarded as the soul and vitality to strengthen the Corporation. It is actually the glue to connect all the employees in the Corporation, creating common standards which contribute to remarkable success and sustainability of the Corporation. With almost 20 years of establishment and development, PV Drilling is proud to possess a particular culture identity, naming "PV Drilling's culture".



# Upholding the Pioneer Spirit

With tireless steps moving forward, towards the new water, conquering new challenges, completing more drilling campaigns with highest performance and efficiency, PV Drilling is proud to maintain the spirit of a pioneer as the first days of establishment; furthermore, we will keep moving forward and uphold the spirit of a pioneer in the oil and gas market.

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Overview of The Sustainable  
Development Report in 2020

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Sustainable Development Strategy

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Management Structure of Sustainable  
Development

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Sustainable Business Model

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Stakeholders Engagement & Assessment of Key  
Business Sectors

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PV Drilling's Commitments On Safety - Health  
- Environment - Quality (HSEQ) in Business  
Activities

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Developing Sustainable Relationship With The  
State



# OVERVIEW OF THE SUSTAINABLE DEVELOPMENT REPORT IN 2020

## Strategy development of PV Drilling to 2025

Continue to promote strengths, take more domestic market share which is aiming to the objective of 70-80% drilling market share in Vietnam; expand market share of drilling service and drilling related services in regional and global markets, create added value for clients by high quality services and competitive prices.

## CEO Message for Sustainability

2020 has been a challenging year both drilling market and oil and gas industry due to the dual impact of the Covid-19 pandemic and oil prices drop which caused by the oil oversupply market and production stagnation. However, thanks to the solid foundation of the corporate governance system, all employees efforts and the support from all related parties such as the Government, Petrovietnam, customers, suppliers etc., PV Drilling has ensured service quality and met customers' requirements in difficult times and achieved positive business results with total consolidated revenue of 5,229 billion VND, equivalent to 112% of the plan.

On behalf all PV Drilling's executives, I would like to express my sincere thanks to employees, Vietnam Oil and Gas Group, Shareholders, Investors, Partners and Clients for your supports, trust and attentions granted to us in 20 years of establishment and development, especially amidst the tough periods. These supports help PV Drilling maintain stable production and business activities, overcome all challenges and continue to develop sustainably.

With the awareness and responsibility of a large corporation that always focuses on sustainable development, PV Drilling will always strive to bring benefits to stakeholders including employees, partners, shareholders and the community. More specific, PV Drilling's sustainable development-oriented activities are not only continuing to ensure the interests of the enterprise and shareholders, but also associated with ensuring the health and benefit of employees. In addition, this orientation combines business interests with customers and partners and contribute to the social community which more focusing on raising awareness about epidemics, public health, environmental protection and oil and gas industry development.

By this report, we, PV Drilling, expects to bring the clear and transparent pictures of the company's strategy and activities to all stakeholders such as shareholders, investors and others.

## Method of reporting

The integrated annual report of the year 2020 of PV Drilling is described all sustainable development activities which are implemented in 2020 with the monitoring of the Board of Management and the guidance of the Board of Directors. The report is prepared in compliance with the standard guideline of the Global Reporting Initiative (GRI)'s G4 version, in which is classified by 3 elements of Economics – Environment – Sociality. Besides, it is also practiced basing on decision No. 622/QĐ-TTg about the issuance of the National Action Plan for the Implementation of the 2030 Sustainable Development Agenda dated 10/05/2017. This decision detailed objectives, together 17 sustainable development goals of United Nations (SDGs). All sustainable development goals cover 6 topics with 169 targets and 232 approved indicators. These 17 goals covering economic, socio-political, and environmental sectors:



Continue to promote strengths, take more domestic market share which is aiming to the objective of 70-80% drilling market share in Vietnam; expand market share of drilling service and drilling related services in regional and global markets, create added value for clients by high quality services and competitive prices.

## FOCAL AREA 1 Investing in People



**VISION:** Providing inclusive and equitable quality social services and social protection systems for people living in Viet Nam to be healthy, educated and free of poverty and empowered to reach their full potential.

## FOCAL AREA 2 Ensuring climate resilience and environmental sustainability



**VISION:** Effectively responding to climate change and natural disasters, as well as sustainable managing natural resources and the environment.

## FOCAL AREA 3 Fostering prosperity and partnership



**VISION:** Shifting to an inclusive, sustainable and productivity-led growth model, as well as creating a fairer, more efficient and inclusive labour market that ensures decent work and opportunities for all.

## FOCAL AREA 4 Promoting justice, peace and inclusive governance



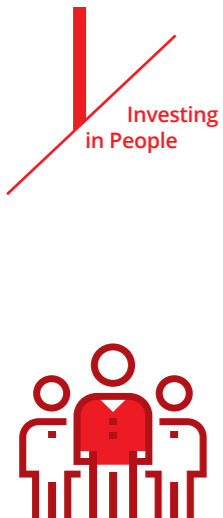
**VISION:** Strengthening governance and adherence to the rule of law, ensuring respect for and the protection of human rights and freedom from discrimination, and moving towards a more just and inclusive society.

# OVERVIEW OF THE SUSTAINABLE DEVELOPMENT REPORT IN 2020 (continued)

## Sustainable Development Goals - SDG

### Medium term and long term visions

### Strategies and solutions



**1**  
Investing  
in People

**Medium term and long term visions**

Training programs for rig management and operation; creating jobs for staff; Creating the best workplace; Fully prepared drilling manpower work force to respond an emergency; Retaining talents; Focusing on social activities; building company culture towards society interest such as education, health care and social welfare; Enhancing education quality in remote areas; Supporting by education sponsorship.

**Strategies and solutions**

Preparing training budget; Ensure that 100% employees receive compensation and benefit; Health protection of employees against SARS-CoV-2 coronavirus infection; Complete 100% expert training and development plan, management training, working and skill training, internal training; Developing the succession planning and developing management personnel and experts; Participate in community activities such as building schools, dormitory and SOS's children village; Funding for the teachers; Supporting scholarships for poor students.

## Sustainable Development Goals - SDG

### Medium term and long term vision

### Strategies and solutions



**3**  
Fostering  
prosperity and  
partnership

**Medium term and long term vision**

To be an internationally reputable and reliable drilling contractor and drilling-related services provider in the oil and gas industry; Maintaining prestige of the international drilling contractor; Providing the best quality services with the highest level of operating utilization and safety.


**Strategies and solutions**

Risk Management System in accordance with international standards such as ISO 31000 and COSO; Enterprise Resource Planning (ERP); Reliable Maintenance Control (RCM); Enhancing operating ability, expanding to overseas; Investing infrastructure such as equipment, machines; R&D for new services; Making sure all resources such as workforce and infrastructure adapting client's requirements; Assets management system ISO 55001; Inventory management system (Maximo); Understanding clients needs.

## Sustainable Development Goals - SDG

### Sustainable Development Goals - SDG

### Strategies and solutions



**2**  
Ensuring  
climate resilience  
and environmental  
sustainability

**Sustainable Development Goals - SDG**

Reducing environment impact; Improving workplace environment and eliminating the potential risks to employees' health; Training and acknowledging consciousness of public goods; Enhancing acknowledgment to minimize plastic use and traditional energy sources; Enhancing consciousness of climate change for the employees.


**Strategies and solutions**

Applying the standardized and qualified HSEQ system that are recognized by global institutions such as American Petroleum Institution (API), ISO 9001:2009 for Quality Management, ISO 14001 for Environment, OHSAS 18001 for Health and Safety; No violation of environmental regulations; Applying guidance for COVID-19 prevention including wearing face mask, delivering 5K message and working from home. No serious oil spill incidences; 100% waste is collected and processed in accordance with government regulation; Participating training course of climate change; Plan for emergency: practice every week at the drilling rigs; The top management's visit/inspection in the drilling rigs (from rig manager) illustrates care and commitment of the corporation: 1 time/quarter; Following all environment regulations; Zero LTI.

## Sustainable Development Goals - SDG

### Medium term and long term vision

### Strategies and solutions



**4**  
Promoting  
justice, peace  
and inclusive  
governance

**Medium term and long term vision**

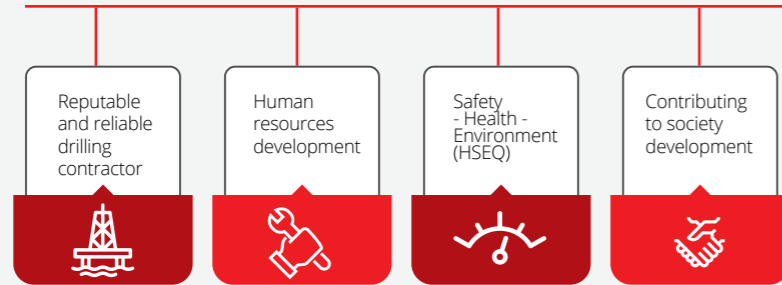
Contributing to State budget; Maintaining responsibility to pay the tax; Contributing to the local economic growth.

**Strategies and solutions**

Following policies, regulations in Vietnam and overseas; Applying the Code of Conduct consistently throughout the organization; Improving corporate governance and service quality adding values to all related stakeholders; Implementing all tax responsibilities and contributing to local economic growth.

# SUSTAINABLE DEVELOPMENT STRATEGY

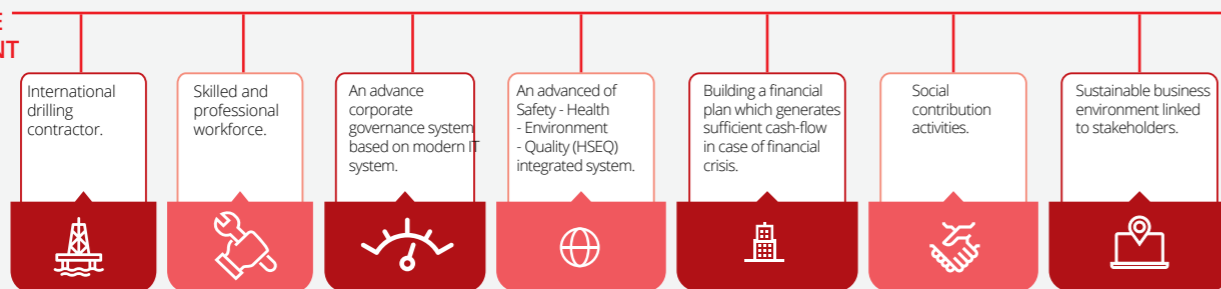
## SUSTAINABLE DEVELOPMENT STRATEGY TO 2025



## Approach method for sustainable strategy 2020 - 2025

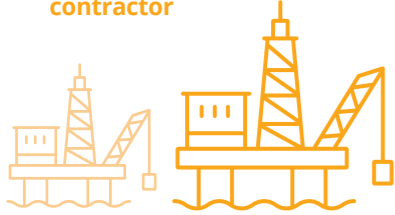


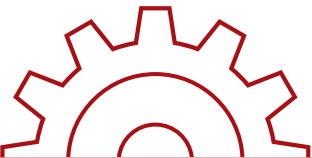


## SUSTAINABLE DEVELOPMENT GOALS 2020 - 2025



# SUSTAINABLE DEVELOPMENT STRATEGY

## (continued)

Targets	Strategies and solutions	Results
<p><b>1</b> <b>International drilling contractor</b></p> 	<p>Optimizing operation procedures and implementing well maintenance program of rig fleet;            Providing high quality services;            Investing more drilling rigs and equipment of drilling related services;            Encouraging creativity and R&amp;D to develop new services;            Expanding international market share;            Reducing the impact of Covid-19 pandemic on drilling activities.</p>	<p>Meeting the registered AGM's target of revenue and net profit;            Minimizing the impact of disease COVID-19;            Seizing 70-80% market share of drilling and drilling related services;            Ensuring operating utilization of 95%;            Operate all rigs safely with Zero LTI;            Ensuring the best quality services, customer satisfaction with the competitive price;            Implementing R&amp;D of investing more rigs to enhancing competitive advantage;            Providing rigs to international markets.</p>
<p><b>2</b> <b>An advance corporate governance system based on modern IT system</b></p> 	<p>Applying ERP Oracle system - phase III (Intelligent Management Reporting System and online budgeting);            Synchronizing IT into HSEQ system;            Applying ISO 55001 into asset management system in accordance with the strategy of maximizing value and minimizing cost.</p>	<p>Accomplished ERP Phase III which support for preparing management reports;            Quickly analyzing and evaluating the opportunities and resources which supporting the Board of Management to make decisions in business operation;            Effective managing cash flow and optimizing cost of capital.</p>
<p><b>3</b> <b>Skilled and professional workforce</b></p> 	<p>Developing human resources especially senior team and skilled labor;            Enhancing training programs and increasing professional development for employees;            Developing training programs in accordance with competency based training;            Providing training leadership programs for management team;            Building compensation and benefit system to attract talent.</p>	<p>Apply Code of Conduct for the Corporation;            Making sure that all employees have been paid based on their ability and contribution to the development of the company;            Accomplishing all training plans such as training pro-grams for experts, leadership programs and insourcing training programs.            Accomplishing all required training programs of rig training matrix at least 95% in a year.            Building compensation and benefit in accordance with Resolution 05/07/2019/NQ-HDQT dated 31/7/2019.</p>
<p><b>4</b> <b>An advanced of Safety - Health - Environment - Quality (HSEQ) integrated system</b></p> 	<p>Efficient and safe operation with zero LTI;            Ensuring occupational health and safety management;            Strictly following all related regulation of safety management and environment;            Improving workplace environment and preventing potential factors which impacting to worker's health;            Monitoring and measuring KPIs, reviewing and building new relevant KPIs in operational activities and PV Drilling's culture.</p>	<p>Zero LTI TRIFR &lt;0.15% (Total Recordable Incident Rate);            No violation of environmental regulations;            No serious oil spill incidences;            All wasted materials have been collected and treated following to the regulation and the laws;            No case of occupational disease, preventing disease COVID-19;            Not allowing the employees working in COVID-19-affected areas;            Responding to emergency in workplace and weekly preparing the rehearsal on the rigs;            The top management's visit/inspection in the drilling rigs (from rig manager) illustrates care and commitment of the corporation: 1 time/quarter.</p>
<p><b>5</b> <b>Sustainable business environment linked to stakeholder</b></p> 	<p>Participating in community activities and developing the business culture that concentrates on community, society, and paying high attention to activities related to education, medicine, and social security;            Contributing and developing related government policies.</p>	<p>Allocating budget into education, medicine and other social welfare activities;            Actively contributing to tax, financial policies when authorizations survey.</p>

## SUSTAINABLE DEVELOPMENT STRATEGY (continued)

"PV Drilling always adheres to the sustainable development strategy which focusing on ensuring the quality of human resources and facilities, improving competitiveness, enhancing corporate governance management and building human resource development plan in order to expand to international markets" List of sustainable development activities based on Sustainable Development Goals (SDG):

### 1. End poverty in all its forms everywhere

Continuing to participating oil and gas drilling and E&P campaigns, ensuring national energy security and contributing to economic development, ensuring jobs creation.

- Implement the recruitment of personnel in countries such as Malaysia, Thailand, Brunei with full recruitment and salary policies.

### 2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture

- Participating in social security, hunger eradication and poverty alleviation activities in remote areas. In 2020, the Corporation and the Corporation's Trade Union launched a donation "For the people in the Central region" and contributed 1.1 billion VND to support the provinces of Quang Binh and Quang Tri, Thua Thien Hue, Quang Nam, Quang Ngai... overcoming the consequences of natural disasters.

### 3. Ensure healthy lives and promote well-being for all at all ages.

- Strictly comply with the issued HSEQ standards.
- Periodic examination for all employees, especially those working on the platform, minimizes the risk of occupational diseases.

### 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

- Transparently disclose personnel training policies and establish a clear road map for PV Drilling's employees.
- Implement dialogue conferences with employees.
- Continue to improve HR policies to improve human resource management.

### 5. Achieve gender equality and empower all women and girls.

- Maintain and develop equality policy in HR policies.
- Participate in activities to promote gender equality.

### 6. Ensure availability and sustainable management of water and sanitation for all.

- Strictly comply with the collection and treatment of wastewater at the industrial parks where PV Drilling is operating, including domestic wastewater and industrial wastewater.
- Raising awareness about water saving for PV Drilling's employees

at offices, industrial parks and on drilling rigs.

### 7. Ensure access to affordable, reliable, sustainable and modern energy for all.

- Continue to improve energy efficiency in production and business activities. In 2020, the average increase in consumption of fuels and resources is 14.04% and the average increase in emissions of 14.97% which is still lower than the increase in revenue of 20%.

### 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for a

- Replace foreign personnel with Vietnamese workers with equivalent qualifications and capacity.
- Transparent disclosure of human resource policies including recruitment, personnel training, contracts, salary and bonus, remuneration.

### 9. Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation

- Participate drilling campaigns in Vietnam and significantly contribute to the business results of PetroVietnam and the development of Vietnam's oil and gas industry. In 2020, PV Drilling performed 30 wells in Vietnam.
- PV Drilling has successfully implemented the drilling campaign and generate the first historic commercial oil in Cambodia.

### 10. Reduce income inequality within and among countries.

- Clearly and transparently fulfill tax obligations in Vietnam, Malaysia and Algeria.

### 11. Make cities and human settlements inclusive, safe, resilient, and sustainable.

- Continue to provide oil spill response services in Vietnam
- Organize training courses related to oil spill response services (IMO I, II, III, etc...).
- Carrying out surveys, consulting and making environmental impact assessment reports.

### 12. Ensure sustainable consumption and production patterns.

- Enhance operational standards by meeting the requirements of the International Association of Petroleum Drilling Contractors (IADC) in safety work and high-performance rig operation, improve the reputation as well as increasing the competitive advantage of PV Drilling in the international markets. In 2020, the rigs continue to operate safely with Zero Lost Time Incident.

### 13. Take urgent action to combat climate change



### and its impacts by regulating emissions and promoting developments in renewable energy.

- Raise awareness about climate change for employees of PV Drilling.
- Order specialized personnel to participate in courses related to the environment and the community.
- Implement and closely link with functional departments to reduce carbon emissions in production and business activities.

### 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development.

- Strictly follow operating procedures and instructions to ensure safety, improve energy efficiency and reduce emissions at offshore rigs.

### 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

- Apply and continuously improve the environmental management system in accordance with ISO 14001 standard to improve efficiency in identifying and assessing environmental risks in all activities, especially in main activities, thereby develop and implement measures to eliminate, prevent or minimize negative impacts on the environment.

### 16. Promote peaceful and inclusive societies for

### sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

- Raise awareness and make commitments to protect human rights.
- PV Drilling continues to update the human rights requirements of Vietnam law and the host country/territories where PV Drilling operates as well as cooperates with partners and customers to analyze and evaluate to avoid negative impacts in the implementation of PV Drilling's policy of respecting human rights.


### 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development.

- Continue to build common values: We understand that "building shared values" is formed from the relationship between the needs of society, business opportunities, and production activities of enterprises. These values are from many forms such as: providing society with better products at lower prices; or participating in the good management of natural resources, promoting socio-economic development; participating in the development of both local economic sectors.

# MANAGEMENT STRUCTURE OF SUSTAINABLE DEVELOPMENT



# SUSTAINABLE BUSINESS MODEL




## 1,558

EMPLOYEES


**PROFESSIONS AND INTERNATIONAL CERTIFICATIONS:**

- BOSIET
- IWCF LEVEL 3, 4
- IADC
- H2S




## RELIABLE PARTNERS

- BAKER HUGHES
- Bj
- EXPRO
- MARUBENI ITOCHU
- CITRA SUMIT
- OIL STATES
- FALCON ENERGY

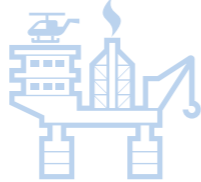



## RELIABLE SUPPLIERS

- NOV
- KEPPEL FELS
- ARNO




## A REPUTABLE AND RELIABLE DRILLING CONTRACTOR





## DRILLING MANAGEMENT SYSTEM

- HSEQ
- MAXIMO  
MAXIMO M3N-MAX MODULE
- IDENTIFYING RISKS AND HAZARDS (IADC HSE CASES)
- RCM (RELIABILITY CENTERED MAINTENANCE)
- SUPPLY CHAIN MANAGEMENT



## ERP ORACLE SYSTEM

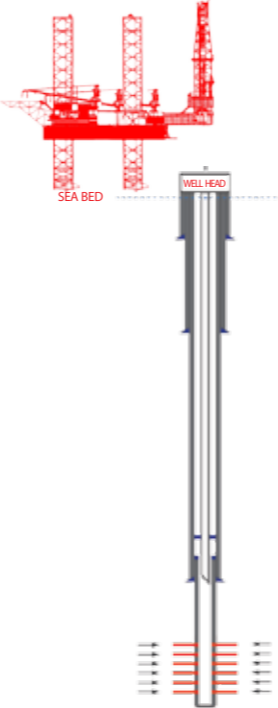
- ORACLE APPLICATIONS  
FINANCIAL  
INVENTORY  
PROJECT  
PURCHASING  
HUMAN RESOURCE
- BUSINESS INTELLIGENCE  
ENTERPRISE PLANNING & BUDGETING
- IN PROGRESS
- ORACLE APPLICATIONS  
ORACLE APPLICATIONS SERVER  
ORACLE DATABASE

VISION

To be an internationally reputable and reliable drilling contractor and drilling-related services provider in the oil and gas industry.

