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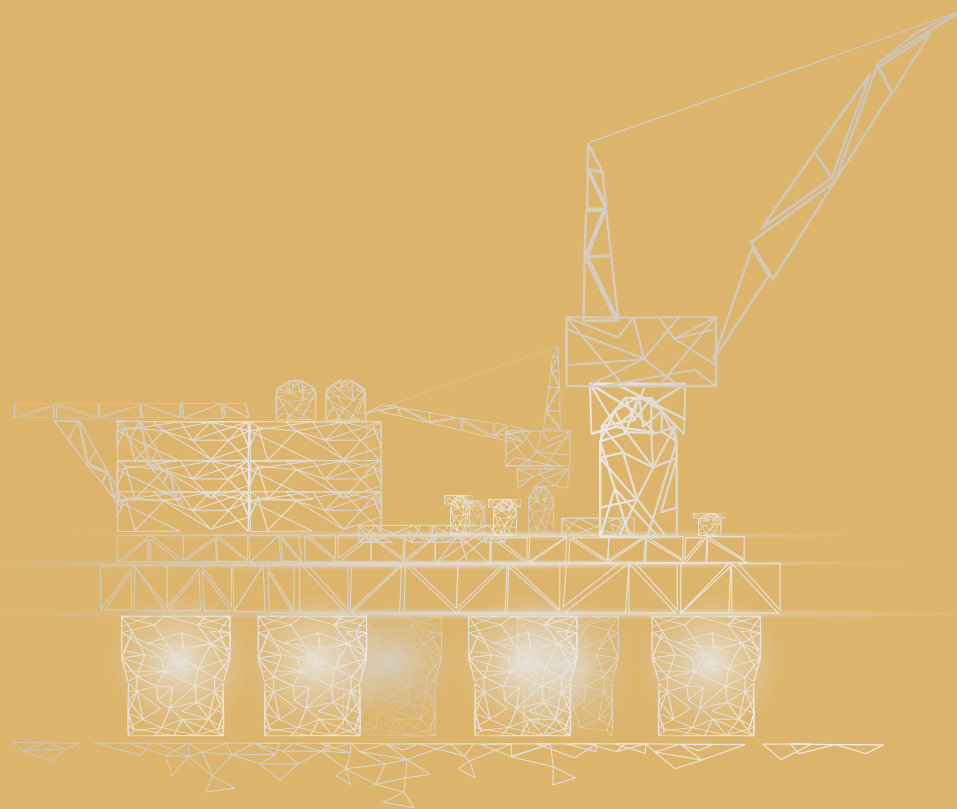
AFFIRMING **THE POSITION**  
**REACHING OUT STEADILY**



INTEGRATED  
ANNUAL  
REPORT  
**2021**

# PV Drilling

AFFIRMING **THE POSITION**  
**REACHING OUT STEADILY**



## VISION

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



## MISION

To provide premium drilling and drilling-related services in the regional market and create value added for clients by delivering services with high quality 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.

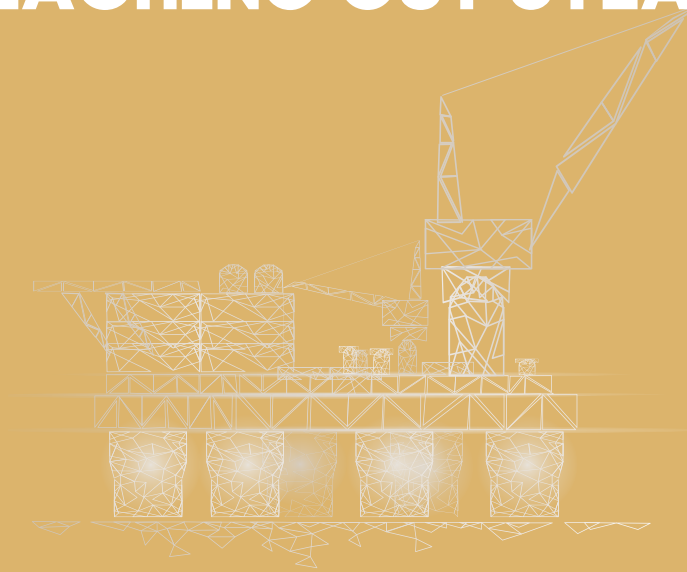
### PROFESSIONALISM

- » 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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REACHING OUT **STEADILY**



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# 01

## REINFORCING INTERNAL STRENGTH

Vision - Mission - Core Values

Letter from President & CEO

Company Profile

Organizational Chart

Corporate Governance Model at PV Drilling

History and Milestones (2001 - 2021)



## LETTER FROM PRESIDENT & CEO



“  
 Mr Nguyen Xuan Cuong –  
 President & CEO – one of the  
 most enthusiastic drilling  
 engineers, dedicating to the  
 development of PV Drilling  
 ”

DEAR ESTEEMED SHAREHOLDERS, INVESTORS,  
 PARTNERS AND CLIENTS,

“

The completion of the investment and integration of the new drilling equipment system (DES) into the Tender assist drilling rig – PV DRILLING V and the completion of the re-activation of the PV DRILLING V rig were important steps for PV Drilling to implement the first long-term drilling campaign in Brunei. During the preparation, PV Drilling always take good care to ensure the safest working conditions for the rig crews under the complicated situation of the Covid-19 pandemic. I always appreciated and recognized the hardships and contributions of the rig crews and relater employees who have been continuously working on the PV DRILLING V rig from April 2021 to January 2022 due to the movement control policy of countries. Additionally, I would like to sincerely thank all of PV Drilling's staff for their contributions to overcome 2