MISSION

Becoming a leading regional drilling services provider and drilling contractor, creating great value added for clients by delivering premium services at competitive prices.




**DRILLING SERVICE**  
PVD Drilling Division  
PVD Deepwater  
PVD Overseas

**WELL HEAD**  
PVD Tech  
Bj - PVD


**CEMENTING SERVICE**  
PVD Tubulars Management  
PVD OSI  
PVD Well Services  
Vietubes

**CONDUCTOR/CASING/TUBING**  
PVD Bakerhughes  
**DIRECTIONAL DRILLING**  
**MEASUREMENT WHILE DRILLING**  
**LOGGING WHILE DRILLING**  
PVD Bakerhughes  
**MUD LOGGING/ SLICK LIN**  
PVD Logging  
**TOOL RENTAL SERVICE**  
PVD Well Services  
PVD Invest  
**WELL INTERVENTION**  
PVD Baker Hughes  
PVD Logging  
PVD Expro  
**PERFORATIONS/ WELL TEST**  
PVD Logging  
PVD Expro  
**OTHERS**  
H2S Safety Service (PVD Invest)  
OCTG (PVD Tubulars Management)  
Inspection & Repair (PVD Offshore)



## STRATEGY

Expanding to regional markets.



## CORE VALUES

Human;  
Integrity;  
Professionalism.

## CREATING SURPLUS VALUE FOR CUSTOMERS



## OPTIMIZING SHAREHOLDER'S BENEFIT



## CONTRIBUTING TO NATIONAL ECONOMIC



## ENHANCING SAFETY AND REDUCING ENVIRONMENTAL IMPACT



## CREATING JOBS





# STAKEHOLDERS ENGAGEMENT & ASSESSMENT OF KEY BUSINESS SECTORS

## STAKEHOLDERS ENGAGEMENT





PV Drilling aims to become a prestigious international drilling contractor. PV Drilling clearly understands that PV Drilling needs to clearly define the roles of stakeholders, update and engage stakeholders in the sustainable development plan in order to achieve this goal. In 2020, PV Drilling connected and interacted with stakeholders to collect information, opinions and expectations. This activity helps PV Drilling to give timely feedback, solve existing problems in production and business activities and improve business results. Any interaction, support or feedback from stakeholders is highly appreciated by PV Drilling and considered as a great contribution to the sustainable development. Through those shared opinions, PV Drilling can review and adjust all related activities to bring the best and long-term benefits to stakeholders.








### Steps of identifying and evaluating all Stakeholders:



# STAKEHOLDERS ENGAGEMENT & ASSESSMENT OF KEY BUSINESS SECTORS (continued)

## RELATED PARTIES PARTICIPATION IN PV DRILLING'S OPERATIONS AND POLICIES

Related parties	Expectation	Meet expectation	Main tasks in 2021
<b>PVN/Shareholders</b> 	Looking for solutions from PetroVietnam to support oil and gas contractors and service providers in the corporation.	Participating in providing drilling rigs and well technical services for drilling programs for oil and gas contractors in PetroVietnam. Coordinating with other subsidiaries to provide service packages for the drilling programs of PetroVietnam.	Maintain and continuously update project information in the domestic market, especially key projects such as Ken Bau, Blue Whale, Lot B Omon... Orienting the development of PV Drilling with PetroVietnam's development orientation.
<b>Customers</b> 	Ensure safe operation of projects during the epidemic period; Deliver best performance and service quality; Propose contracts clearly and transparently about service prices and contract terms; Improve operational capacity; Provide professional and highly reliable drilling manpower for customers.	Share costs with customers (reduce unit prices) but still ensure the quality of service delivery. Provide full service for customer's drilling campaign. Ensure safe rig operating efficiency with high efficiency >98%. Successfully complete drilling contracts to customers.	Provide the most suitable solution for customers, especially in the difficult time of the industry.
<b>Suppliers</b> 	Ensure fairness between suppliers.	Clear and transparent mechanism in bid evaluation.	Promote search and evaluation of suppliers in order to increase the stability of PV Drilling's service supply chain.
<b>Employees</b> 	Ensure a clear and transparent working environment, salary and benefits. Applying training policy and succession planning.	Update and complete salary regulations and develop welfare programs for employees. Build reasonable KPIs to evaluate employees... Invest in safety and health systems for workers according to international standards; Strengthen human resource training.	Maintain human resources with professional qualifications and high skills; Developing fully inherited human resources; Ensure a team of employees with professional working style, passion for learning and creativity on the basis of integrity and shared values; Build KPI integrated with risk management system.

<b>Partners</b> 	Ensure operational efficiency and commitment to professionalism.	Successful cooperation for mutual benefits.	Expand the network of partners to create opportunities for cooperation between parties.
<b>Financial institutions</b> 	Transparency in the corporate governance system; Enterprise financial management system.	Upgrading and applying corporate governance and financial management systems according to international standards.	Improve corporate governance system.
<b>Government</b> 	Compliance with the law, certificates and licenses.	Study legal issues; Complying with environment and safety standards; Participating in HSEQ and community activities.	Studying and publishing regulation and policies of the government, especially, Law Enterprise and other circulars related stock exchange, tax...
<b>Industry Associations</b> 	Update market information through conferences and industry reports; Comply with quality assurance in accordance with the industry standards.	Maintain and develop HSEQ system which assessed by industry association; Follow industry development trends in terms of developing new services.	Participating in events organized by PetroVietnam, the petroleum Institute, and the international oil and gas industry associations.
<b>Competitors</b> 	Fair and transparent competition.	Enhance image and competitive advantage with information disclosure.	Research and seek opportunities for cooperation and development in foreign markets.
<b>Investors</b> 	Transparent information system; Professional corporate governance system; High efficient business and financial activities.	Effective information disclosure; Improving operational efficiency of the Corporation.	Provide appropriate dividend policy, maximize benefits for shareholders. Continue to improve the Corporate Governance System in line with the trends and operations of PV Drilling.
<b>Local Community</b> 	Understanding local demands.	Support community development; Contributing to the local economy.	Maximum contribution to the community.

## STAKEHOLDERS ENGAGEMENT & ASSESSMENT OF KEY BUSINESS SECTORS (continued)

### ASSESSMENT OF KEY BUSINESS SECTORS

PV Drilling acknowledges that the process of evaluating key sectors is a strategic tool for business in a sustainable development strategy which is defined to link with social responsibility. The evaluation will create opportunities for PV Drilling to come up with effective solutions related to operation risk and risk management. Assessing key areas based on the classification of stakeholders generate great benefits to PV Drilling including: attaching production and business activities with social responsibility; understanding the internal resources and strengths of the enterprise; focusing on the most important issues; identifying areas of stakeholders interest and creating value for society.

**Step 1:** Understand the purpose and scope of assessment for key areas in relation to PV Drilling's mission and vision

**Step 2:** Identify key areas and priority areas

**Step 3:** Collect key business, stakeholder, social, economic and environmental information in the most critical areas

**Step 4:** Analyze and collect feedback from insiders and stakeholders

**Step 5:** Review and finalize the assessment process

STEP  
**1**

Understand the purpose and scope of assessment for key areas in relation to PV Drilling's mission and vision

- Identify risks and opportunities related to environment, society and corporate governance
- Review and update PV Drilling's mission and vision
- Identify future trends that impact business operations

STEP  
**2**

Identify key areas and priority areas

- The most important sectors are defined as elements which identified as extremely important and will have a direct and immediate impact on PV Drilling's operations;
- Refer to internal sources and external communication including internal reports, Environmental and Social Governance (ESG) standards, ASEAN Governance Scorecard and Principles of Corporate Governance (August 2019) and other Environmental and Social surveys of financial institutions.
- Evaluate opportunities from improving business operations including reducing costs and improving energy efficiency.
- Assess systemic risks by industry sector.

STEP  
**3**

Collect key business, stakeholder, social, economic and environmental information in the most critical areas

- Identify stakeholders by social, economic and environmental topics.
- Assess the social, economic and environmental impacts related to production and business activities and the possibilities that may occur in the future.

STEP  
**4**

Analyze and collect feedback from insiders and stakeholders

- Select internal people including leaders and management personnel who play an important role in PV Drilling's operations
- Consult with stakeholders including customers, partners, government agencies. For the customer, review the service quality feedback that has been obtained during service delivery, supplier engagement, and work communication with interested parties. For partners, review periodic reviews of providers and services.

STEP  
**5**

Review and finalize the assessment process

- PV Drilling reviews all contents in report to ensure the report quality performing in a reliable, clear and accurate manner.
- The reports of key business sectors, achievements and unsatisfied points in 2018 are recorded and build logical plans and solutions, to prepare a premise of improvement and adjustment for sustainable development purpose in the future.



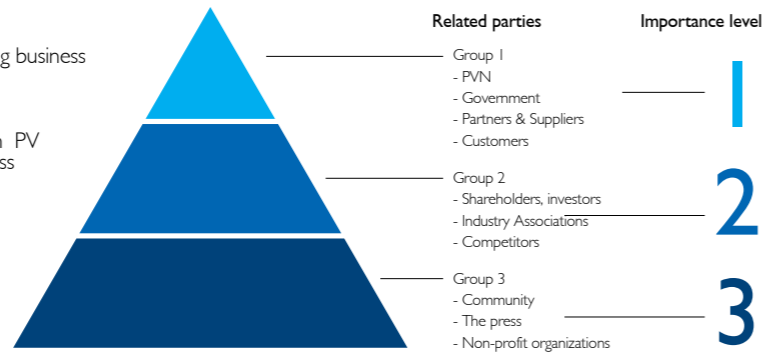
# STAKEHOLDERS ENGAGEMENT & ASSESSMENT OF KEY BUSINESS SECTORS (continued)

PV Drilling assesses and classifies the related parties into 3 groups as follows:

Stakeholders have impacts on PV Drilling business activities and vice versa.

Stakeholders have possibly impacting on PV Drilling's success while PV Drilling has less impact on these related parties than stakeholders in the first group.

Stakeholders have the least direct impact on these related parties.



Matrix of key business sector

Impact to PV Drilling	Interests of related parties									
	High									High
High					Environment protection			Community contribution		
				Anti-corruption			Customer satisfaction			
			Human rights					Profit		
					Human sources					
						Business activities				
		Social values			Labor policy					
				The Government relationship						
				Energy saving						
Low										High



## PV DRILLING'S COMMITMENTS ON SAFETY - HEALTH - ENVIRONMENT - QUALITY (HSEQ) IN BUSINESS ACTIVITIES

“ Over nearly 20 years of operation, PV Drilling is confident with its Health - Safety - Environment - Quality (HSEQ) Integrated Management System, and is proud of the brand name that PV Drilling has built in the field of drilling and well technical services in Vietnam and in the region.

### I. HSEQ ACTIVITIES

Due to the dual impact from the plunge oil price and COVID-19 in 2021, PV Drilling faced many difficulties in maintaining and developing the HSEQ activities. However, HSEQ has its own orientations to make good use of internal human resources. Most notably, the HSEQ Division directly supported PV Drilling's subsidiaries in establishing the HSEQ Management System instead of using external consulting company. In addition, PV Drilling also focused on the training of Vietnamese personnel to replace key rig personnels held by foreign experts such as Rig Manager, OIM, Toolpusher, Barge Captain, Chief Mechanic, Chief Electrician, Chief ET, STC, etc.

The PV Drilling's HSEQ Policy, the purpose of which is to prevent and minimize the risks harmful to people, properties and the environment, is always fully complied by all employees. Thanks to the full compliance with this Policy, there was not any Loss Time Incident (Zero LTI) recorded in 2020 at any domestic & overseas facilities of PV Drilling. In the context that many PV Drilling's rigs carried out drilling campaigns for overseas customers and faced many difficulties due to the impact of COVID-19, the rigs' operating efficiency was still at a very high level of over 99%.

In 2020, besides maintaining the effectiveness of Quality Management System (ISO 9001:2015) and Environment Management System (ISO 14001:2015), PV Drilling successfully completed the migration of Occupational Health & Safety Management System from OHSAS 18001:2007 to ISO 45001:2018. The transformation process was widely implemented in PV Drilling, including many tasks such as documentation system conversion, auditor training, awareness training of ISO 45001:2018 and seminars.

#### 1. Improve the quality of products and services

PV Drilling always considers customer satisfaction as the heart of its service provision. Therefore, PV Drilling always focuses on applying many solutions and quality management tools to ensure that all customers' requirements are met, thereby contributing to improve customer satisfaction. Thanks to the application of the above solutions, the HSEQ Management System has made many important contributions to improving business performance of PV Drilling. Customer satisfaction surveys in 2020 showed that 99% of customers rated the service quality of PV Drilling as very good and excellent.

#### 2. Occupational Health and Safety (OH&S) Management

##### Hazard Identification and Risk Assessment:

Carrying out hazard identification and risk assessment for occupational safety and health, environmental aspects, as well as performing Job Safety Analysis prior to commencing any job is a prerequisite and mandatory in all business activities of PV Drilling Corporation.

In fact, the assessment and management for OH&S risk at PV Drilling Corporations are highly appreciated by clients; including those who have strict requirements.

##### Safety Supervision:

Observation and supervision on workplace safety are continuously maintained at onshore and offshore facilities. During 2020, in spite of the fact that the COVID-19 epidemic was very complicated, the HSEQ Division of PV Drilling had implemented two HSE Unannounced visits and one HSE Walkabout on the company's facilities. As the result, all units were recorded at over 90% of the maximum total score. Through these inspections,



## PV DRILLING'S COMMITMENTS ON SAFETY - HEALTH - ENVIRONMENT - QUALITY (HSEQ) IN BUSINESS ACTIVITIES (continued)

employees and supervisors had chances to communicate with each other and share findings, best practices as well as opportunities for improvements of OH&S performance in order to maintain safe and healthy workplaces.

### PVD Observation Report Programme:

The PVD Observation Report Programme is one of the most important safety tools utilized in workplaces. In addition to suggesting opportunities for improvement or identifying potential hazards, PVD Observation Report cards are also used to recognize positive behaviors and good practices, thereby enhancing the safety culture at PV Drilling Corporation. The aim of this program is to enable PV Drilling's employees have a sense of safety for themselves and their co-workers, and at the same time, focus on protecting the environment. By implementing the PVD Observation Report Programme, the HSE performance in every business activity of PV Drilling is instantly monitored, recorded and disseminated to employees. Total number of PVD Observation Report cards submitted in 2020 was 79,827.

### Safety Campaign:

PVD Drilling Division, a subsidiary of PV Drilling Corporation which is assigned to directly manage and operate the drilling rigs owned by PV Drilling, always focus on launching quarterly Safety Campaigns in order to raise the awareness of the employees onboard the drilling rigs on potential hazards that may cause incidents. During each Safety Campaign, many hazards and best practices related to the specific theme of the campaign were showed, explained and shared to the employees in various forms of video clips, posters, Safety alerts, presentations and discussions in safety meetings. In 2020, the themes of four Safety Campaigns, which had been launched, were: Go green and Keep the scene clean, Stress management, Line of Fire and Job Preparation.

### Health Check-up Program

Annually, PV Drilling implements the Annual Health Check-ups Program for all employees of the whole Corporation in both Ho Chi Minh City and Vung Tau City with the aim of providing employees with good health cares through highest medical services (on reasonably applicable conditions) including early screening for critical diseases. The checklist of Annual Health Check-ups is determined by PV Drilling based on various requirements for different groups of employees, specifically as follows:

- Employees working in offices, onshore workshops, facilities;
- Employees working on offshore facilities;
- Drivers.

### Monitoring and Assessing Workplace Environment:

In PV Drilling, employees are always considered as the most valuable asset. Therefore, the Corporation determines that monitoring and assessing the workplace environment is to not only fulfill its legal obligations, but also assist the Corporation in building a healthy and safe working environment. Accordingly, in 2020, PV Drilling in coordination with the Center for Disease Control and Prevention of Ho Chi Minh City (HCDC – under the Department of Health of Ho Chi Minh City) carried out measuring and evaluating environmental factors that could affect employees' health in all working areas, including offshore rigs managed and operated by PV Drilling, offices, workshops, and production bases of all subsidiaries and joint ventures.

The total number of measured samples was 2,495 which included such various environmental factors as light, temperature, humidity, wind speed, noise, CO2 level, vibration. The data collected was used for analyzing, evaluating and proposing solutions to reduce the deleterious factors to acceptable level in order to minimize the risk of occupational illnesses.

### 3. Protection against severe acute respiratory infections caused by SARS-CoV-2

From the early days of 2020 when the outbreak of COVID-19 epidemic occurred, PV Drilling proactively developed the disease response solutions to minimize the dual impact of both COVID-19 and low oil prices on business activities. Particularly, PV Drilling had strictly complied with disease prevention and control measures

under the guidances of the Ministry of Health and Petrovietnam and implemented practical solutions for different scenarios caused by the pandemic in order to ensure the safety of employees, especially of those who were working overseas.

By promptly applying good control measures, there has not been any case of Covid-19 infection reported within the PV Drilling Corporation so far. This result clearly shows the close and timely direction of the Board of Directors of the Corporation, the Board of Directors of subsidiaries and related departments as well as the proactive cooperation and high self-discipline from employees of PV Drilling.

### 4. HSE Statistics of the rigs in 2020

#### 4.1 Overall HSE statistics of the fleets.

No.	Incidents	2019	2020
1	Near miss	1	2
2	Property Damage	6	2
3	Oil / Chemical Spill	0	1
4	First Aid Case	6	1
5	Medical Treatment Case / RWTC	0	1
6	Lost Time Incident (LTI)	1 - (06/12/2019)	0
<b>Total</b>		<b>14</b>	<b>7</b>

Note: The number of incidents in 2020 reduced by 50% compared to those in 2019

#### 4.2. Incident Frequency Rates of PV Drilling's rigs in comparison to statistics of IADC (International Association of Drilling Contractors)

##### Offshore Drilling Rigs

Incident rates	PV DRILLING (Offshore Rigs)	IADC (Asia Pacific Water)
2019	LTIFR: 0,49	0,81
	TRFR: 0,49	1,35
2020	LTIFR: 0,00	0,17
	TRFR: 0,47	0,89

##### Land rigs

Incident rates	PV DRILLING II (Offshore Rigs)	IADC (Africa Land Region)
2019	LTIFR: 0,00	2,18
	TRFR: 0,00	7,73
2020	LTIFR: 0,00	2,01
	TRFR: 0,00	8,06

Note: LTIFR: Lost Time Incident Frequency Rate

TRFR: Total Recordable Frequency Rate

$$LTIFR = \frac{\text{Total number of LTI} \times 1,000,000}{\text{Total man-hour}}$$

$$TRFR = \frac{\text{Total number of RI} \times 1,000,000}{\text{Total man-hour}}$$

With tireless steps moving forward, towards the new water, conquering new challenges, completing more drilling campaigns with highest performance and efficiency, PV Drilling is proud to maintain the spirit of a pioneer as the first days of establishment; furthermore, we will keep moving forward and uphold the spirit of a pioneer in the oil and gas market.

# PV DRILLING'S COMMITMENTS ON SAFETY - HEALTH - ENVIRONMENT - QUALITY (HSEQ) IN BUSINESS ACTIVITIES (continued)

## 5 Environmental Management

PV Drilling's core business is to provide drilling rigs, well technical services and manpower supply services in the oil and gas (both onshore and onshore). Therefore, direct environmental impacts during operation are moderate. However, to achieve the goal of sustainable development, PV Drilling has internally developed and applied the HSEQ reporting software. Through this software, the consumption of energy and natural resources as well as waste disposal is closely monitored. The software also helps reduce the use of paper and ink compared to traditional paper reporting.

The PV Drilling's environmental management system is in accordance with ISO 14001:2015 which operates on risk-based management principle: the level of impact on environmental aspects of PV Drilling's activities are identified and assessed in order to develop appropriate management action. This is specified in the risk and opportunity Management on Occupational health safety – Environment - Quality procedure (PVD/HSEQ/023). Accordingly, environmental risk assessments are conducted once a year or as soon as there's any change that requires re-assessment.

At the same time, in order to maintain the effectiveness of the system, the compliance monitoring and supervision of the Corporation for the subsidiaries has been implemented thoroughly and closely through the regular / irregular inspections: walkabout, unannounced visit, internal audit, etc.

### 5.1. Consumption of materials, fuels and natural resources

PV Drilling neither uses materials to produce products nor carries out packaging through its typical production, so there is no recycling.

PV Drilling's activities often involve the consumption of DO, electricity for running generators, hydraulic compressors, air compressors, cranes, lifting equipment and other specialized equipment and machines. Due to the characteristics of PV Drilling's activities, indirect energy is not used and the energy consumption is not calculated for product units like other manufacturing industries. However, the basic data on the amount of resources used is still recorded and there are specific guidelines to minimize resource usage. At the same time, PV Drilling has integrated energy saving and emission reduction into the procedure/instructions/regulations on operating machinery and equipment which is strictly followed by employees.

Fresh water used at onshore facilities and at offshore rigs is 100% surface water. Onshore facilities take water from water supply plants.

Since 2018, PV Drilling has put into operation the HSEQ management and reporting software. The system help improving data retrieval and HSEQ performance control as well as the energy consumption and emissions to the environment.

Table 1. Fuel, resources and energy consumption in 2020

No.	Type	Unit	Consumption
1	Electricity	kWh	2,655,101
2	DO	ton	816
3	Water	m <sup>3</sup>	19,124



PV Drilling also pays great attention to saving fuel in all activities, especially spreading propaganda to raise employees' awareness in every business activity: in the office area (using one-sided paper, saving electricity - water), at production workshops (reusing gloves and rags, regular maintenance of equipment, improving the efficiency of using equipment and optimizing energy use...) and this has contributed to reducing 16% of Electricity consumption in 2020 (2,655,101 kWh) compared to that of 2019 (3,158,920 kWh).

In order to contribute to reducing greenhouse gas emissions, PV Drilling always aims to reduce the amount of CO2 emitted into the environment through reducing electricity consumption. Since PV Drilling is a service provider, the reduction in electrical consumption is reflected in the electricity consumption rate per unit hour of work. Specifically, the electricity consumption rate per unit of working hour of PV Drilling in 2020 is 0.65, a decrease of 7.1% as compared to that of 2019 which is 0.7.

Table 2. Electricity consumption rate per unit of man-hour in 2019, 2020

Year	Electricity (KwH)	Man-hour (H)	Electricity consumption rate per unit of man-hour in year (KwH/H)
2020	2,655,101	4,102,316	0,65
2019	3,158,920	4,494,159	0,70

## PV DRILLING'S COMMITMENTS ON SAFETY - HEALTH - ENVIRONMENT - QUALITY (HSEQ) IN BUSINESS ACTIVITIES (continued)



Some of PV Drilling's subsidiaries also have conducted research and successfully applied initiatives to ensure the improvement of product / service quality, fuel saving and emission reduction. Typically, at the refurbishment workshop of PVD Offshore (a subsidiary of PV Drilling), a closed recirculation washing system to filter and reuse the drill pipe washing water has been installed and put into operation which resulted in 5.100 m3 of water being reused in 2020.

### 5.2. Waste management

#### Solid waste

In Vietnam, the oil and gas industry is considered to be one of the pioneers in applying international standards for environmental protection from upstream to downstream. As a listed company operating in the oil and gas industry, PV Drilling always focus is to ensure the waste management not only meets the requirements of the law, but also satisfies the strict requirements of customers, including domestic and international customers.

Specifically, waste classification has always been strictly followed at all PV Drilling's subsidiaries. Wastes, after being classified and stored, are transported to designated facilities for treatment in accordance with law.

Particularly on offshore rigs, the waste is classified and segregated before dispatching onshore for treatment in accordance with the waste disposal regulations of Vietnam as well as that of the host countries in case of overseas operations.

**Table 3. The total amount of waste generated in 2020**

No.	Type	Unit	Quantity of emissions
1	Domestic solid waste	ton	211,50
2	Ordinary industrial solid waste	ton	28,59
3	Hazardous waste	ton	213,16

#### Wastewater

At the onshore production facilities of PV Drilling, the workshops are located in the industrial zone, so all wastewater is collected into the centralized wastewater treatment system of the industrial zone.

PV Drilling's rigs strictly comply with international and local regulations, conventions, laws and regulations applicable to the environment. For wastewater treatment at offshore rigs, PV Drilling installed modern wastewater treatment systems to treat domestic wastewater, production wastewater, reservoir water, etc. meeting the requirements of Vietnamese regulations or international standards before being discharged into the sea. The waste treatment system is maintained periodically, ensuring it is in the best operational conditions and always meets the statutory standards / requirements.

**Table 4. The amount of wastewater generated in 2020**

No.	Type	Unit	Quantity of emissions
1	Domestic wastewater	m <sup>3</sup>	11,764
2	Industrial wastewater	m <sup>3</sup>	3,758

### 5.3 Complying with environmental law requirements

In accordance with the requirements of the ISO 14001: 2015, PV Drilling clearly stipulates that updating and evaluating compliance with environmental legal requirements at the Corporation and its subsidiaries must be conducted periodically and regularly. Compliance obligations are fully updated through monthly legal newsletters, seminars, quarterly HSEQ Newsletter etc., and are the basis for planning actions to meet the legal requirements.

In 2020, there were no claims or penalties against PV Drilling by the authorities regarding the environment.

Besides focusing on environmental protection in all PV Drilling's business activities, the Company also focuses on assessing the environmental compliance and environmental impacts of its subcontractors and suppliers. This evaluation is conducted through the annual evaluation of an HSEQ management system of subcontractors and suppliers. In 2020, PV Drilling assessed the HSEQ management system of such suppliers as: Minh Viet, PVD Training, CANDT, Duc Tung, Techmaster, LDT, PETROSETCO, Ha Loc... The results are recorded and mutually agreed between the parties to enhance environmental protection as well as to ensure the compliance with relevant legal requirements.



The oil and gas industry is among the first field in Vietnam to apply international standards on environmental protection from upstream to downstream. As a listed company operating in the oil and gas industry, PV Drilling has always focused on and ensured about waste management in accordance with applicable laws and meeting strictest requirements of the clients domestically and internationally as well.



## PV DRILLING'S COMMITMENTS ON SAFETY - HEALTH - ENVIRONMENT - QUALITY (HSEQ) IN BUSINESS ACTIVITIES (continued)



### II. OUTSTANDING ACHIEVEMENTS IN HEALTH – SAFETY – ENVIRONMENT – QUALITY ACTIVITIES IN 2020 OF PV DRILLING

HSEQ Integrated Management System is maintained in accordance with the requirements of ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018, which are increasingly improved and applied effectively throughout PV Drilling. In addition to the application of the above standards, there are 3 additional subsidiaries applying API Q1 standard: PVD Offshore, Vietubes and PVD - OSI; PVD Well Services applies API Q2 standard; PVD - Baker Hughes Joint venture applies the Global System of the Holding Company.

Lost Time Incident (LTI) Objective has been achieved in all activities of PV Drilling, from rigs to onshore facilities.

Drilling rigs owned by PV Drilling have got achievements of many consecutive years of safe operation without Lost Time Incident (Zero LTI) recognized by the International Association of Drilling Contractors – IADC as follows:

- PV DRILLING I got 13 consecutive years of safe operation without Lost Time Incident (Zero LTI) on 10/3/2020.
- PV DRILLING II got 11 consecutive years of safe operation without Lost Time Incident (Zero LTI) on 15/9/2020.
- PV DRILLING VI got 5 consecutive years of safe operation without Lost Time Incident (Zero LTI) on 28/2/2020.
- PV DRILLING V got 8 consecutive years of safe operation without Lost Time Incident (Zero LTI) on 03/12/2020.
- PV DRILLING II got 4 consecutive years of safe operation without Lost Time Incident (Zero LTI) on 01/7/2020.

It can be said that the above fantastic achievements have significantly contributed to enhancing the reputation and image of PV Drilling in the international market, creating a solid foundation for the Corporation to implement the strategy of providing drilling & drilling - related services to countries in the Southeast Asia and around the world.

After more than 6 months of implementing the drilling contract to Petronas, on June 1, 2020, PV DRILLING I successfully completed the “Samarang drilling project - Phase 3” with a total of 4 wells at SMDP-B WHP without any HSE incidents. On this occasion, the employees of PV DRILLING I received a letter of thanks from Petronas for their contributions to the completion of the Project's goals and especially for the safe performance achievement throughout the drilling campaign.

On February 5, 2021, the Operator of Block 05.3/II awarded the recognition letter to PV DRILLING VI for their outstanding HSE performance which contributed to the drilling campaign's success at the Tho Tinh Nam oil field (TTN) for the period of 2020/2021, exceeding Client's expectations. Accordingly, PV DRILLING VI successfully completed 02 high-pressure, high-temperature wells: TTN-2X and TTN-3X especially in the difficult period of the COVID-19 pandemic outbreak.

PV DRILLING VI implemented the drilling campaign for the Operator of Lot 05.3 / II from the beginning of May 2020 to the end of January 2021 without any Lost Time Incident (Zero LTI) and environment incident as well. Also, during this 246-day drilling campaign, the Non Productive Time (NPT) was only 36 hours, accounting for 0.6%. Thus, PV DRILLING VI achieved operating efficiency of 99.4%, a very high rate that few drilling campaign had achieved before.

All of the above outstanding achievements are clear evidences of PV Drilling's Management commitments to Safety - Occupational Health - Environment - Quality, along with maintaining the safety culture on all drilling rigs owned and operated by PV Drilling in particular and in all production and business activities of PV Drilling in general.

## DEVELOPING SUSTAINABLE RELATIONSHIP WITH THE STATE



PV Drilling's sustainable development strategy is based on ensuring a harmony of three factors: effective economic growth, social equality, and environmental protection. PV Drilling has therefore consistently carried out sustainable development activities with people as a key factor with the goal of ensuring effective economic growth. PV Drilling believes that meeting its obligations towards the State - such as taxes - is an important way of meeting its social responsibilities and protecting the State's interests. For many years, PV Drilling has adhered to compliance with the law in all its activities and implemented corporate responsibilities such as the need to pay taxes, fees, and other obligations to contribute to the development of the country.

### For government and state agencies:

PV Drilling has continued and developed these activities in 2020:

- Regularly interface with relevant government agencies, such as the Ministry of Finance, the Ministry of Industry and Trade, The Ministry of Planning and Investment, the State Bank of Vietnam, the General Department of Taxation, the State Securities Commission. Participate in conferences and seminars organized by the government, ministries, departments, and industries, such as seminars on securities law, seminars on tax policy, and seminars on investments.
- Carry on animated conversation with state agencies to contribute and comment on amendments to new policies that are about to be issued such as accounting policies, policies on depreciation of fixed assets, on guidance on Tax Administration Law.
- Join in organizations, associations, economic forums such as Law community, tax accounting forum.
- Do not have illegal conducts to hide information to generate the Corporation's benefits or the personal gains.
- Fulfill tax obligations and fully contribute to the local budget according to regulations. Research to take advantage of tax incentives of the State to bring benefits to the Corporation, but absolutely do not intentionally evade taxes or cheat taxes. Research to take advantage of the State's preferential tax policies in order to bring benefits to the Corporation but absolutely avoid tax fraud and tax evasion.

In 2020, due to the impact of the worldwide Covid-19 pandemic and the declining oil and gas industry, PV Drilling's business activities continued to face difficulties. However, with efforts to cope with the epidemic and implementation of necessary response measures to production and business activities, PV Drilling continued to maintain safe operations, ensure the quality of customer services. This has partly alleviated difficulties of PV Drilling in 2020 that faced the double crisis from the declining oil and gas industry and the Covid-19 pandemic. Specifically in 2020, PV Drilling achieved 5,229 billion VND of revenue, equivalent to decreasing 20% compared to last year. The holding company of PV Drilling achieved 186 billion VND, equivalent to the same period last year. The contribution amount to State budget in 2020 is higher than previous years regardless of many difficulties of oil and gas industry, however, this result showed the great efforts in operation and responsibility of the company to state budget in 2019.

Unit: Bil VND

Items	Paid in 2020	Paid in 2019	Variance %
Value Added Tax	142.7	139	3%
Imported duties	21.4	26.7	-20%
Corporate Income Tax	38	69.8	-46%
Personal Income Tax	166.6	154.8	8%
Others	305.2	116	163%
Total	674	506	33%

### Developing sustainable relationships with the State:

In 2020, PV Drilling has researched and applied policies, made contributions and recommendations to state agencies to improve policies applied to economic organizations as follows:

- Proposing the Ministry of Planning and Investment and the Ministry of Industry and Trade to list of the machinery and equipment for petroleum activities that cannot be produced at home. Recommend to the General Department of Customs, Ho Chi Minh City Customs Department, and Vung Tau Customs Department to receive import tax exemption when importing machinery and equipment that serve domestic oil and gas activities.
- Contributing comments on draft Decrees guiding the Law on Tax Administration, Circulars on tax policy, and depreciation of fixed assets that be promulgated soon.
- PV Drilling has researched to develop services and expand into new markets in countries such as Malaysia, Brunei, Cambodia... Specifically, PV Drilling has proposed the State Bank of Vietnam to apply for limiting of foreign money transference to serve the activities of PV Drilling's branches, as well as to retain the revenue received in local currency when customers make payments to branches of PV Drilling in foreign countries in order to minimize risks on exchange rate differences.
- Recommend to authorities in Brunei on ensuring compliance with regulations when operating in this country. Specifically, PV Drilling has registered to declare tax, declare retirement insurance for employees on the online system, step by step implement commitments on Local Business Development (LBD) and In-Country Value Project (ICV) when operating in Brunei. In addition, PV Drilling also works with Deloitte Company to propose on economic development policies of the host country when doing business in these countries.
- PV Drilling has been researching international practices, recommend and contribute preferential policies, increase the localization rates released in some regional countries in order to support local oil and gas and improve their competitiveness in Vietnam.

In 2021, the oil and gas market is forecasted to face many difficulties when the balance of supply and demand has not been achieved, but with the current bravery and enthusiasm, PV Drilling will continue to overcome difficulties and challenges in the future. In the current period, successfully complete the next goals, and continue to make contributions and recommendations on policies to contribute to the overall socio-economic development of the whole country. In addition, PV Drilling will study the roadmap to apply IFRS standards of the Project of the Ministry of Finance named "Applying International Financial Reporting Standards to Vietnam" to develop solutions and prepare a financial transition plan according to IFRS at PV Drilling, expected time to apply 2025.



# FINANCIAL STATEMENTS

[Statement of the Board of management](#)

[Independent auditors' report](#)

[Consolidated balance sheet](#)

[Consolidated income statement](#)

[Consolidated cash flow statement](#)

[Notes to the VND-converted consolidated financial statements](#)

## STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Petrovietnam Drilling and Well Services Corporation (the "Company") presents this report together with the VND-converted consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2020.

### THE BOARDS OF DIRECTORS AND MANAGEMENT

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

#### Board of Directors

Mr. Pham Tien Dung	Chairman
Mr. Do Duc Chien	Vice Chairman
Mr. Nguyen Xuan Cuong	Member
Ms. Nguyen Thi Thuy	Member
Mr. Nguyen Van Toan	Member
Mr. Van Duc Tong	Member
Mr. Hoang Xuan Quoc	Member (appointed on 18 June 2020)

#### Board of Management

Mr. Nguyen Xuan Cuong	President
Mr. Dao Ngoc Anh	Vice President
Mr. Trinh Van Vinh	Vice President
Mr. Vu Van Minh	Vice President
Mr. Ho Vu Hai	Vice President
Mr. Do Danh Rang	Vice President
Mr. Nguyen Cong Doan	Vice President (appointed on 8 June 2020)
Mr. Tran Van Hoat	Vice President (resigned on 1 September 2020)

### THE BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The Board of Management of the Group is responsible for preparing the VND-converted consolidated financial statements for the year ended 31 December 2020, which give a true and fair view of the consolidated financial position of the Company as at 31 December 2020, and its consolidated financial performance and its cash flows for the year then ended in accordance with Vietnamese accounting standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these VND-converted consolidated financial statements, the Board of Management is required to:

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

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

The Board of Management confirms that the Group has complied with the above requirements in preparing these VND-converted consolidated financial statements.

For and on behalf of the Board of Management,



**Nguyen Xuan Cuong**  
President  
31 March 2021

## INDEPENDENT AUDITORS' REPORT

No.:0605/VNIA-HC-BC

To: **The Shareholders, the Boards of Directors and Management of Petrovietnam Drilling and Well Services Corporation**

We have audited the accompanying VND-converted consolidated financial statements of Petrovietnam Drilling and Well Services Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group") prepared on 31 March 2021 as set out from page 5 to page 56 which comprise the consolidated balance sheet as at 31 December 2020, and the consolidated statement of income and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Board of Management's Responsibility for the VND-converted Consolidated Financial Statements

The Board of Management is responsible for the preparation and fair presentation of these VND-converted consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting and for such internal control as the Board of Management determines is necessary to enable the preparation of VND-converted 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 VND-converted 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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the VND-converted consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the VND-converted consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the VND-converted consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Group's preparation and fair presentation of the VND-converted consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Management, as well as evaluating the overall presentation of the VND-converted consolidated financial statements.

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

### Auditors' Opinion

In our opinion, the VND-converted consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



**Nguyen Quang Trung**  
Audit Partner

Audit Practising Registration Certificate

No. 0733-2018-001-I

BRANCH OF DELOITTE VIETNAM COMPANY LIMITED

31 March 2021

Ho Chi Minh City, S.R. Vietnam

**Pham Hoang Khanh Phuong**  
Auditor

Audit Practising Registration Certificate

No. 2756-2020-001-I

## CONSOLIDATED BALANCE SHEET

As at 31 December 2020

FORM B 01-DN/HN

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>5,107,391,677,605</b>	<b>5,704,833,042,080</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>925,196,651,735</b>	<b>1,890,029,157,920</b>
1. Cash	111		885,136,644,480	1,751,012,944,480
2. Cash equivalents	112		40,060,007,255	139,016,213,440
<b>II. Short-term financial investments</b>	<b>120</b>		<b>1,195,960,822,115</b>	<b>1,033,149,521,760</b>
1. Held-to-maturity investments	123	5	1,195,960,822,115	1,033,149,521,760
<b>III. Short-term receivables</b>	<b>130</b>		<b>1,949,493,904,595</b>	<b>1,906,711,879,440</b>
1. Short-term trade receivables	131	6	861,176,144,250	1,600,090,277,840
2. Short-term advances to suppliers	132	7	414,092,823,800	56,144,145,600
3. Other short-term receivables	136	8	768,235,447,650	451,660,482,560
4. Provision for short-term doubtful debts	137	6	(94,010,511,105)	(201,183,026,560)
<b>IV. Inventories</b>	<b>140</b>	<b>9</b>	<b>958,938,457,945</b>	<b>835,447,904,800</b>
1. Inventories	141		1,095,186,221,470	951,975,456,080
2. Provision for devaluation of inventories	149		(136,247,763,525)	(116,527,551,280)
<b>V. Other short-term assets</b>	<b>150</b>		<b>77,801,841,215</b>	<b>39,494,578,160</b>
1. Short-term prepayments	151		7,040,739,890	17,913,884,640
2. Value added tax deductibles	152		67,201,779,195	18,006,202,800
3. Taxes and other receivables from the State budget	153	17	3,559,322,130	3,574,490,720
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>15,748,798,528,055</b>	<b>15,186,894,350,160</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>14,494,405,190</b>	<b>15,395,330,560</b>
1. Other long-term receivables	216		14,494,405,190	15,395,330,560
<b>II. Fixed assets</b>	<b>220</b>		<b>13,496,287,352,850</b>	<b>13,935,699,738,480</b>
1. Tangible fixed assets	221	10	13,321,630,546,590	13,766,999,895,760
- Cost	222		23,360,545,984,345	23,378,055,475,280
- Accumulated depreciation	223		(10,038,915,437,755)	(9,611,055,579,520)
2. Intangible assets	227	11	174,656,806,260	168,699,842,720
- Cost	228		298,541,501,005	285,156,508,080
- Accumulated amortisation	229		(123,884,694,745)	(116,456,665,360)
<b>III. Long-term assets in progress</b>	<b>240</b>		<b>216,844,602,535</b>	<b>28,043,427,120</b>
1. Long-term construction in progress	242	12	216,844,602,535	28,043,427,120
<b>IV. Long-term financial investments</b>	<b>250</b>		<b>1,788,950,711,940</b>	<b>1,050,579,042,400</b>
1. Investments in joint-ventures	252	13	698,717,775,625	649,133,095,920
2. Held-to-maturity investments	255	5	1,090,232,936,315	401,445,946,480
<b>V. Other long-term assets</b>	<b>260</b>		<b>232,221,455,540</b>	<b>157,176,811,600</b>
1. Long-term prepayments	261	14	84,137,525,825	31,806,068,400
2. Deferred tax assets	262	15	148,083,929,715	125,370,743,200
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>20,856,190,205,660</b>	<b>20,891,727,392,240</b>

## CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2020

FORM B 01-DN/HN

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
<b>C. LIABILITIES</b>	<b>300</b>		<b>6,814,172,858,945</b>	<b>6,923,265,527,120</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>2,798,539,771,775</b>	<b>2,862,262,704,800</b>
1. Short-term trade payables	311	16	696,166,257,780	836,474,987,680
2. Short-term advances from customers	312		22,505,678,735	17,678,523,040
3. Taxes and amounts payable to the State budget	313	17	48,300,732,435	51,973,089,520
4. Payables to employees	314		127,581,466,720	127,399,083,920
5. Short-term accrued expenses	315	18	283,662,572,560	416,790,667,360
6. Other current payables	319	19	333,345,957,835	334,586,097,040
7. Short-term loans	320	20	634,897,534,430	520,871,682,240
8. Short-term provisions	321	21	529,125,029,835	460,664,682,160
9. Bonus and welfare funds	322		122,954,541,445	95,823,891,840
<b>II. Long-term liabilities</b>	<b>330</b>		<b>4,015,633,087,170</b>	<b>4,061,002,822,320</b>
1. Other long-term payables	337	26	476,436,936,125	478,092,029,520
2. Long-term loans	338	22	3,230,533,923,335	3,230,133,255,520
3. Long-term provisions	342	23	154,424,129,185	168,530,719,920
4. Scientific and technological development fund	343	24	154,238,098,525	184,246,817,360
<b>D. EQUITY</b>	<b>400</b>		<b>14,042,017,346,715</b>	<b>13,968,461,865,120</b>
<b>I. Owner's equity</b>	<b>410</b>	<b>25</b>	<b>14,042,017,346,715</b>	<b>13,968,461,865,120</b>
1. Owner's contributed capital	411		4,215,457,890,000	4,215,457,890,000
- Ordinary shares carrying voting rights	411a		4,215,457,890,000	4,215,457,890,000
2. Share premium	412		2,434,086,374,663	2,434,086,374,663
3. Treasury shares	415		(20,948,559,850)	(20,948,559,850)
4. Foreign exchange reserve	417		1,638,002,496,237	1,683,839,941,483
5. Investment and development fund	418		3,589,677,032,350	1,603,935,262,878
6. Retained earnings	421		1,937,943,722,530	3,805,222,417,790
- Retained earnings accumulated to the prior year end	421a		1,837,222,903,339	3,693,079,760,943
- Retained earnings of the current year	421b		100,720,819,191	112,142,656,847
7. Non-controlling interests	429	26	247,798,390,785	246,868,538,156
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>20,856,190,205,660</b>	<b>20,891,727,392,240</b>



Nguyen Xuan Cuong  
President  
31 March 2021

Nguyen Ngoc Truong  
Chief Accountant

Tran Kim Hoang  
Preparer

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

FORM B 01-DN/HN

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01		5,228,638,834,323	4,368,072,890,952
<b>2. Net revenue from goods sold and services rendered (10=01)</b>	<b>10</b>	<b>29</b>	<b>5,228,638,834,323</b>	<b>4,368,072,890,952</b>
3. Cost of sales	11	30	4,899,843,841,029	3,917,903,286,696
<b>4. Gross profit from goods sold and services rendered (20=10-11)</b>	<b>20</b>		<b>328,794,993,294</b>	<b>450,169,604,256</b>
5. Financial income	21	32	157,249,532,793	165,124,944,200
6. Financial expenses	22	33	201,037,635,156	241,356,185,032
- In which: Interest expense	23		118,896,544,398	158,277,757,232
7. Income from investments in joint ventures	24	13	216,407,722,962	110,630,844,584
8. Selling expenses	25		16,370,720,328	16,932,455,128
9. General and administration expenses	26	34	311,282,604,552	396,634,527,520
<b>10. Operating profit (30=20+(21-22)+24-(25+26))</b>	<b>30</b>		<b>173,761,289,013</b>	<b>71,002,225,360</b>
11. Other income	31	35	79,717,991,343	130,191,713,048
12. Other expenses	32	36	49,836,555,774	12,241,006,976
<b>13. Profit from other activities (40=31-32)</b>	<b>40</b>		<b>29,881,435,569</b>	<b>117,950,706,072</b>
<b>14. Accounting profit before tax (50=30+40)</b>	<b>50</b>		<b>203,642,724,582</b>	<b>188,952,931,432</b>
15. Current corporate income tax expense	51	37	43,080,862,464	36,169,415,816
16. Deferred corporate tax income	52	15	(23,262,286,857)	(19,389,319,712)
<b>17. Net profit after corporate income tax (60=50-51-52)</b>	<b>60</b>		<b>183,824,148,975</b>	<b>172,172,835,328</b>
<b>Attributable to:</b>				
- The Company's shareholders	61		186,494,200,107	184,461,632,449
- Non-controlling interests and Interests of partners in Business Cooperation Contract	62	26	(2,670,051,132)	(12,288,797,121)
<b>18. Basic earnings per share</b>	<b>70</b>	<b>38</b>	<b>282</b>	<b>304</b>



Nguyen Xuan Cuong  
President  
31 March 2021

Nguyen Ngoc Truong  
Chief Accountant

Tran Kim Hoang  
Preparer

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2020

FORM B 01-DN/HN

Unit: VND

ITEMS	Codes	Current year	Prior year
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	01	203,642,724,582	188,952,931,432
2. Adjustments for:			
Depreciation and amortisation	02	488,324,043,000	590,640,939,400
Provisions	03	46,517,903,590	16,627,227,208
Foreign exchange gain arising from translating foreign currency items	04	(9,141,612,219)	(20,209,217,064)
Gain from investing activities	05	(325,276,157,049)	(222,706,040,664)
Interest expense	06	118,896,544,398	158,277,757,232
Other adjustments	07	(13,378,742,209)	(60,478,426,692)
3. Operating profit before movements in working capital	08	509,584,704,093	651,105,170,852
Changes in receivables	09	399,946,952,580	(299,769,415,776)
Changes in inventories	10	(147,449,482,983)	(37,768,096,296)
Changes in payables	11	(371,937,923,589)	(55,578,157,016)
Changes in prepaid expenses	12	(41,850,803,532)	(36,576,409,552)
Interest paid	14	(105,347,213,289)	(140,687,659,928)
Corporate income tax paid	15	(37,965,023,937)	(69,787,408,968)
Other cash outflows	17	(40,778,703,873)	(88,312,541,992)
Net cash generated by/(used in) operating activities	20	164,202,505,470	(77,374,518,676)
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(578,666,769,075)	(53,190,380,088)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	353,631,525	1,194,467,864
3. Cash outflow for buying debt instruments	23	(2,043,133,137,326)	(1,479,318,007,888)
4. Cash recovered from lending, selling debt instruments of other entities	24	1,213,619,128,859	1,148,540,451,400
5. Interest earned, dividends and profits received	27	152,354,346,447	159,625,673,392
Net cash used in investing activities	30	(1,255,472,799,570)	(223,147,795,320)
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from borrowings	33	260,240,437,302	-
2. Repayment of borrowings	34	(130,686,376,356)	(84,677,293,688)
3. Dividends and profits paid	36	(2,792,342,000)	(2,792,342,000)
<b>Net cash generated by/(used in) financing activities</b>	<b>40</b>	<b>126,761,718,946</b>	<b>(87,469,635,688)</b>
<b>Net decreases in cash (50=20+30+40)</b>	<b>50</b>	<b>(964,508,575,154)</b>	<b>(387,991,949,684)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>1,890,029,157,920</b>	<b>2,265,202,237,815</b>
Effects of changes in foreign exchange rates	61	(1,834,647,297)	(1,285,201,904)
Foreign exchange differences from translation	62	1,510,716,266	14,104,071,693
<b>Cash and cash equivalents at the end of the year (70=50+60+61)</b>	<b>70</b>	<b>925,196,651,735</b>	<b>1,890,029,157,920</b>



Nguyen Xuan Cuong  
President  
31 March 2021

Nguyen Ngoc Truong  
Chief Accountant

Tran Kim Hoang  
Preparer

## NOTES TO THE VND-CONVERTED CONSOLIDATED FINANCIAL STATEMENTS

These notes are an integral part of and should be read in conjunction with the accompanying VND-converted consolidated financial statements

FORM B 09-DN/HN

Unit: VND

### I. GENERAL INFORMATION

#### Structure of ownership

The Group consists of Petrovietnam Drilling and Well Services Corporation (the "Company") and its 7 subsidiaries and 6 joint ventures.

Details of the Group are as follows:

#### The Company

The Company is a joint stock company established in S.R. Vietnam in accordance with the Business Registration Certificate No.4103004335 dated 15 February 2006 and the 15th amendment dated 30 September 2019 issued by the Department of Planning and Investment ("DPI") of Ho Chi Minh City, Enterprise code No.0302495126. The Company was established from the equitization of Petrovietnam Drilling and Well Services Company, a member of Petrovietnam - Vietnam Oil and Gas Group (hereinafter referred to as "Petrovietnam").

The Company consists of 2 divisions and 3 overseas branches as follows:

- The Drilling Division was established in accordance with the Resolution of the Company's Board of Management dated 9 April 2007 and the Decision No.1249/QD-PVD issued by the President dated 24 May 2007 changing the Drilling Management Committee into the Drilling Division and in accordance with the Business Registration Certificate No.0302495126-007 dated 16 March 2010 replacing the Business Registration Certificate No.4113028028 issued by the DPI of Ho Chi Minh City. The Drilling Division's registered office is located at 3rd Floor, Sailing Tower Building, 111A Pasteur Street, District 1, Ho Chi Minh City, S.R. Vietnam. The Division manages and operates 03 offshore drilling rigs: PV DRILLING I, PVD DRILLING II and PV DRILLING III.
- PVD Drilling Investment Division ("PVD Invest") was established in accordance with the Decision No.06/12/QD-HDQT dated 30 December 2009 issued by the Board of Management and the Business Registration Certificate No.0302495126 dated 18 January 2010, and its amendment dated 19 May 2010 issued by the DPI of Ho Chi Minh City. PVD Invest's registered office is located at 3rd Floor, Sailing Tower Building, 111A Pasteur Street, District 1, Ho Chi Minh City, S.R. Vietnam.
- Algeria Branch was established in accordance with the Decision No.13/QD-HDQT dated 2 March 2006 issued by the Board of Management and Establishment Certificate No.04/STM-TT.TNNN dated 23 March 2006 issued by the Industry and Trade Department of Ho Chi Minh City. The Algeria Branch's registered office is located at Cité Si El, Houas, No. 02, Villa No. 101, Hassi Messaoud, Ouargla, Algeria. The Branch manages and operates 01 land drilling rig: PV DRILLING II.
- Myanmar Branch was established in accordance with the Decision No.01/03/2015/QD-HDQT dated 4 March 2015 issued by the Board of Management and Establishment Certificate No.594/CNĐK-SCT dated 18 Jun 2015 issued by the Trade Department of Ho Chi Minh City. The Myanmar Branch's registered office is located at No. 33/36, Garden Street (U Yin Lane), Bahan Township, Yangon, Myanmar.
- Malaysia Branch was established in accordance with Decision No.01/8/2017/NQ-HDQT dated 17 October 2017 issued by the Board of Management and Establishment Certificate No.1461/CNĐK-SCT dated 25 September 2017 issued by the Industry and Trade Department of Ho Chi Minh City. The Thailand Branch's registered office is located at 35J-2-9, KLSC Jalan Wangsa Delima 5, Wangsa Maju, 53300 Kuala Lumpur, Malaysia.
- Brunei Branch was established in accordance with Decision No.02/02/2020/NQ-HDQT dated 25 February 2020 issued by the Board of Managements and Establishment Certificate No.RFC20005196 dated 30 April 2020 issued by the Brunei Registrar of Companies. The Brunei Branch's registered office is located at 5th floor, Wisma Hajjah Famimah, No. 22-23 Jalan Sultan BS8811, Bandar Seri Begawan, Brunei Darussalam.

The number of employees of the Company and its subsidiaries as at 31 December 2020 was 404 and 1,607 respectively (as at 31 December 2019: 413 and 1,759).

## NOTES TO THE VND-CONVERTED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the accompanying VND-converted consolidated financial statements

FORM B 09-DN/HN

Unit: VND

### The subsidiaries

PVD Offshore Services Company Limited ("PVD Offshore") was established as a limited liability company under the Business Registration Certificate No.3500803145 dated 1 September 2009 issued by DPI of Ba Ria - Vung Tau Province and its amendments. PVD Offshore's registered office is located at 43A, 30/4 Street, Ward 9, Vung Tau City, Ba Ria - Vung Tau Province, S.R. Vietnam. PVD Offshore is principally engaged in providing repair, inspection and maintenance of equipment and facilities of oil and gas industry; drilling manpower supply service, oil and gas exploitation for domestic and foreign contractor operations; consultant of environmental impact assessment, the rescue plan for oil spills and facilities and activities that have a risk of oil spills.

PVD Well Services Company Limited ("PVD Well") was established as a limited liability company under the Business Registration Certificate No.4104001468 dated 1 August 2007 issued by DPI of Ho Chi Minh City and its amendments. PVD Well's registered office is located at Room 13, 12Ath Floor, Vincom Center Building, 47 Ly Tu Trong Street, Ben Nghe Ward, District 1, Ho Chi Minh City, S.R. Vietnam. PVD Well is principally engaged in providing tubular services, drilling equipment rental services, well drilling technical services, supplying specialized tool and equipment to serve the well drilling services.

Petroleum Well Logging Company Limited ("PVD Logging") was established as a limited liability company under the Business Registration Certificate No.4104001513 dated 7 August 2007 issued by DPI of Ho Chi Minh City and its amendments. PVD Logging's registered office is located at 10th Floor, Sailing Tower, 111A Pasteur Street, District 1, Ho Chi Minh City, S.R. Vietnam. PVD Logging is principally engaged in providing oil and gas wells geophysical survey service, oil and gas wells testing, reservoir testing, cementing pumps and supply of manpower, tool and equipment for the other related services.

PVD Trading and Technical Services Joint Stock Company (formerly known as Petroleum Trading and Technical Services Company Limited, "PVD Tech") has changed legal form from a limited liability company to a joint stock company and commenced its operation as a joint stock company under the Amended Business Registration Certificate No.0305124602 dated 7 February 2020 issued by DPI of Ho Chi Minh City. PVD Tech's registered office is located at 8th Floor, Green Power Building, 35 Ton Duc Thang Street, Ben Nghe Ward, District 1, Ho Chi Minh City, S.R. Vietnam. PVD Tech is principally engaged in providing materials and equipment for the oil and gas industry and other industries, implementation and installation services, inspection, repair, maintenance of drilling rig, mending rig, exploiting rig and DES equipment rental services.

PVD Technical Training and Certification Joint Stock Company ("PVD Training"), formerly known as Cuu Long Company Limited, is a joint stock company that was established in accordance with Business Registration Certificate No.3500677518 dated 12 August 2011 issued by DPI of Ba Ria - Vung Tau Province, and its amendments. PVD Training's registered office is located at Dong Xuyen Industrial Zone, 30/4 Street, Rach Dua Ward, Vung Tau City, Ba Ria - Vung Tau Province, S.R. Vietnam. PVD Training is principally engaged in providing training, introduction and supply of manpower in the oil and gas industry in domestic and overseas markets; house, office and warehouse leasing.

PVD Deepwater Drilling Company Limited ("PVD Deepwater") was established as a limited liability company under the Business Registration Certificate No.0310139354 dated 14 July 2010 issued by DPI of Ho Chi Minh City and its amendments. PVD Deepwater's registered office is located at 5th Floor, Sailing Tower, 111A Pasteur Street, District 1, Ho Chi Minh City, S.R. Vietnam. PVD Deepwater is principally engaged in providing supporting services in crude oil and natural gas exploitation; supply of deepwater rigs in service search, exploration and exploitation of oil and gas; supply of materials and equipment, machinery for supporting of oil and gas researching, exploring and exploiting; industry and other related industries; research and natural and technical sciences experimental development of natural and technical sciences; technological consultancy in the field of oil and gas. PVD Deepwater manages and operates 01 semi-submersible drilling rig: PV DRILLING V.

PV Drilling Overseas Company Private Limited ("PVD Overseas") was established in Singapore under joint venture contract with Falcon Energy Group Limited and Business Registration No.201308977C dated 04 April 2013. PVD Overseas's registered office is located at No. 9 Temasek Boulevard, #31\_00 Suntec Tower 2, Singapore. PVD Overseas is principally engaged in providing investment, drilling rental, supplying drilling service and the services related to exploration and exploitation of oil and gas. PVD Overseas manages and operates 01 offshore drilling rig: PV DRILLING VI.

Detailed information about capital contribution status and investment value in subsidiaries of the Company as at 31 December 2020 and 31 December 2019 are as follows:

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Name of subsidiaries	Proportion of ownership interest/ voting power held	Closing balance			Opening balance			
		Registered charter capital	Contributed charter capital	Investment value	Registered charter capital	Contributed charter capital	Investment value	
	%	(original currency)	(original currency)	USD	%	(original currency)	(original currency)	USD
PVD Offshore	100	130,000,000,000 VND	130,000,000,000 VND	6,748,980	100	130,000,000,000 VND	130,000,000,000 VND	6,748,980
PVD Well	100	80,000,000,000 VND	80,000,000,000 VND	4,081,469	100	80,000,000,000 VND	80,000,000,000 VND	4,081,469
PVD Logging	100	80,000,000,000 VND	80,000,000,000 VND	4,236,959	100	80,000,000,000 VND	80,000,000,000 VND	4,236,959
PVD Tech	100	450,000,000,000 VND	450,000,000,000 VND	21,049,065	100	200,000,000,000 VND	200,000,000,000 VND	10,324,805
PVD Training	51,8	28,958,670,000 VND	28,958,670,000 VND	1,096,066	51,8	28,958,670,000 VND	28,958,670,000 VND	1,096,066
PVD Deepwater	100	764,000,000,000 VND	764,000,000,000 VND	39,692,090	100	764,000,000,000 VND	764,000,000,000 VND	39,692,090
PVD Overseas	81,6	66,698,050 USD	66,698,050 USD	54,400,000	81,6	41,961,000 USD	66,698,050 USD	54,400,000
				<b>131,304,629</b>				<b>120,580,369</b>

### The Joint Ventures

Details of the Group's joint ventures with proportion of voting rights held 50% are as follows:

BJ Services-PV Drilling Joint Venture Company Limited ("BJ-PVD") was established in S.R.Vietnam as a joint venture company under the Investment Certificate No.492021000003 dated 28 September 2006 issued by the People's Committee of Ba Ria - Vung Tau Province and its amendments. BJ - PVD's registered office is located at 65A, 30/4 Street, Thang Nhat Ward, Vung Tau City, Ba Ria - Vung Tau Province, S.R. Vietnam. BJ-PVD is principally engaged in providing the entire package of services such as cementing pump, reservoir stimulation, dragging tubular and pumping nitrogen, etc., as well as technical solutions, laboratory services and chemicals supply. The total charter capital of BJ-PVD is amount of USD 5 million, in which the Group holds 49% of its ownership.

PV Drilling-Baker Hughes Well Technical Services Joint Venture Company Limited ("PVD-Baker Hughes") was established in S.R.Vietnam under the Investment Certificate No.411022000556 dated 26 January 2011 issued by the People's Committee of Ho Chi Minh City and its amendments. PVD-Baker Hughes's registered office is located at 10th Floor, Sailing Tower, 111A Pasteur Street, District 1, Ho Chi Minh City, S.R. Vietnam. PVD-Baker Hughes is principally engaged in providing directional surveying drilling services, measurement while drilling services, coring sample services, well geophysical survey services, casehead hanging over services, sticking rescue services, artificial reservoir pressure, intelligent well completment services and other mine exploitation technology services. The total charter capital of PVD-Baker Hughes is USD 20 million, equivalent to VND 370,880,000,000, in which the Group holds 51% of its ownership.

PVD Tubulars Management ("PVD Tubulars") was established in S.R.Vietnam under the Investment Certificate No.492022000134 dated 7 October 2008 issued by the Board of Management of Ba Ria - Vung Tau Industrial Zone and its amendments. PVD Tubulars's registered office is located at Phu My 1 Industrial Zone, Tan Thanh District, Ba Ria - Vung Tau Province, S.R. Viet Nam. PVD Tubulars is principally engaged in providing products of drilling tube, casing, tubing operators and management service for casing package for all oil and gas companies which operating in exploration and exploitation on shore, offshore and deep water regions in S.R.Vietnam. The total charter capital of PVD Tubulars is VND 57,995,000,000, equivalent to USD 3.5 million. The Group holds 51% of its ownership.

Vietubes Company Limited ("Vietubes") was established under the Investment Certificate No.492022000111 dated 15 February 1995 issued by the Board of Management of Industrial Zone of Ba Ria - Vung Tau Province and its amendment. Vietubes registered office is located at Street 11, Dong Xuyen Industrial Zone, Rach Dua Ward, Ba Ria - Vung Tau Province, S.R. Vietnam. Vietubes is principally engaged in providing forging, processing, repair, recovery inspection, verification of drilling tube, fabricated connectors, couplings and by-product supporting for drilling operations, oil and gas exploitation; metal processing, including cutting, formatting and stabilizing metal structure; precision mechanical processing for large details on automatic machines. The total charter capital of Vietubes is VND 77,297,205,000, equivalent to USD 3,707,300. The Group holds 51% of its ownership.



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PV Drilling Expo International Company Limited (formerly known as PV Drilling Production Testers International Company Limited, "PVD-Expro") was established as a joint venture company under the Investment Certificate No.491022000098 dated 25 April 2008 issued by the People's Committee of Ba Ria - Vung Tau Province and its amendments. PVD-Expro registered office is located at 65A 30/4 Street, Thang Nhat Ward, Vung Tau City, Ba Ria - Vung Tau Province, S.R. Vietnam. The principal activities of PVD - Expro include providing drilling well reservoir testing service, mining equipment leasing, manpower supplying in operation field of itself with skilled engineers, workers experienced in working for foreign contractors. The total charter capital of PVD-Expro is USD 6,371,352. The Group holds 51% of its ownership.

PVD Tech-Oil State Industries Joint Venture Company Limited ("PVD-OSI") was established in S.R.Vietnam as a joint venture company under the Investment Certificate No.492022000217 dated 24 November 2011 issued by the Board of Management of Industrial Zone of Ba Ria - Vung Tau Province. PVD-OSI registered office is located at Street 11, Phu My Industrial Zone, Tan Thanh District, Ba Ria - Vung Tau Province, S.R. Vietnam. The principal activities of PVD - OSI include producing, manufacturing, forging, lathing tube connectors and components, spare parts in exploratory drilling sector and oil and gas industry; and providing repair, maintenance tube connectors services in exploratory drilling and oil and gas exploitation. The total charter capital of PVD - OSI is VND 105,000,000,000, equivalent to USD 5 million. The Group holds 51% of its ownership.

### Principal activities

The Group is principally engaged in providing drilling services, well services, wire line logging, oil spill control service, drilling rig, materials, equipment, drilling manpower, investment and project management consulting service, management consulting service, and other related services in the oil and gas industry.

### Characteristics of the business activities in the fiscal year which have impact on the VND-converted consolidated financial statements

According to Resolution No. 02/01/2020/NQ-HDQT dated 9 January 2020, the Board of Directors approved the Feasibility Study Report and Contractor Selection Plan of the project "Building a new Drilling Equipment Set (DES)" for drilling rig PV DRILLING V to serve the drilling campaign of Brunei Shell Petroleum Company Sdn Bhd (BSP), which is expected to start in Quarter III of 2021. Accordingly, PVD Tech will build the above-mentioned Drilling Equipment Set (DES) with a total investment of USD 35,000,000. Meanwhile, according to Resolution No. 01.20/NQ-ĐHDCĐ dated 15 January 2020, the Board of Directors of PVD Tech approved to increase its charter capital from VND 200 billion to VND 450 billion by issuing additional 25,000,000 shares at the price of 10,000 VND/share.

Although the current situation of Covid-19 pandemic has been disrupting Vietnam's and the world's economy, the Board of Management assessed that the Covid-19 does not have material impact on the consolidated financial statements for the year ended 31 December 2020. The Board of Management has also been continuing to consider the potential impacts of Covid-19 on the Group's financial and operational performance in 2021 to appropriately plan in coping with uncertainties of this situation.

### Normal production and business cycle

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

### Disclosure of information comparability in the VND-converted consolidated financial statements

The comparative figures of the consolidated balance sheet are the figures of the Group's audited VND-converted consolidated financial statements for the year ended 31 December 2019 (the "Opening balance"). The comparative figures of the consolidated income statement and consolidated cash flow statement are the figures of the Group's audited VND-converted consolidated financial statements for the year ended 31 December 2019 (the "Prior year").

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## 2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

### Accounting convention

The Group uses United States Dollar (USD) as currency unit. The Board of Management believes that the use of United States Dollar (USD) as currency unit is necessary in order to reflect the economic substance of the underlying events and circumstances relevant to the Group's business operations. Pursuant to prevailing accounting regulations in Vietnam, the Company converted its audited VND-converted consolidated financial statements for the year ended 31 December 2020 prepared in United States Dollar (USD) into Vietnam Dong (VND) based on the following principles:

- Assets and liabilities are translated into Vietnam Dong at the actual exchange rate as at 31 December 2020 of 23,035 VND/USD (the remittance rate of the Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh Branch, the bank that the Company has transaction frequently in the time of reporting);
- Equity items (including owners' contributed capital, share premium and treasury shares) are translated into Vietnam Dong at the actual transaction rates at the capital contribution or buy-back of treasury shares dates;
- Exchange differences are translated into Vietnam Dong at the actual transaction rates at the revaluation date;
- Retained earnings, reserves appropriated from retained earnings arising after the investment date are translated into Vietnam Dong based on the consolidated income statement items;
- Items of the consolidated income statement and the consolidated cash flow statement are translated into Vietnam Dong at the average exchange rate of the financial year because this rate is approximately equal to the actual exchange rate at the dates of the transactions (with the difference of no more than 3%). Accordingly, income statement and cash flow statement are converted into VND at the average exchange rate during the year of 23,151 VND/USD of Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh City Branch.

Exchange differences arising on the translation of the consolidated financial statements prepared in foreign currency into Vietnam Dong are presented in the "Foreign exchange reserve" item with the code 417 under the "Owners' Equity" section on the consolidated balance sheet.

The accompanying VND-converted consolidated financial statements are not intended to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

### Financial year

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Group in the preparation of these VND-converted consolidated financial statements, are as follows:

### Accounting estimates

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

## NOTES TO THE VND-CONVERTED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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### Basis of consolidation

The VND-converted consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) up to the VND-converted consolidated balance sheet date of each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Company.

Intragroup transactions and balances are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the parent's ownership interests in them. Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

### Business combination

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the year of acquisition.

The non-controlling interests are initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

### Financial instruments

#### Initial recognition

**Financial assets:** At the date of initial recognition, financial assets are recognised at cost plus transaction costs that are directly attributable to the acquisition of the financial assets. Financial assets of the Group comprise cash and cash equivalents, held-to-maturity investments, trade and other receivables.

**Financial liabilities:** At the date of initial recognition, financial liabilities are recognised at cost plus transaction costs that are directly attributable to the issue of the financial liabilities. Financial liabilities of the Group comprise borrowings, trade and other payables and accrued expenses.

#### Subsequent measurement

Currently, there are no requirements for the subsequent measurement of the financial instruments after initial recognition.

### Cash and cash equivalents

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

### Held-to-maturity investments

Held-to-maturity investments comprise investments that the Group has the positive intent or ability to hold to maturity, including term deposits to earn periodic interest.

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Held-to-maturity investments are recognised on a trade date basis and are initially measured at acquisition price plus directly attributable transaction costs. Post-acquisition interest income from held-to-maturity investments is recognised in the consolidated income statement on accrual basis.

Held-to-maturity investments are measured at cost less provision for doubtful debts. Provision for doubtful debts relating to held-to-maturity investments is made in accordance with prevailing accounting regulations.

### Receivables

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

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

### Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of externally purchased inventories comprise buying price of inventory and where applicable, purchasing costs that have been incurred in bringing the inventories to their present location and condition. Costs of manufactured inventories comprise direct materials and where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

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

### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of purchased tangible fixed assets comprises its purchase price and any directly attributable costs of bringing the assets to its working condition and location for its intended use. The costs of self-constructed or manufactured assets are the actual construction or manufacturing cost plus installation and trial run costs.

Drilling rigs (machinery and equipment) are depreciated over drilling rigs' operating hours of the rigs, equivalent to the useful lives of the rigs as follows:

	Years
Rig PV DRILLING I	20
Rig PV DRILLING II	35
Rig PV DRILLING III	35
Rig PV DRILLING V	20
Rig PV DRILLING VI	35
Rig PV DRILLING 11	10

## NOTES TO THE VND-CONVERTED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	Years
Buildings and structures	6 - 50
Machinery and equipment - others	5 - 10
Office equipment	3 - 5
Motor vehicles	7 - 12
Other assets	3 - 7

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

### Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases.

**The Group as lessor:** Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

**The Group as lessee:** Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

### Intangible assets and amortization

Intangible assets represent land use rights and the copyright of computer software. The total amount is stated at cost less accumulated amortization. Land use rights with indefinite time are not amortised. Land use rights with definite time are amortised on a straight-line basis over term of land use rights. Computer software and other intangible assets are amortised using the straight-line method over their estimated useful lives as five years.

### Construction in progress

Properties in the course of construction for production, rental and administrative purposes or for other purposes are carried at cost. The cost includes any costs that are necessary to form the asset including construction cost, equipment cost, and other costs and related borrowing costs in accordance with the Group's accounting policy. Such costs will be included in the estimated costs of the fixed assets (if settled costs have not been approved) when they are put into use. Depreciation of these assets is calculated from the date of ready-to-use as other non-current assets.

### Investment in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each party has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using the equity method of accounting.

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### Prepayments

Prepayments comprise tools, spare parts incurred, insurance incurred and prepaid expense for drilling campaign in Brunei incurred during the year which are expected to provide future economic benefits to the Group.

Tools, spare parts and insurance incurred have been capitalized as prepayments and allocated to the income statement using the straight-line method from one to three years.

Prepaid expenses for drilling project in Brunei have been capitalized as prepayments are allocated to the consolidated income statement on a straight-line basis when the drilling campaign commences in Quarter 3/2021.

### Accrued expenses

Accrued expenses include accruals for operation of rigs, overhaul cost of fixed assets and other expenses. Accrued expenses reflect the value of the amounts accrued as production and operating costs but not yet actually paid at the balance sheet date.

### Payable provisions

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

The provision for overhaul costs of fixed assets represents the overhaul costs accrued at each financial year based on the reliable estimated costs to be incurred in accordance with technical requirements of the Group's drilling rigs. In the accounting year that incurs overhaul cost of fixed assets, if actual cost is higher than estimated amount or vice versa, the different amount is recorded in the consolidated income statement of that accounting year.

### Revenue recognitions

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

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group 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 Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income is recorded on accrual basis, by reference to the principal outstanding and at the applicable interest rate.

Dividend income is recognised when the Group's right to receive payment has been established.

### Severance allowance payable

The severance allowance for employees is accrued at the end of each reporting period for all employees having worked at the Group for full 12 months and above. Working time serving as the basis for calculating severance allowance shall be the total actual working time subtracting the time when the employees have made unemployment insurance contributions as prescribed by law, and the working time when severance allowance has been paid to the employees. The allowance made for each year of service equals to

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a half of an average monthly salary under the Vietnamese Labour Code, Social Insurance Code and relevant guiding documents. The average monthly salary used for calculation of severance allowance shall be adjusted to be the average of the six consecutive months nearest to the date of the VND-converted consolidated financial statements at the end of each reporting period. The increase or decrease in the accrued amount shall be recorded in the consolidated income statement.

### Foreign currencies

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

For the purpose of presenting VND-converted consolidated financial statements, the assets and liabilities of subsidiaries and overseas branches are translated to reporting currency using exchange rates prevailing as at the balance sheet date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising when translating the financial statements of subsidiaries and foreign branches are accumulatively recognised into the equity on the consolidated balance sheet based on the following principles:

- Exchange differences allocated for the Group are presented in the “Foreign exchange reserve” under the “Owners’ Equity” section on the consolidated balance sheet;
- Exchange differences allocated for the non-controlling shareholders are presented in the “Non-controlling interest”.

Exchange differences will be charged to the consolidated income statements once the subsidiaries and overseas branches are disposed.

### Borrowing costs

Borrowing costs are recognised in the income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 “Borrowing costs”. Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is under 12 months.

### Taxation

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

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are non-taxable or non-deductible.

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

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

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

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

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

### 4. CASH AND CASH EQUIVALENTS

	Closing balance	Opening balance
	VND	VND
Cash on hand	5,691,994,570	6,754,184,320
Bank demand deposits	879,444,649,910	1,744,258,760,160
Cash equivalents	40,060,007,255	139,016,213,440
	<u>925,196,651,735</u>	<u>1,890,029,157,920</u>

Cash equivalents represent time deposits with the term of three months or less.

As at 31 December 2020, the Group had demand deposits and time deposits of less than 3 months of VND 20,433,541,284 (including USD 488,281 and VND 9,185,997,202) kept at Ocean Commercial One Member Limited Liability Bank (as at 31 December 2019: VND 66,153,319,065 including USD 488,281 and VND 54,864,262,345).

### 5. HELD-TO-MATURITY INVESTMENTS

	Closing balance		Opening balance	
	VND	VND	VND	VND
	Cost	Carrying amount	Cost	Carrying amount
<b>a. Current</b>				
- Time deposits	1,195,960,822,115	1,195,960,822,115	1,033,149,521,760	1,033,149,521,760
<b>b. Non-current</b>				
- Term deposits	1,090,232,936,315	1,090,232,936,315	401,445,946,480	401,445,946,480

Held-to-maturity investments as at 31 December 2020 represent time deposits at commercial banks which expire in more than 3 months and bear changeable interest rates noticed by the banks at regular intervals.

In respect of some of the above time deposit contracts, the Company had entered into Cross Currency Swap contracts with commercial banks to swap for USD 73,190,000 which was equivalent to VND 1,780,618,196,065 at maturity (as at 31 December 2019: USD 44,597,000 which was equivalent to VND 1,068,469,210,179).

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These notes are an integral part of and should be read in conjunction with the accompanying VND-converted consolidated financial statements

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As stated in Note 22, the Group has pledged deposit contracts with terms from 30 to 36 months, interest rates of 6.6% per annum, at Military Commercial Joint Stock Bank - Saigon Branch with a total value of USD 170,957 equivalent to VND 3,938,000,000 as collaterals for loans at this bank (as at 31 December 2019: USD 340,657 equivalent to VND 7,876,000,000).

As at 31 December 2020, the Group had over-three-month time deposits of USD 4,832,352, equivalent to VND 111,313,225,791, at Ocean Commercial One Member Limited Liability Bank (as at 31 December 2019: USD 2,829,327, equivalent to VND 65,414,040,557).

### 6. SHORT-TERM TRADE RECEIVABLES

	Closing balance	Opening balance
	VND	VND
TNK Vietnam B.V.	185,477,796,965	1,486,939,680
KrisEnergy (Apsara) Company Limited	114,054,669,740	-
Receivables from other customers	561,643,677,545	1,598,603,338,160
	861,176,144,250	1,600,090,277,840

Short-term trade receivables from related parties: see Note 42.

	Closing balance		Opening balance	
	Overdue debt over 6 months (Cost)	Provision	Overdue debt over 6 months (Cost)	Provision
	VND	VND	VND	VND
Petrovietnam Domestic Exploration Production Operating Company Limited	45,258,960,685	(45,253,224,970)	45,368,376,000	(40,611,343,520)
Petrovietnam Exploration Production Corporation	28,887,502,450	(28,185,879,385)	186,831,633,360	(150,871,502,080)
Destini Oil Services Sdn Bhd	16,246,078,730	(12,968,958,385)	987,085,280	(296,120,960)
Other customers	20,377,382,945	(7,602,448,365)	19,160,098,880	(9,404,060,000)
	<b>110,769,924,810</b>	<b>(94,010,511,105)</b>	<b>252,347,193,520</b>	<b>(201,183,026,560)</b>

### 7. SHORT-TERM ADVANCES TO SUPPLIERS

	Closing balance	Opening balance
	VND	VND
National Oilwell Varco, L.P, (*)	190,987,953,245	-
Megaway Engineering and Trading Pte Ltd (*)	83,479,508,015	-
Other suppliers	139,625,362,540	56,144,145,600
	<b>414,092,823,800</b>	<b>56,144,145,600</b>

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These notes are an integral part of and should be read in conjunction with the accompanying VND-converted consolidated financial statements

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(\*) As stated in Note 1, as at 31 December 2020, the amount represents advances to National Oilwell Varco, L.P. supplier and Megaway Engineering and Trading Pte Ltd relating to building a new Drilling Equipment Set (DES), signed between PVD Tech and National Oilwell Varco, L.P. and Megaway Engineering and Trading Pte Ltd on 23 January 2020 with the contract value of USD 23,820,000, equivalent to VND 548,693,700,000 and USD 9,000,000, equivalent to VND 207,315,000,000 respectively, for drilling rig PV DRILLING V to serve the drilling campaign of Brunei Shell Petroleum Company Sdn Bhd (BSP).

### 8. OTHER SHORT-TERM RECEIVABLES

	Closing balance	Opening balance
	VND	VND
Interest income receivables	83,838,600,630	52,473,730,000
Receivables related to profits declared (see at Note 42)	86,700,008,330	-
Receivables from employees	1,004,625,455	1,255,138,560
Deposits	259,745,608,480	231,223,027,520
Advanced payment of withholding tax in Malaysia branch	293,561,357,040	129,494,241,440
Other receivables	43,385,247,715	37,214,345,040
	<b>768,235,447,650</b>	<b>451,660,482,560</b>

### 9. INVENTORIES

	Closing balance		Opening balance	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Goods in transit	53,863,062,990	-	61,520,401,040	-
Raw materials	694,859,781,685	(136,247,763,525)	677,732,952,080	(116,527,551,280)
Tools and supplies	125,945,751,370	-	104,182,766,000	-
Work in progress	30,393,369,505	-	23,184,527,920	-
Merchandise	187,141,085,210	-	78,265,731,520	-
Goods on consignment	2,983,170,710	-	7,089,077,520	-
	<b>1,095,186,221,470</b>	<b>(136,247,763,525)</b>	<b>951,975,456,080</b>	<b>(116,527,551,280)</b>

During the year ended 31 December 2020, the Group made additional provision of VND 19,720,212,245 for devaluation of inventories, which was the result of the Company's reassessment on the current status and the economic benefit in the future of the inventories (2019: the Group reversed VND 38,869,460,000).

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### 10. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Office equipment	Motor vehicles	Others	Total
	VND	VND	VND	VND	VND	VND
<b>COST</b>						
Opening balance	382,190,454,480	22,844,895,258,720	72,102,956,800	77,574,166,080	1,292,639,200	23,378,055,475,280
Additions	3,524,114,673	85,220,150,607	2,692,067,733	1,577,439,687	237,089,391	93,250,862,091
Disposals	(1,370,076,180)	(14,663,056,266)	(2,223,491,493)	(2,150,357,484)	-	(20,406,981,423)
Other decrease	-	(3,186,040,620)	-	-	-	(3,186,040,620)
Foreign exchange differences	(2,220,655,713)	(84,645,787,406)	(214,382,635)	(82,545,933)	(3,959,296)	(87,167,330,983)
Closing balance	382,123,837,260	22,827,620,525,035	72,357,150,405	76,918,702,350	1,525,769,295	23,360,545,984,345
<b>ACCUMULATED DEPRECIATION</b>						
Opening balance	181,366,111,600	9,289,172,581,520	64,692,025,760	74,548,220,480	1,276,640,160	9,611,055,579,520
Charge for the year	10,399,614,408	482,394,886,692	2,638,380,564	719,996,100	30,883,434	496,183,761,198
Disposals	(1,370,076,180)	(13,458,255,075)	(2,223,491,493)	(2,150,357,484)	-	(19,202,180,232)
Other decrease	-	(1,128,703,854)	-	-	-	(1,128,703,854)
Foreign exchange differences	(1,417,154,808)	(46,299,033,058)	(196,058,526)	(76,753,471)	(4,019,014)	(47,993,018,877)
Closing balance	188,978,495,020	9,710,681,476,225	64,910,856,305	73,041,105,625	1,303,504,580	10,038,915,437,755
<b>NET BOOK VALUE</b>						
Opening balance	200,824,342,880	13,555,722,677,200	7,410,931,040	3,025,945,600	15,999,040	13,766,999,895,760
Closing balance	193,145,342,240	13,116,939,048,810	7,446,294,100	3,877,596,725	222,264,715	13,321,630,546,590

As stated in Note 22, the Group has pledged some tangible fixed assets which are PV DRILLING V and PV DRILLING VI with the carrying amount of VND 6,908,696,705,025 as at 31 December 2020 (as at 31 December 2019: VND 7,032,858,442,480) as collaterals for the Group's loans.

From the early of November 2016 to the date of the financial statements, the Rig PV DRILLING V has ceased operation to wait for new contracts. The Rig PV DRILLING V's net book value as at 31 December 2020 was USD 122,122,463, equivalent to VND 2,813,090,939,700 (as at 31 December 2019: USD 121,673,484, equivalent to VND 2,813,090,939,700). On 24 September 2019, the Company signed a contract for supplying the Rig PV DRILLING V with Brunei Shell Petroleum Company Sdn Bhd (BSP). The contract was signed for a period of 6 years, with 2 optional renewals for each time of 2 years, expected to start from Quarter III of 2021 to serve the drilling program of BSP in Brunei. In 2020, current drilling structure equipment of the drilling rig PV DRILLING V was dismantled for the reactivation of the drilling rig PV DRILLING V and assembly of new drilling structure equipment built by PVD Tech as stated in Note 1. Meanwhile, The Group is seeking for new drilling contracts to use the current drilling structure equipment.

As at 31 December 2020, the cost of the Group's tangible fixed assets which have been fully depreciated but are still in use is VND 1,508,389,203,220 (as at 31 December 2019: VND 1,151,798,871,181).

Depreciation charged for the year included VND 15,637,062,951 of depreciation of fixed assets constructed and purchased by Scientific and Technological Development Fund for the purpose of scientific and technological developmental researches (2019: VND 10,683,625,690).

Foreign exchange differences resulted from the translation of the subsidiaries and Algeria Branch's financial statements from historical cost of assets expressed in Vietnam Dong ("VND") and Algerian Dinar ("DZD") into United States Dollar ("USD") and translation of the Group's consolidated financial statements from USD to VND.

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### 11. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights	Computer software	Total
	VND	VND	VND
<b>COST</b>			
Opening balance	196,766,759,760	88,389,748,320	285,156,508,080
Additions	-	14,224,090,155	14,224,090,155
Foreign exchange differences	(520,376,715)	(318,720,515)	(839,097,230)
Closing balance	196,246,383,045	102,295,117,960	298,541,501,005
<b>ACCUMULATED AMORTISATION</b>			
Opening balance	35,730,179,760	80,726,485,600	116,456,665,360
Charge for the year	4,149,515,787	3,704,808,228	7,854,324,015
Foreign exchange differences	(117,853,332)	(308,441,298)	(426,294,630)
Closing balance	39,761,842,215	84,122,852,530	123,884,694,745
<b>NET BOOK VALUE</b>			
Opening balance	161,036,580,000	7,663,262,720	168,699,842,720
Closing balance	156,484,540,830	18,172,265,430	174,656,806,260

Foreign exchange differences resulted from the translation of the subsidiaries and Algeria Branch's financial statements from historical cost of assets expressed in Vietnam Dong ("VND") and Algerian Dinar ("DZD") into United States Dollar ("USD") and translation of the Group's consolidated financial statements from USD to VND.

As at 31 December 2020, the cost of the Group's intangible fixed assets which have been fully amortized but are still in use is VND 74,572,219,040 (as at 31 December 2019: VND 72,659,857,719).

### 12. CONSTRUCTION IN PROGRESS

	Closing balance	Opening balance
	VND	VND
ERP Project - Phase 3	15,080,484,695	9,293,893,200
Karota measurement software	-	14,224,094,480
New Drilling Equipment Set (DES)	188,408,516,980	-
Other construction works	13,355,600,860	4,525,439,440
	<b>216,844,602,535</b>	<b>28,043,427,120</b>

As mentioned in Note 22, the Group has pledged the Drilling Equipment Set (DES) formed in the future as the collateral for the loan at Tien Phong Commercial Joint Stock Bank ("TPBank").

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### 13. INVESTMENTS IN JOINT VENTURES

Summarised financial information of the Group's joint ventures is as follows:

Name of joint ventures	Registered charter capital	Ownership proportion	Contributed charter capital	Cost of investment	
				Closing balance	Opening balance
	USD	%	USD	VND	VND
BJ-PVD	5,000,000	49	2,450,000	48,039,113,955	48,039,113,955
PVD-Expro	6,371,352	51	3,249,390	59,528,570,997	59,528,570,997
PVD Tubulars	3,500,000	51	1,785,000	30,515,952,000	30,515,952,000
PVD-Baker Hughes	20,000,000	51	10,200,000	211,753,000,000	211,753,000,000
Vietubes	3,707,300	51	1,890,723	86,637,631,068	86,637,631,068
PVD-OSI	5,000,000	51	2,550,000	53,111,400,000	53,111,400,000

The value of the investment in joint ventures using the equity method of accounting as at balance sheet date was as follows:

	Closing balance	Opening balance
	VND	VND
BJ-PVD	80,267,069,950	74,611,569,280
PVD-Expro	68,762,861,145	63,350,349,040
PVD Tubulars	50,252,096,390	49,881,284,400
PVD-Baker Hughes	348,996,420,570	308,073,768,800
Vietubes	90,321,824,415	94,924,731,920
PVD-OSI	60,117,503,155	58,291,392,480
	<b>698,717,775,625</b>	<b>649,133,095,920</b>

The movement of Group's share in joint ventures' profit and investment value during the year was as follows:

	Opening balance	Shared profit/(loss)	Declared profit	Foreign exchange differences from translation	Closing balance
	VND	VND	VND	VND	VND
BJ-PVD	74,611,569,280	5,959,669,326	-	(304,168,656)	80,267,069,950
PVD-Expro	63,350,349,040	8,603,559,828	(3,191,064,387)	16,664	68,762,861,145
PVD Tubulars	49,881,284,400	556,989,909	-	(186,177,919)	50,252,096,390
PVD-Baker Hughes	308,073,768,800	198,909,849,897	(156,642,791,385)	(1,344,406,742)	348,996,420,570
Vietubes	94,924,731,920	(4,293,700,215)	-	(309,207,290)	90,321,824,415
PVD-OSI	58,291,392,480	6,671,354,217	(4,845,272,790)	29,248	60,117,503,155
	<b>649,133,095,920</b>	<b>216,407,722,962</b>	<b>(164,679,128,562)</b>	<b>(2,143,914,695)</b>	<b>698,717,775,625</b>

The Group has not assessed fair value of the investments in joint ventures as at the balance sheet date due to no specific guidance on determination of fair value.

According to the Resolution No.01/08/2018/NQ-HDQT dated 6 August 2018 and the Resolution No.05/12/2018/NQ-HDQT dated 28 December 2018, the Board of Directors has approved the restructuring plans of BJ-PVD Joint Venture. Accordingly, BJ-PVD would be dissolved upon expiry of the joint venture contract. As at the date of the VND-converted consolidated financial statements for the year ended 31 December 2020, BJ-PVD is conducting the dissolution procedures.

The significant transactions and balances between the Group and its joint ventures: see Note 42.

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### 14. LONG-TERM PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
Prepaid expenses for drilling campaign in Brunei (*)	54,610,709,985	-
Others	29,526,815,840	31,806,068,400
	<b>84,137,525,825</b>	<b>31,806,068,400</b>

(\*) According to Resolution No.01/04/2020/NQ-HDQT dated 3 April 2020, the Group will sublease the PV DRILLING V rig from PVD Deepwater to serve the drilling campaign of Brunei Shell Petroleum Company Sdn Bhd (BSP), is expected to start from the third quarter of 2021. Prepaid expenses for the drilling project in Brunei include the costs that the Corporation has taken to restart and prepare the rig PV DRILLING V.

### 15. DEFERRED TAX ASSETS

Deferred tax assets as at 31 December 2020 were derived from the temporary differences which were depreciation, accrued expenses, other provisions and unrealized foreign exchange differences from revaluation of cash and receivables.

	Depreciation, accrued expenses and other provisions	Unrealized foreign exchange differences	Total
	VND	VND	VND
Prior year's opening balance	106,951,565,418	(813,201,273)	106,138,364,145
Charge to income statement for the year	18,827,857,936	561,461,776	19,389,319,712
Foreign exchange differences from translation	(154,799,434)	(2,141,223)	(156,940,657)
<b>Prior year's closing balance</b>	<b>125,624,623,920</b>	<b>(253,880,720)</b>	<b>125,370,743,200</b>
Charge to income statement for the year	22,330,227,597	932,059,260	23,262,286,857
Foreign exchange differences from translation	(73,744,977)	(475,355,365)	(549,100,342)
<b>Current year's closing balance</b>	<b>147,881,106,540</b>	<b>202,823,175</b>	<b>148,083,929,715</b>

### 16. SHORT-TERM TRADE PAYABLES

	Closing balance	Opening balance
	VND	VND
	Amount	Amount able to be paid off
Oil States Industries (Asia) Pte.	181,901,981,775	181,901,981,775
Other suppliers	514,264,276,005	514,264,276,005
	<b>696,166,257,780</b>	<b>696,166,257,780</b>
		<b>836,474,987,680</b>

Short-term trade payables to related parties: see Note 42.

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### 17. TAXES AND AMOUNTS RECEIVABLE FROM/PAYABLE TO STATE BUDGET

Obligations to the State budget during the year of the Group are as follows:

	Opening balance	Additions	Paid	Foreign exchange differences	Closing balance
	VND	VND	VND	VND	VND
Value added tax	8,963,647,120	135,481,295,721	142,661,694,126	11,315,995	1,794,564,710
Import duties	1,641,520	21,428,750,808	21,430,394,529	2,201	-
Corporate income tax	11,091,635,040	43,080,862,464	37,965,023,937	288,903,473	16,496,377,040
Personal income tax	11,530,082,720	164,710,567,620	166,625,433,132	(34,016,273)	9,581,200,935
Others	16,811,592,400	305,406,070,467	305,291,611,923	(56,783,324)	16,869,267,620
	<b>48,398,598,800</b>	<b>670,107,547,080</b>	<b>673,974,157,647</b>	<b>209,422,072</b>	<b>44,741,410,305</b>
In which:					
Tax receivables from the State budget	(3,574,490,720)				(3,559,322,130)
Tax payables to the State budget	51,973,089,520				48,300,732,435

### 18. SHORT-TERM ACCRUED EXPENSES

	Closing balance	Opening balance
	VND	VND
Accrued expenses for operation of drilling rigs	86,513,816,425	201,152,901,200
Accrued expenses related to supply of goods and services	75,884,684,235	108,440,707,040
Accrued interest expenses	46,346,673,385	32,986,506,240
Accrued currency swap contract	26,523,074,875	16,063,498,560
Other expenses	48,394,323,640	58,147,054,320
	<b>283,662,572,560</b>	<b>416,790,667,360</b>

### 19. OTHER CURRENT PAYABLES

	Closing balance	Opening balance
	VND	VND
Profit shared to partners in Business Cooperation Contract ("BCC")	278,798,501,960	286,560,470,080
Other payables	54,547,455,875	48,025,626,960
	<b>333,345,957,835</b>	<b>334,586,097,040</b>

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### 20. SHORT-TERM LOANS

	Opening balance	In the year			Closing balance
	VND	VND	VND	VND	VND
	Amount	Increases	Decreases	Foreign exchange differences	Amount
Short-term loan	-	51,315,163,842	(13,470,548,256)	(293,442,321)	37,551,173,265
Current portion of long-term loans (see Note 22)	520,871,682,240	209,550,581,970	(130,686,376,356)	(2,389,526,689)	597,346,361,165
	<b>520,871,682,240</b>	<b>260,865,745,812</b>	<b>(144,156,924,612)</b>	<b>(2,682,969,010)</b>	<b>634,897,534,430</b>

The Group's short-term loan balance as at 31 December 2020 includes the current portion of long-term loans of PVD Deepwater for the purpose of financing the construction of PV DRILLING V Rig, which has been due but has not been paid by PVD Deepwater, with the principal amount of USD 16,885,473 (equivalent to VND 391,996,246,641), interest of USD 641,864 (equivalent to VND 14,900,865,794) and late payment interest of USD 427,144 (equivalent to VND 9,916,137,977) (as at 31 December 2019: the due but unpaid amounts are of USD 12,005,794 equivalent to VND 277,573,934,160 for the loan principal, USD 815,700 equivalent to VND 18,858,984,000 for loan interest and USD 222,134 equivalent to VND 5,135,738,080 for late payment interest).

In 2020, PVD Deepwater has sent official dispatches to banks including Vietcombank, MBBank, VietinBank and OceanBank to request a temporary delay of recovery of principal, interest and disposal of collaterals.

### 21. SHORT-TERM PROVISIONS

	Provision for overhaul cost of fixed assets	Provision for severance allowance	Total
	VND	VND	VND
Opening balance	435,390,568,640	25,274,113,520	460,664,682,160
Used during the year	(75,957,967,980)	(1,143,844,608)	(77,101,812,588)
Reclassify from long-term provision	87,201,343,734	-	87,201,343,734
Charge for the year	60,036,238,146	287,535,420	60,323,773,566
Foreign exchange differences	(1,876,677,680)	(86,279,357)	(1,962,957,037)
<b>Closing balance</b>	<b>504,793,504,860</b>	<b>24,331,524,975</b>	<b>529,125,029,835</b>

### 22. LONG-TERM LOANS

	Closing balance			Opening balance
	VND	VND	VND	VND
Long-term loans	3,827,880,284,500			3,751,004,937,760
Current portion of long-term loans (Note 20)	(597,346,361,165)			(520,871,682,240)
	<b>3,230,533,923,335</b>			<b>3,230,133,255,520</b>

	Opening balance	During the year			Closing balance
	VND	VND	VND	VND	VND
	Amount	Increases	Decreases	Foreign exchange differences	Amount
Long-term loans	3,230,133,255,520	222,395,821,716	(209,550,581,970)	(12,444,571,931)	3,230,533,923,335
	<b>3,230,133,255,520</b>	<b>222,395,821,716</b>	<b>(209,550,581,970)</b>	<b>(12,444,571,931)</b>	<b>3,230,533,923,335</b>



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Details of the long-term loans are as follows:

	Closing balance	Opening balance
	VND	VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam ("Vietcombank")	50,127,730,425	50,312,703,600
Military Joint Stock Commercial Bank ("MBBank"), and Vietnam Joint Stock Commercial Bank for Industry and Trade ("Vietinbank")	250,387,202,065	251,290,632,640
Military Joint Stock Commercial Bank ("MBBank") and Ocean Commercial One Member Limited Liability Bank ("OceanBank")	88,441,938,065	88,788,799,520
Southeast Asia Commercial Joint Stock Bank ("Seabank") and Joint Stock Commercial Bank for Foreign Trade of Vietnam ("Vietcombank")	3,214,374,548,345	3,352,817,685,920
Military Joint Stock Commercial Bank ("MBBank")	3,877,366,375	7,795,116,080
Tien Phong Commercial Joint Stock Bank ("TPBank")	220,671,499,225	-
	<b>3,827,880,284,500</b>	<b>3,751,004,937,760</b>

Supplemental information for the Group's long-term loans are as follows:

Name of bank	Purpose of financing	Interest rate %	Form of collaterals	Closing balance	Currency
Vietcombank	PV DRILLING V	LIBOR 6 months + margin	Guaranteed by value of PV DRILLING V and revenue from capital contribution in BCC	2,176,155	USD
MBBank and Vietinbank	PV DRILLING V	LIBOR 6 months + margin	Guaranteed by value of PV DRILLING V and revenue from capital contribution in BCC	10,869,859	USD
MBBank and OceanBank	PV DRILLING V	LIBOR 6 months + margin	Guaranteed by value of PV DRILLING V and revenue from capital contribution in BCC	3,839,459	USD
Seabank and Vietcombank	PV DRILLING VI	LIBOR 3 months + 3%	Guaranteed by value of PV DRILLING VI with corresponding loan proportion	139,543,067	USD
MBBank	Purchasing machinery and equipment	24 months saving deposit + margin	Formed assets from project	168,325	USD
TPBank	Purchasing fixed asset	LIBOR 3 months +3.8%/year, minimum of 4.8%/year	Fixed asset formed in the future	9,579,835	USD

Long-term loans are repayable as follows:

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	Closing balance	Opening balance
	VND	VND
Within one year	597,346,361,165	520,871,682,240
In the second year	234,418,879,365	190,707,146,480
In the third to fifth year inclusive	692,660,538,095	588,635,200,000
After five years	2,303,454,505,875	2,450,790,909,040
	<b>3,827,880,284,500</b>	<b>3,751,004,937,760</b>
Less: Amount due for settlement within 12 months (shown under current liabilities)	(597,346,361,165)	(520,871,682,240)
<b>Amount due for settlement after 12 months</b>	<b>3,230,533,923,335</b>	<b>3,230,133,255,520</b>

### 23. LONG-TERM PROVISIONS

	Provision for overhaul cost of fixed assets
	VND
Opening balance	168,530,719,920
Used during the year	-
Charge for the year	73,646,433,234
Reclassify to short-term provision	(87,201,343,734)
Foreign exchange differences	(551,680,235)
<b>Closing balance</b>	<b>154,424,129,185</b>

### 24. SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT FUND

According to the Group's Charter, the Group is permitted to appropriate profit to the Scientific and Technological Development Fund with the amount appropriated does not exceed 10% of taxable profit.

Movement of fund providing and using during the year is as follows:

	Available	The carrying value of assets formed from the fund	VND Total
<b>Prior year's opening balance</b>	<b>159,649,027,140</b>	<b>84,035,188,410</b>	<b>243,684,215,550</b>
Increase in the year	14,208,002,861	5,138,165,147	19,346,168,008
- Provision	14,208,002,861	-	14,208,002,861
- Forming fixed assets	-	5,138,165,147	5,138,165,147
Decrease in the year	(65,855,416,958)	(10,683,625,690)	(76,539,042,648)
- Fund usage	(5,376,990,266)	-	(5,376,990,266)
- Reversal of unused fund	(60,478,426,692)	-	(60,478,426,692)
- Depreciation of fixed assets	-	(10,683,625,690)	(10,683,625,690)
Foreign exchange differences on conversion	(59,128,825)	(2,185,394,725)	(2,244,523,550)
<b>Current year's opening balance</b>	<b>107,942,484,218</b>	<b>76,304,333,142</b>	<b>184,246,817,360</b>
Increase in the year	20,937,125,719	5,866,250,000	26,803,375,719
- Provision	20,937,125,719	-	20,937,125,719
- Forming fixed assets	-	5,866,250,000	5,866,250,000
Decrease in the year	(40,866,044,887)	(15,637,062,951)	(56,503,107,838)
- Fund usage	(6,550,176,959)	-	(6,550,176,959)
<b>+ Holding</b>	<b>(6,051,651,578)</b>	-	<b>(6,051,651,578)</b>
<b>+ Subsidiaries</b>	<b>(498,525,381)</b>	-	<b>(498,525,381)</b>
- Reversal of unused fund (*)	(34,315,867,928)	-	(34,315,867,928)
- Depreciation of fixed assets	-	(15,637,062,951)	(15,637,062,951)
Foreign exchange differences on conversion	(38,686,718)	(270,299,998)	(308,986,716)
<b>Current year's closing balance</b>	<b>87,974,878,332</b>	<b>66,263,220,193</b>	<b>154,238,098,525</b>

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(\*) In 2020, the Group has reverted the unused Scientific and Technological Development Fund accrued in 2015 but unused after 5 years in accordance with regulations at PVD Well and PVD Deepwater with the amount of VND 34,315,867,928, equivalent to USD 1,482,242 (2019: VND 60,478,426,692, equivalent to USD 2,609,528). The revert amount in the year is determined based on the amount of Vietnam Dong that the Group has declared on the corporate income tax finalization declaration with the tax department at the year of making the Fund appropriation.

### 25. OWNERS' EQUITY

#### Charter Capital

According to the 15th amendment of the Business Registration Certificate, the Group's charter capital as at 31 December 2020 is VND 4,215,457,890,000, equivalent to USD 213,404,459. The number of shares which has been approved and issued by the Group was as below:

	Closing balance		Opening balance	
	Number of shares	VND	Number of shares	VND
<b>Authorized share capital</b>	<b>421,545,789</b>	<b>4,215,457,890,000</b>	<b>421,545,789</b>	<b>4,215,457,890,000</b>
<b>Issued share capital</b>				
Ordinary shares	421,545,789	4,215,457,890,000	421,545,789	4,215,457,890,000
	<b>421,545,789</b>	<b>4,215,457,890,000</b>	<b>421,545,789</b>	<b>4,215,457,890,000</b>
<b>Treasury shares</b>				
Ordinary shares	(416,000)	(4,160,000,000)	(416,000)	(4,160,000,000)
	<b>(416,000)</b>	<b>(4,160,000,000)</b>	<b>(416,000)</b>	<b>(4,160,000,000)</b>
<b>Shares currently in circulation</b>				
Ordinary shares	421,129,789	4,211,297,890,000	421,129,789	4,211,297,890,000
	<b>421,129,789</b>	<b>4,211,297,890,000</b>	<b>421,129,789</b>	<b>4,211,297,890,000</b>

Ordinary shares have a par value of VND 10,000. The Group has only one class of ordinary shares which carry no right to fixed dividend. Ordinary shareholders will receive dividends at the time of declaration and be entitled to a voting right for each owned share at the shareholders' meeting. All shares rank equally with regard to the Group's residual assets.

Petrovietnam, the founding shareholder and the main shareholder of the Group, currently holds 212,497,404 shares, equivalent to 50.4% as at 31 December 2020 and as at 31 December 2019 of total issued share capital of the Group.

Movement in owners' equity during the year were as follows:

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	Owner's contributed capital		Share premium		Treasury shares		Foreign exchange reserve		Investment and development fund		Retained earnings		Non-controlling interests		Total		
	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	
Prior year's opening balance	3,832,661,600,000	2,434,086,374,663	-	-	(20,948,559,850)	1,588,670,641,533	1,682,855,546,504	-	1,588,670,641,533	4,075,876,050,943	256,974,118,872	13,850,175,772,665	-	-	-	-	
Dividends declared	-	-	-	-	-	-	-	-	-	-	(2,792,342,000)	(2,792,342,000)	-	-	-	-	
Capital increase	382,796,290,000	-	-	-	-	-	-	-	-	(382,796,290,000)	-	-	-	-	-	-	
Foreign exchange differences	-	-	-	-	-	-	984,394,979	-	-	(103,851,656)	180,007,992	1,060,551,315	-	-	-	-	
Profit for the year	-	-	-	-	-	-	-	-	-	172,172,835,328	-	172,172,835,328	-	-	-	-	
Funds appropriation	-	-	-	-	-	15,264,621,345	-	-	15,264,621,345	(72,215,123,946)	(667,422,448)	(57,617,925,049)	-	-	-	-	
Allocation to NCI	-	-	-	-	-	-	-	-	-	6,825,824,260	(6,825,824,260)	-	-	-	-	-	
Distributions to BCC (Note 26)	-	-	-	-	-	-	-	-	-	5,462,972,861	-	5,462,972,861	-	-	-	-	
<b>Current year's opening balance</b>	<b>4,215,457,890,000</b>	<b>2,434,086,374,663</b>	<b>(20,948,559,850)</b>	<b>1,683,839,941,483</b>	<b>1,603,935,262,878</b>	<b>1,603,935,262,878</b>	<b>1,683,839,941,483</b>	<b>1,603,935,262,878</b>	<b>3,805,222,417,790</b>	<b>246,868,538,156</b>	<b>13,968,461,865,120</b>	<b>13,968,461,865,120</b>	<b>(2,792,342,000)</b>	<b>(45,900,878,986)</b>	<b>183,824,148,975</b>	<b>(68,398,231,302)</b>	<b>-</b>
Dividends declared	-	-	-	-	-	-	-	-	-	-	(315,478,677)	(315,478,677)	-	-	-	-	
Foreign exchange differences	-	-	-	(45,837,445,246)	-	-	-	-	-	252,044,937	252,044,937	(45,900,878,986)	-	-	-	-	
Profit for the year	-	-	-	-	-	-	-	-	-	183,824,148,975	-	183,824,148,975	-	-	-	-	
Funds appropriation	-	-	-	-	-	1,985,741,769,472	-	-	1,985,741,769,472	(2,053,457,416,690)	(682,584,084)	(68,398,231,302)	-	-	-	-	
Allocation to NCI	-	-	-	-	-	-	-	-	-	(4,152,733,776)	4,152,733,776	-	-	-	-	-	
Distributions to BCC (Note 26)	-	-	-	-	-	-	-	-	-	6,822,784,908	-	6,822,784,908	-	-	-	-	
<b>Current year's closing balance</b>	<b>4,215,457,890,000</b>	<b>2,434,086,374,663</b>	<b>(20,948,559,850)</b>	<b>1,638,002,496,237</b>	<b>3,589,677,032,350</b>	<b>1,638,002,496,237</b>	<b>1,638,002,496,237</b>	<b>1,638,002,496,237</b>	<b>1,937,943,722,530</b>	<b>247,798,390,785</b>	<b>14,042,017,346,715</b>	<b>14,042,017,346,715</b>	<b>(2,792,342,000)</b>	<b>(45,900,878,986)</b>	<b>183,824,148,975</b>	<b>(68,398,231,302)</b>	<b>6,822,784,908</b>

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These notes are an integral part of and should be read in conjunction with the accompanying VND-converted consolidated financial statements

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Foreign exchange differences represent the differences from the translation of financial statements of the subsidiaries, branches in Algeria and Malaysia from VND, Algeria Dinar and Malaysian Ringgit into US Dollar respectively.

According to Resolution No.01/2020/NQ-DHDCD dated 18 June 2020, the Group has approved the plan to pay dividends in 2019 by shares at rate of 10% of charter capital from retained earnings at an appropriate time in Quarter 3 or Quarter 4 in 2020. According to Resolution No.04/12/2020/NQ-HDQT dated 28 December 2020, the above dividend payment is extended and will be paid in 2021. Besides, this Resolution also approves the transfer of an additional VND 1,968 billion, equivalent to USD 84,463,498 from retained earnings to the Investment and Development Fund.

In 2020, the Group has distributed the Bonus and Welfare Fund, Investment and Development Fund from profit after tax as prescribed.

Detailed movement in foreign exchange differences as follows:

	Foreign exchange difference from translation of overseas branches' operation	Foreign exchange difference from translation of subsidiaries' financial statements	Total
	VND	VND	VND
Prior year's opening balance	(61,949,556,111)	1,744,805,102,615	1,682,855,546,504
Additions in the year	14,370,997,256	(13,386,602,277)	984,394,979
Current year's opening balance	(47,578,558,855)	1,731,418,500,338	1,683,839,941,483
Additions in the year	(15,290,726,178)	(30,546,719,068)	(45,837,445,246)
<b>Closing balance</b>	<b>(62,869,285,033)</b>	<b>1,700,871,781,270</b>	<b>1,638,002,496,237</b>

## 26. NON-CONTROLLING INTERESTS AND INTERESTS OF PARTNERS IN BUSINESS COOPERATION CONTRACT

Non-controlling interests ("NCI") and interests of partners in business cooperation contract ("BCC") represent the other shareholders' portion in the operating result of PVD Training and PVD Overseas and interest of partners in the business cooperation contract with the following details:

	Current year	Prior year
	VND	VND
Profit/(loss) of NCI in PVD Training and PVD Overseas (*)	4,152,733,776	(6,825,824,260)
Loss in BCC interests (**)	(6,822,784,908)	(5,462,972,861)
	<b>(2,670,051,132)</b>	<b>(12,288,797,121)</b>

(\*) Detail of NCI in PVD Training and PVD Overseas

The rates of the NCI in PVD Training and PVD Overseas as at 31 December 2020 and 31 December 2019 were calculated as follows:

	PVD Training	PVD Overseas
	VND	USD
Charter capital of subsidiaries	28,958,670,000	66,698,050
Including:		
<i>Distributed capital to the Company</i>	<i>14,996,960,000</i>	<i>54,400,000</i>
<i>Distributed capital to the non-controlling interests</i>	<i>13,961,710,000</i>	<i>12,298,050</i>
<b>Share of the non-controlling interests</b>	<b>48,21%</b>	<b>18,44%</b>

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NCI in net assets as at 31 December 2020 and 31 December 2019 were as follows:

	Closing balance	Opening balance
	VND	VND
<b>Non-controlling interests</b>	<b>247,798,390,785</b>	<b>246,868,538,156</b>
Details as follows:		
<i>PVD Training</i>		
Charter capital	13,961,710,000	13,961,710,000
Share premium	150,655,698	150,655,698
Other funds	8,855,174,165	8,172,573,896
Retained earnings	21,007,423,083	20,614,297,159
<i>PVD Overseas</i>		
Contributed capital	263,191,917,150	263,191,917,150
Foreign exchange differences from conversion	(2,897,965,104)	(3,150,034,079)
Accumulated losses	(56,470,524,207)	(56,072,581,668)

NCI in operating result:

	Current year	Prior year
	VND	VND
Profit/(loss) for the year	7,280,549,631	(51,922,212,544)
Non-controlling profit/(loss) in operating result	4,152,733,776	(6,825,824,260)

(\*\*) Details of interests of partners in BCC

The Group and its partners in BCC including Petrovietnam, Military Joint-Stock Commercial Bank ("MBBank") and Ocean Joint-Stock Commercial Bank ("OceanBank") have cooperated in financing and operating the Tender Assist Drilling Rig project ("TAD" or "PV DRILLING V") for the period of 17 years since 10 September 2009. According to BCC, PVD Deepwater has been authorised to manage and operate the project as well as accounted for its result as a base for profit/(loss) shared to all partners corresponding to capital contribution percentage in BCC.

Percentage of capital contribution of all partners in BCC as follows:

	Percentage
	%
Capital contribution of Petrovietnam	23,00
Capital contribution of the Group	62,43
Capital contribution of MBBank	9,71
Capital contribution of OceanBank	4,86

The financial portion of BCC was presented in the VND-converted consolidated financial statements of the Group as follows:

	Closing balance	Opening balance
	VND	VND
Total Assets	2,916,806,171,742	2,931,305,517,672
<i>In which: Net book value of PV DRILLING V rig</i>	<i>2,813,090,939,700</i>	<i>2,813,090,939,700</i>

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These notes are an integral part of and should be read in conjunction with the accompanying VND-converted consolidated financial statements

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The actual contributed capital of other partners (Petrovietnam, MBBank and OceanBank) in BCC in order to finance and operate "TAD" project was recognized as other long-term payables. The other long-term payables as at 31 December 2020 and 31 December 2019 were as follows:

	Closing balance	Opening balance
	VND	VND
Petrovietnam	278,173,894,859	278,173,894,859
MBBank	133,229,238,748	133,229,238,748
OceanBank	68,756,768,760	68,756,768,760
Foreign exchange difference from translation	(3,722,966,242)	(2,067,872,847)
	<b>476,436,936,125</b>	<b>478,092,029,520</b>

The business performance and the loss distribution based on the proportions of their capital contribution as at 31 December 2020 and 31 December 2019 as follows:

	Current year	Prior year
	VND	VND
Net revenue	18,294,661,990	17,431,540,254
Cost of sales	30,262,251,027	33,669,005,581
General and administration expenses	1,706,413,678	2,197,268,319
Financial expenses	14,908,498,393	23,357,557,629
Financial income	105,960,622	3,272,589,309
Other profit	10,947,757,667	25,809,746,180
Net loss	(17,528,782,819)	(12,709,955,786)
Adjustment for expenses not subject to BCC	(631,440,913)	(1,830,829,045)
Net loss distributed to BCC parties	(18,160,223,732)	(14,540,784,831)
<i>Shared loss as the percentage of capital contribution</i>		
The Group	(11,337,438,824)	(9,077,811,970)
Other BCC parties:	(6,822,784,908)	(5,462,972,861)
<i>Petrovietnam</i>	<i>(4,176,851,458)</i>	<i>(3,344,380,511)</i>
<i>MBBank</i>	<i>(1,763,357,724)</i>	<i>(1,411,910,207)</i>
<i>OceanBank</i>	<i>(882,575,726)</i>	<i>(706,682,143)</i>

Until the date of the VND-converted consolidated financial statements, the report of business activities of BCC for the year end 31 December 2020 has not yet been verified and settled between partners in BCC. Therefore, the Group just temporarily recorded the business performance and the profit distributions to partners in BCC based on the proportions of their capital contributions.

### 27. OFF BALANCE SHEET ITEMS

#### Operating lease assets

Minimum lease payment in the future under non-cancellable operating leases is under the terms described in Note 40.

## NOTES TO THE VND-CONVERTED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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### Foreign currencies

	Closing balance	Opening balance
Vietnam Dong ("VND")	2,435,065,418,798	1,399,560,573,305
Euro ("EUR")	13,072	6,332
British Pound ("GBP")	2,775	3,868
Myanmar Kyat ("MMK")	1,342,675	1,342,675
Singapore Dollar ("SGD")	34,162	36,825
Algerian Dinar ("DZD")	3,812,471	3,441,425
Baht Thai ("THB")	2,259	2,243
Malaysia Ringgit ("MYR")	44,655	1,134,097

### 28. BUSINESS AND GEOGRAPHICAL SEGMENTS

#### Business segments

For management purposes, the Group is currently organized into three operating divisions - drilling services, trading and other services. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

- Drilling services: providing drilling rigs and drilling services.
- Trading: provide material and equipment for drilling activities.
- Other services: provide well services, wire line logging, oil spill control service, drilling manpower supply service, investment-management project consulting service, management consulting service and other related services in the oil and gas industry.

Segment information about the Group's business is presented below:

#### Balance sheet As at 31 December 2020

	Drilling services	Trading	Other services	Total
	VND	VND	VND	VND
<b>Assets</b>				
Segment assets	18,488,876,322,125	621,520,718,335	1,745,793,165,200	20,856,190,205,660
Unallocated assets	-	-	-	-
<b>Consolidated assets</b>				<b>20,856,190,205,660</b>
<b>Liabilities</b>				
Segment liabilities	5,593,388,207,835	364,838,695,750	855,945,955,360	6,814,172,858,945
Unallocated liabilities	-	-	-	-
<b>Consolidated liabilities</b>				<b>6,814,172,858,945</b>

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### Income statement For the year ended 31 December 2020

	Drilling services	Trading	Other services	Total
	VND	VND	VND	VND
Gross revenue	3,076,172,479,431	327,612,046,647	1,824,854,308,245	5,228,638,834,323
Net revenue	3,076,172,479,431	327,612,046,647	1,824,854,308,245	5,228,638,834,323
Cost of sales	3,143,805,648,774	307,562,215,701	1,448,475,976,554	4,899,843,841,029
(Loss)/gross profit	(67,633,169,343)	20,049,830,946	376,378,331,691	328,794,993,294
Financial income				157,249,532,793
Financial expenses				201,037,635,156
Selling expenses				16,370,720,328
General and administration expenses				311,282,604,552
Operating loss				(42,646,433,949)
Other income				79,717,991,343
Other expenses				49,836,555,774
Profit from other activities				29,881,435,569
Accounting profit before tax				(12,764,998,380)
Income from investments in joint ventures				216,407,722,962
Current corporate income tax expense				43,080,862,464
Deferred corporate tax expense				(23,262,286,857)
<b>Net profit after corporate income tax</b>				<b>183,824,148,975</b>

### Balance sheet As at 31 December 2019

	Drilling services	Trading	Other services	Total
	VND	VND	VND	VND
<b>Assets</b>				
Segment assets	19,040,430,060,560	551,389,550,480	1,299,907,781,200	20,891,727,392,240
Unallocated assets	-	-	-	-
<b>Consolidated assets</b>				<b>20,891,727,392,240</b>
<b>Liabilities</b>				
Segment liabilities	5,953,764,301,840	287,956,686,880	681,544,538,400	6,923,265,527,120
Unallocated liabilities	-	-	-	-
<b>Consolidated liabilities</b>				<b>6,923,265,527,120</b>

## NOTES TO THE VND-CONVERTED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the accompanying VND-converted consolidated financial statements

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Unit: VND

### Income statement For the year ended 31 December 2019

	Drilling services	Trading	Other services	Total
	VND	VND	VND	VND
Gross revenue	2,175,759,148,664	424,610,416,176	1,767,703,326,112	4,368,072,890,952
Net revenue	2,175,759,148,664	424,610,416,176	1,767,703,326,112	4,368,072,890,952
Cost of sales	2,067,353,269,608	394,647,880,800	1,455,902,136,288	3,917,903,286,696
Gross profit	108,405,879,056	29,962,535,376	311,801,189,824	450,169,604,256
Financial income				165,124,944,200
Financial expenses				241,356,185,032
Selling expenses				16,932,455,128
General and administration expenses				396,634,527,520
Operating loss				(39,628,619,224)
Other income				130,191,713,048
Other expenses				12,241,006,976
Profit from other activities				117,950,706,072
Accounting profit before tax				78,322,086,848
Income from investments in joint ventures				110,630,844,584
Current corporate income tax expense				36,169,415,816
Deferred corporate tax income				(19,389,319,712)
<b>Net profit after corporate income tax</b>				<b>172,172,835,328</b>

### Geographical segments

For the year ended 31 December 2020, the Group is operating in geographical areas of Vietnam, Algeria, Myanmar, Malaysia and Brunei. Segment information about the Group's geographical operation is presented below:

### Balance sheet As at 31 December 2020

	Vietnam	Malaysia	Cambodia	Brunei	Myanmar	Algeria	Total
	VND	VND	VND	VND	VND	VND	VND
<b>Assets</b>							
Segment assets	17,500,728,977,410	326,463,145,905	2,962,399,152,135	5,183,750,330	1,396,496,875	60,018,683,005	20,856,190,205,660
Unallocated assets	-	-	-	-	-	-	-
<b>Consolidated assets</b>							<b>20,856,190,205,660</b>
<b>Liabilities</b>							
Segment liabilities	6,675,185,704,115	26,060,186,550	58,968,816,810	5,183,750,330	1,188,652,070	47,585,749,070	6,814,172,858,945
Unallocated liabilities	-	-	-	-	-	-	-
<b>Consolidated liabilities</b>							<b>6,814,172,858,945</b>

## NOTES TO THE VND-CONVERTED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the accompanying VND-converted consolidated financial statements

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Unit: VND

### Income statement For the year ended 31 December 2020

	Vietnam	Malaysia	Cambodia	Brunei	Myanmar	Algeria	Total
	VND	VND	VND	VND	VND	VND	VND
Gross revenue	4,032,903,320,262	1,056,584,414,424	136,218,330,957	-	-	2,932,768,680	5,228,638,834,323
Net revenue	4,032,903,320,262	1,056,584,414,424	136,218,330,957	-	-	2,932,768,680	5,228,638,834,323
Cost of sales	3,795,970,267,965	954,472,715,442	122,735,558,973	-	-	26,665,298,649	4,899,843,841,029
Gross profit/(loss)	236,933,052,297	102,111,698,982	13,482,771,984	-	-	(23,732,529,969)	328,794,993,294
Financial income							157,249,532,793
Financial expenses							201,037,635,156
Selling expenses							16,370,720,328
General and administration expenses							311,282,604,552
Operating gain							(42,646,433,949)
Other income							79,717,991,343
Other expenses							49,836,555,774
Profit from other activities							29,881,435,569
Accounting profit before tax							(12,764,998,380)
Income from investments in joint ventures							216,407,722,962
Current corporate income tax expense							43,080,862,464
Deferred corporate tax income							(23,262,286,857)
<b>Net profit after corporate income tax</b>							<b>183,824,148,975</b>

### Balance sheet As at 31 December 2019

	Vietnam	Malaysia	Cambodia	Brunei	Myanmar	Algeria	Total
	VND	VND	VND	VND	VND	VND	VND
<b>Assets</b>							
Segment assets	9,499,247,167,040	11,319,229,360,400	-	-	1,667,530,000	71,583,334,800	20,891,727,392,240
Unallocated assets	-	-	-	-	-	-	-
<b>Consolidated assets</b>							<b>20,891,727,392,240</b>
<b>Liabilities</b>							
Segment liabilities	3,284,267,764,480	3,598,884,655,120	-	-	1,373,027,440	38,740,080,080	6,923,265,527,120
Unallocated liabilities	-	-	-	-	-	-	-
<b>Consolidated liabilities</b>							<b>6,923,265,527,120</b>

## NOTES TO THE VND-CONVERTED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the accompanying VND-converted consolidated financial statements

FORM B 09-DN/HN

Unit: VND

### Income statement For the year ended 31 December 2019

	Vietnam	Malaysia	Cambodia	Brunei	Myanmar	Algeria	Total
	VND	VND	VND	VND	VND	VND	VND
Gross revenue	3,003,786,154,768	1,337,761,618,776	-	-	-	26,525,117,408	4,368,072,890,952
Net revenue	3,003,786,154,768	1,337,761,618,776	-	-	-	26,525,117,408	4,368,072,890,952
Cost of sales	2,615,597,726,456	1,265,581,426,864	-	-	-	36,724,133,376	3,917,903,286,696
Gross profit/(loss)	388,188,428,312	72,180,191,912	-	-	-	(10,199,015,968)	450,169,604,256
Financial income							165,124,944,200
Financial expenses							241,356,185,032
Selling expenses							16,932,455,128
General and administration expenses							396,634,527,520
Operating loss							(39,628,619,224)
Other income							130,191,713,048
Other expenses							12,241,006,976
Profit from other activities							117,950,706,072
Accounting profit before tax							78,322,086,848
Income from investments in joint ventures							110,630,844,584
Current corporate income tax expense							36,169,415,816
Deferred corporate tax expense							(19,389,319,712)
<b>Net profit after corporate income tax</b>							<b>172,172,835,328</b>

### 29. NET REVENUE FROM GOODS SOLD AND SERVICES RENDERED

	Current year	Prior year
	VND	VND
Sales of trading	327,612,046,647	424,610,416,176
Sales of drilling services	3,076,172,479,431	2,175,759,148,664
Sales of technical and other services	1,824,854,308,245	1,767,703,326,112
	<b>5,228,638,834,323</b>	<b>4,368,072,890,952</b>

Sales transactions with related parties: see Note 42.

### 30. COST OF GOODS SOLD AND SERVICES RENDERED

	Current year	Prior year
	VND	VND
Cost of trading	307,562,215,701	394,647,880,800
Cost of drilling services	3,143,805,648,774	2,067,353,269,608
Cost of technical and other services	1,448,475,976,554	1,455,902,136,288
	<b>4,899,843,841,029</b>	<b>3,917,903,286,696</b>

## NOTES TO THE VND-CONVERTED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the accompanying VND-converted consolidated financial statements

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Unit: VND

### 31. COSTS BY NATURE

	Current year	Prior year
	VND	VND
Raw materials and consumables	572,035,512,390	785,214,259,416
Labour	1,697,435,927,049	1,630,077,563,424
Depreciation and amortisation	488,324,043,000	590,640,939,400
Rigs rental expenses	1,366,292,218,503	237,349,817,586
Out-sourced services	933,167,382,615	894,461,359,598
Additional provision	46,517,903,590	17,144,561,880
Other expenses	123,724,178,762	176,581,768,040
	<b>5,227,497,165,909</b>	<b>4,331,470,269,344</b>

### 32. FINANCIAL INCOME

	Current year	Prior year
	VND	VND
Interest income	109,719,603,753	111,435,051,784
Foreign exchange gain	47,529,929,040	50,662,017,544
Others	-	3,027,874,872
	<b>157,249,532,793</b>	<b>165,124,944,200</b>

### 33. FINANCIAL EXPENSES

	Current year	Prior year
	VND	VND
Interest expense	118,896,544,398	158,277,757,232
Foreign exchange loss	42,746,747,232	45,963,755,648
Accrued currency swap contract	39,394,343,526	33,707,800,152
Other financial expenses	-	3,406,872,000
	<b>201,037,635,156</b>	<b>241,356,185,032</b>

### 34. GENERAL AND ADMINISTRATION EXPENSES

	Current year	Prior year
	VND	VND
Labour	257,286,045,588	236,919,487,472
Depreciation and amortisation	11,948,879,328	13,412,113,432
Out-sourced services	85,645,550,232	79,738,233,152
(Reversal)/Addition of provision	(107,172,515,455)	561,809,416
Other expenses	63,574,644,859	66,002,884,048
	<b>311,282,604,552</b>	<b>396,634,527,520</b>

## NOTES TO THE VND-CONVERTED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the accompanying VND-converted consolidated financial statements

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### 35. OTHER INCOME

	Current year	Prior year
	VND	VND
Disposal of fixed assets	353,631,525	1,194,467,864
Reversal of Scientific and Technological Development Fund	34,315,867,928	60,478,426,692
Proceeds from compensation	40,118,228,994	-
Reversal of advanced payment of tax in Malaysia branch	-	59,990,867,416
Others	4,930,262,896	8,527,951,076
	<b>79,717,991,343</b>	<b>130,191,713,048</b>

### 36. OTHER EXPENSES

	Current year	Prior year
	VND	VND
Compensation	47,934,492,765	152,080,912
Others	1,902,063,009	12,088,926,064
	<b>49,836,555,774</b>	<b>12,241,006,976</b>

### 37. CURRENT CORPORATE INCOME TAX EXPENSE

	Current year	Prior year
	VND	VND
<b>Current corporate income tax expense</b>		
Corporate income tax expense based on taxable profit in the current year	43,547,100,453	38,057,309,600
Adjustments for corporate income tax expense in previous years to the current year	(466,237,989)	(1,887,893,784)
<b>Total current corporate income tax expense</b>	<b>43,080,862,464</b>	<b>36,169,415,816</b>

The current corporate income tax expense for the year was computed as follows:

	Current year	Prior year
	VND	VND
Profit before tax	203,642,724,582	188,952,931,432
Adjustments for taxable profit		
<i>Less: non-taxable income</i>	<i>326,536,428,036</i>	<i>454,600,554,168</i>
<i>Add back: non-deductible expenses</i>	<i>26,942,022,552</i>	<i>300,770,850,736</i>
Tax loss utilized	-	104,211,092,584
<b>Taxable loss</b>	<b>(95,951,680,902)</b>	<b>(69,087,864,584)</b>
<i>Current corporate income tax</i>	<i>40,116,608,424</i>	<i>31,616,397,912</i>
<i>Corporate income tax expense on reversal of Scientific and Technological development fund</i>	<i>3,430,492,029</i>	<i>6,440,911,688</i>
<b>Corporate income tax expense based on taxable profit in the current year</b>	<b>43,547,100,453</b>	<b>38,057,309,600</b>

## NOTES TO THE VND-CONVERTED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the accompanying VND-converted consolidated financial statements

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For the year ended 31 December 2020, in accordance with Law on Corporate Income Tax ("CIT"), applicable CIT rate is 20% of taxable income of the Group (2019: 20%), except for the incentives as follows:

- PVD Training is obliged to pay CIT at the rate of 10% of its taxable income from training over its operating period and 20% of its taxable income from other activities.
- PVD Deepwater is obliged to pay CIT at the rate 10% for 15 years from taxable income generated by PV Drilling V (2011). PVD Deepwater is entitled to CIT exemption for 4 years from the first profit-making year (from 2012 to 2015) and a reduction of 50% for the following 9 years (from 2016 to 2024).

In 2020, the Group recorded additional CIT expense of VND 3,430,492,029 (2019: VND 6,440,913,862) for income arising from reversal of unused Scientific and Technological Development Fund in 2015.

The Group's tax reports are subject to examination by the tax authorities. As the application of tax laws and regulations for many types of transactions is susceptible to varying interpretations, the amounts reported in the consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

At the balance sheet date, the Company has unused tax losses of VND 1,252,978,529,691 (2019: VND 1,062,613,338,085) available for offset against future profits. No deferred tax asset has been recognized due to the uncertainty of future profits. These losses can be carried forward for a maximum period of five years from the year it was incurred.

The above tax loss figures are originally in Vietnam Dong based on the annual tax declaration results. The utilization shall be subject to the foreign exchange difference over time.

The benefits from the Company's tax losses carried forward expire according to the following schedule:

	Tax losses		
	The Company	PVD Deepwater	Total
	VND	VND	VND
2021	268,546,010,590	-	268,546,010,590
2022 (*)	461,276,407,062	124,072,960,309	585,349,367,371
2023 (*)	148,896,518,946	30,282,706,585	179,179,225,531
2024 (*)	-	29,538,734,593	29,538,734,593
2025	174,988,078,626	15,377,107,952	190,365,186,578
	<b>1,053,707,015,224</b>	<b>199,271,509,439</b>	<b>1,252,978,524,663</b>

(\*) PVD Deepwater Company's taxable losses for the fiscal year ended 31 December 2017, the fiscal year ended 31 December 2018, the fiscal year ended 31 December 2019 due in the year 2022, 2023 and 2024 have been adjusted according to Decree No.68/2020/ND-CP dated 24 June 2020 by the Government as follows:

	Reported amount	Adjusted amount	Restated amount
		VND	VND
2022	112,068,476,435	12,004,483,874	124,072,960,309
2023	29,013,252,357	1,269,454,228	30,282,706,585
2024	28,126,489,133	1,412,245,460	29,538,734,593
	<b>169,208,217,925</b>	<b>14,686,183,562</b>	<b>183,894,401,487</b>

### 38. BASIC EARNINGS PER SHARE

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

## NOTES TO THE VND-CONVERTED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the accompanying VND-converted consolidated financial statements

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	Current year	Prior year
	VND	VND
Profits attributable to the Company's shareholders	186,494,200,107	184,461,632,449
Appropriation to Bonus and Welfare fund	(67,715,647,218)	(56,283,080,153)
Earnings for the purpose of calculating basic earnings per share	118,778,552,889	128,178,552,296
Weighted average number of ordinary shares	421,129,789	421,129,789
<b>Basic earnings per share</b>	<b>282</b>	<b>304</b>

### 39. CONTINGENT LIABILITIES

As at the date of these VND-converted consolidated financial statements, the Group has not completed the tax finalization for its branch operation in Algeria and Malaysia in accordance with the local tax finalization procedures. The tax finalization will be done by the Authorities of Algeria and Malaysia upon the completion of Algeria and Malaysia projects and the tax liabilities will be determined at that time. However, the Group's Board of Management believes that no significant tax liabilities will incur upon the tax finalization of these branches and therefore no additional provision has been made.

### 40. COMMITMENTS

#### Operating lease commitments

	Current year	Prior year
	VND	VND
Minimum lease payments under operating leases recognised in consolidated income statement for the year	48,221,356,806	51,358,016,000

As at the balance sheet date, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Current year	Prior year
	VND	VND
Within one year	36,178,947,438	39,351,272,032
In the second to fifth year inclusive	83,074,608,531	81,001,186,096
After five years	45,273,030,654	48,960,435,624
	<b>164,526,586,623</b>	<b>169,312,893,752</b>

Operating lease commitments represent rental payable by the Group which related to the lease contracts of office, warehouse and land with the duration over one year.

#### Capital commitment

As mentioned in Note 7, the total contract value for the new Drilling Equipment Set (DES) between PVD Tech and National Oilwell Varco, L.P. and Megaway Engineering and Trading Pte Ltd are USD 23,820,000, equivalent to VND 548,693,700,000 and USD 9,000,000, equivalent to VND 207,315,000,000. As at 31 December 2020, the contract value paid to the supplier is USD 19,430,800, equivalent to VND 449,842,450,800 and the remaining but not yet implemented contract value is USD 13,389,200, equivalent to VND 308,420,222,000.

### 41. FINANCIAL INSTRUMENTS

#### Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The capital structure of the Group consists of net debt (borrowings disclosed in Note 20 and Note 22, offset by cash and cash equivalents) and equity attributable to shareholders of the Group (comprising owners' contributed capital, share premium, treasury shares, foreign exchange difference, reserves and retained earnings) and non-controlling interests.



## NOTES TO THE VND-CONVERTED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the accompanying VND-converted consolidated financial statements

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### Gearing ratio

The gearing ratio of the Group as at the balance sheet date was as follows:

	Closing balance	Opening balance
	VND	VND
Borrowings	3,865,431,457,765	3,751,004,937,760
Less: Cash and cash equivalents	925,196,651,735	1,890,029,157,920
Net debt	2,940,234,806,030	1,860,975,779,840
Owners' equity	14,042,017,346,715	13,968,461,865,120
<b>Net debt to equity ratio</b>	<b>0,21</b>	<b>0,13</b>

### Significant accounting policies

Details of the significant accounting policies and methods adopted by the Group (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 3.

### Categories of financial instruments

	Closing balance	Opening balance
	VND	VND
<b>Financial assets</b>		
Cash and cash equivalents	925,196,651,735	1,890,029,157,920
Trade and other receivables	1,549,895,485,985	1,865,963,064,400
Held-to-maturity investments	2,286,193,758,430	1,434,595,468,240
	<b>4,761,285,896,150</b>	<b>5,190,587,690,560</b>
<b>Financial liabilities</b>		
Loans and borrowings	3,865,431,457,765	3,751,004,937,760
Trade and other payables	747,722,595,870	880,140,744,700
Accrued expenses	283,662,572,560	416,790,667,360
	<b>4,896,816,626,195</b>	<b>5,047,936,349,820</b>

The Group has not yet assessed fair value of its financial assets and liabilities as at the balance sheet date since there are no comprehensive guidance under Circular No. 210/2009/TT-BTC dated 06 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards ("IFRS") on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

### Financial risk management objectives

Financial risks include market risk (consisting of foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group has hedged these risks exposures by controlling and managing the cash flows (including foreign currencies cash flows) and closely tracking with market information to have proper hedging instruments.

### Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

## NOTES TO THE VND-CONVERTED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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### Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. However, the Group manages to balance the cash inflow and outflow of foreign currencies by negotiating business contracts based on the demand foreign currencies payables to its receivables and Cross Currency Swap contracts in order to minimize the foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as at 31 December 2020 and 31 December 2019 are as follows:

	Assets		Liabilities	
	Closing balance	Opening balance	Closing balance	Opening balance
	VND	VND	VND	VND
United States Dollar ("USD") (Subsidiaries)	370,726,695,135	465,299,941,600	376,275,757,530	534,458,543,280
Vietnam Dong ("VND") (The Company)	2,517,959,005,795	2,783,327,903,600	147,131,777,990	614,993,248,480
Algerian Dinar ("DZD")	686,235,685	4,652,345,120	-	-
Singapore Dollar ("SGD")	839,994,310	582,554,640	2,673,948,870	27,201,281,120
Euro ("EUR")	110,199,440	284,376,000	2,655,106,240	25,968,245,280
Thai Baht ("THB")	1,704,590	1,757,120	-	107,808,560
British Pound ("GBP")	85,528,955	83,671,280	383,486,680	605,374,080
Myanmar Kyat ("MMK")	-	499,738,800	357,480,165	-
Malaysia Ringgit (MYR)	17,803,843,640	12,309,989,680	1,128,945,350	68,632,321,120
Brunei Dollar	131,322,535	-	-	-
Australian Dollar ("AUD")	-	-	502,186,035	30,194,720

### Foreign currency sensitivity analysis

The Group is mainly exposed to Vietnam Dong and subsidiaries exposed to United States Dollar.

The rate of 2% (2019: 2%) is the sensitivity rate used when reporting foreign currency risk internally and represents the Group's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 2% change in foreign currency rates. For a 2% (2019: 2%) increase/decrease in Vietnam Dong against United States Dollar, the Group's profit before tax in the year would change as follows:

	Current year	Prior year
	VND	VND
Decrease in the Company's profit	(47,655,314,856)	(43,471,733,072)
Decrease in subsidiaries' profit	(111,541,518)	(1,386,527,376)
<b>Decrease in consolidated profit</b>	<b>(47,766,856,374)</b>	<b>(44,858,260,448)</b>

### Interest rate risk management

The Group is exposed to interest rate risks arising mainly from interest bearing loans. The Group is exposed to interest rate risk as the Group borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate ratio between fixed and floating rate borrowings.

## NOTES TO THE VND-CONVERTED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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### Interest rate sensitivity

The loan's sensitivity to interest rate changes was assessed by the Group that may arise at an appropriate level is fluctuation in floating interest bearing loan of higher/lower 30 basis points. Assuming all other variables were held constant and the loan balance at the balance sheet date were the outstanding amount for the next year, if interest rates applicable to floating interest bearing loans had been 30 basis points higher/lower, the Group's profit before tax would have decreased/increased by VND 11,596,294,373 (2019: VND 11,253,014,813).

### Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial losses to the Group. Therefore, the Group has devised an appropriate credit policy in place and the exposure to credit risk is monitored on an on-going basis. As at 31 December 2020, the Group made provision for doubtful debts which was overdue for more than six months in accordance with Accounting policies stated in Note 3.

### Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any year is kept to manageable levels relative to the amount of funds that the Group believes can generate within that year. The Group policy is to regularly monitor current and expected liquidity requirements to ensure that the Group maintains sufficient reserves of cash, borrowings and adequate committed funding from its shareholders to meet its liquidity requirements in the short and longer term.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets including interest that will be earned on those assets, and undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay, if any. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial losses to the Group. Therefore, the Group has devised an appropriate credit policy in place and the exposure to credit risk is monitored on an on-going basis. As at 31 December 2020, the Group made provision for doubtful debts which was overdue for more than six months in accordance with Accounting policies stated in Note 3.

	Less than 1 year	From 1 - 5 years	More than 5 years	Total
	VND	VND	VND	VND
<b>Closing balance</b>				
Cash and cash equivalents	925,196,651,735	-	-	925,196,651,735
Trade and other receivables	1,535,401,080,795	14,494,405,190	-	1,549,895,485,985
Held-to-maturity investments	1,195,960,822,115	1,090,232,936,315	-	2,286,193,758,430
	<b>3,656,558,554,645</b>	<b>1,104,727,341,505</b>	-	<b>4,761,285,896,150</b>
Loans	634,897,534,430	927,079,417,460	2,303,454,505,875	3,865,431,457,765
Trade and other payables	747,722,595,870	-	-	747,722,595,870
Accrued expenses	283,662,572,560	-	-	283,662,572,560
	<b>1,666,282,702,860</b>	<b>927,079,417,460</b>	<b>2,303,454,505,875</b>	<b>4,896,816,626,195</b>
<b>Net liquidity gap</b>	<b>1,990,275,851,785</b>	<b>177,647,924,045</b>	<b>(2,303,454,505,875)</b>	<b>(135,530,730,045)</b>

## NOTES TO THE VND-CONVERTED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the accompanying VND-converted consolidated financial statements

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	Less than 1 year	From 1 - 5 years	More than 5 years	Total
	VND	VND	VND	VND
<b>Opening balance</b>				
Cash and cash equivalents	1,890,029,157,920	-	-	1,890,029,157,920
Trade and other receivables	1,850,567,733,840	15,395,330,560	-	1,865,963,064,400
Held-to-maturity investments	1,033,149,521,760	401,445,946,480	-	1,434,595,468,240
	<b>4,773,746,413,520</b>	<b>416,841,277,040</b>	-	<b>5,190,587,690,560</b>
Loans	520,871,682,240	779,342,346,480	2,450,790,909,040	3,751,004,937,760
Trade and other payables	880,140,744,700	-	-	880,140,744,700
Accrued expenses	416,790,667,360	-	-	416,790,667,360
	<b>1,817,803,094,300</b>	<b>779,342,346,480</b>	<b>2,450,790,909,040</b>	<b>5,047,936,349,820</b>
<b>Net liquidity gap</b>	<b>2,955,943,319,220</b>	<b>(362,501,069,440)</b>	<b>(2,450,790,909,040)</b>	<b>142,651,340,740</b>

## 42. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

Related party	Mối quan hệ
Petrovietnam's subsidiaries	Company has investment from Petrovietnam
The Group's joint ventures	Joint Venture
Petrovietnam's Joint Ventures/Joint Operating Companies /Petroleum Sharing Contracts	Company has investment from Petrovietnam

During the year, the Group entered into the following significant transactions with its related parties:

	Current year	Prior year
	VND	VND
<b>Sales</b>		
Petrovietnam's subsidiaries	306,873,172,488	501,369,698,992
<i>In which: details account for 10% or more of total value of transactions:</i>		
- PTSC Mechanical and Construction Limited Company	132,830,367,315	300,765,844,720
Petrovietnam's joint ventures/joint operating companies/petroleum sharing contracts		
đồng phân chia sản phẩm dầu khí của Petrovietnam	770,162,001,900	931,198,075,688
<i>In which: details account for 10% or more of total value of transactions:</i>		
- Vietsovetro Joint Venture	197,082,356,259	347,386,130,096
- Hoang Long Joint Operating Company	355,154,374,629	168,885,481,960
The Group's joint ventures	110,864,906,874	95,990,913,024
<b>Purchases</b>		
Petrovietnam's subsidiaries	55,933,441,077	53,386,564,928
<i>In which: details account for 10% or more of total value of transactions:</i>		
- Petrovietnam Technical Services Corporation Branch - PTSC Marine	41,111,545,800	40,559,089,272
Petrovietnam's joint ventures/joint operating companies/petroleum sharing contracts	40,170,202,989	50,018,999,424
<i>In which: details account for 10% or more of total value of transactions:</i>		
- Petrosetco Vung Tau General Services JSC	18,513,021,264	27,645,908,768
The Group's joint ventures	61,466,298,567	43,118,438,128
<i>In which: details account for 10% or more of total value of transactions:</i>		
- PVD-Expro	50,998,828,578	28,990,672,992

## NOTES TO THE VND-CONVERTED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the accompanying VND-converted consolidated financial statements

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Related party balances at the balance sheet date were as follows:

	Closing balance	Opening balance
	VND	VND
<b>Receivables</b>		
Petrovietnam's subsidiaries	98,287,995,430	111,016,691,200
<i>In which: details account for 10% or more of total value of balance:</i>		
- PTSC Mechanical and Construction Limited Company	50,229,522,090	89,122,698,560
Petrovietnam's joint ventures/joint operating companies/petroleum sharing contracts	201,002,373,425	461,837,236,080
<i>In which: details account for 10% or more of total value of balance:</i>		
- Petrovietnam Domestic Exploration Production Operating Company Limited	48,289,399,215	48,095,657,440
- Petrovietnam Exploration Production	47,512,682,050	204,585,134,560
- Vietsovpetro Joint Venture	63,687,398,350	45,603,806,960
The Group's joint ventures	47,506,692,950	74,017,315,920
<i>In which: details account for 10% or more of total value of balance:</i>		
- PVD-Baker Hughes	37,775,050,430	43,523,099,440
	<b>346,797,061,805</b>	<b>646,871,243,200</b>
<b>Other short-term receivables</b>		
The Group's joint ventures	86,700,008,330	-
<i>In which: details account for 10% or more of total value of balance:</i>		
- PVD-Baker Hughes	86,700,008,330	-
<b>Payables</b>		
Petrovietnam's subsidiaries	18,663,947,505	18,182,215,360
<i>In which: details account for 10% or more of total value of balance:</i>		
- Petrovietnam Technical Services Corporation Branch - PTSC Marine	15,205,357,430	13,805,113,840
Petrovietnam's joint ventures/joint operating companies/petroleum sharing contracts	23,774,653,850	19,972,697,520
<i>In which: details account for 10% or more of total value of balance:</i>		
- Bien Dong Joint Operating Company	13,111,038,265	13,060,765,440
The Group's joint ventures	4,861,398,540	13,768,907,920
<i>In which: details account for 10% or more of total value of balance:</i>		
- PVD-Expro	3,666,665,230	11,294,605,520
	<b>47,299,999,895</b>	<b>51,923,820,800</b>

## NOTES TO THE VND-CONVERTED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the accompanying VND-converted consolidated financial statements

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TRemuneration paid to the Group's Boards of Directors and Management and Supervisors during the year was as follows:

	Current year	Prior year
	VND	VND
<b>Board of Directors</b>		
Mr. Pham Tien Dung	132,503,200	437,931,000
Mr. Do Duc Chien	453,340,640	438,431,000
Mr. Nguyen Xuan Cuong	468,421,180	670,595,000
Ms. Nguyen Thi Thuy	1,211,556,550	1,203,674,000
Mr. Van Duc Tong	120,000,000	78,390,000
Mr. Nguyen Van Toan	124,500,000	51,300,000
Mr. Hoang Xuan Quoc	64,300,000	-
Mr. Dao Van Minh	-	373,874,000
Mr. Le Van Be	-	78,390,000
<b>Board of Management</b>		
Mr. Tran Van Hoat	943,042,518	1,170,373,000
Mr. Dao Ngoc Anh	1,263,303,750	1,165,413,000
Mr. Trinh Van Vinh	1,267,643,750	1,170,373,000
Mr. Ho Vu Hai	1,267,643,750	1,170,373,000
Mr. Do Danh Rang	1,258,629,100	1,110,728,000
Mr. Nguyen Cong Doan	478,520,840	-
<b>Board of Supervisors</b>		
Mr. Vu Thuy Tuong	1,038,130,750	955,562,000
Mr. Nguyen Van Tai	343,345,458	177,475,000
<b>Total</b>	<b>10,434,881,486</b>	<b>10,252,882,000</b>

### 43. SUPPLEMENTAL DISCLOSURES OF CONSOLIDATED CASH FLOW INFORMATION

#### Supplemental non-cash disclosures

Interest expense during the year excluded an amount of VND 46,346,673,385 (2019: VND 32,986,506,240), representing interest expense during the year that have yet not been paid. Consequently, changes in payables have been adjusted by the same amount.

## NOTES TO THE VND-CONVERTED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the accompanying VND-converted consolidated financial statements

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Unit: VND

Cash outflows for acquisition and construction of fixed assets and other long-term assets during the year excluded an amount of VND 7,365,583,254 (2019: VND 669,485,840), representing additions of fixed assets during the year that have not yet been paid. Consequently, changes in payables have been adjusted by the same amount.

Interest income, dividends and profits received during the year excluded an amount of VND 170,538,608,960 (2019: VND 52,700,692,500), representing interest income, dividends and profits declared during the year to be received and an amount of VND 3,191,064,387 (2019: VND 4,793,830,740), representing profits declared and settled by offsetting internal balances. Consequently, changes in receivables have been adjusted by the same amount.

Proceeds from borrowing and repayment of borrowing during the year exclude an amount of VND 13,470,548,256 (2019: nil), representing cash inflow and outflow for short-term loans of 3 month or less that are presented on a net basis. Consequently, proceeds from borrowing and repayment of borrowing have been adjusted by the same amount.

### 44. APPROVAL FOR ISSUANCE OF THE VND-CONVERTED CONSOLIDATED FINANCIAL STATEMENTS

The VND-converted consolidated financial statements for the year ended 31 December 2020 were approved by the Group's Board of Management for issuance on 31 March 2021.



Nguyen Xuan Cuong  
President  
31 March 2021

Nguyen Ngoc Truong  
Chief Accountant

Tran Kim Hoang  
Preparer



# Fresh Environment

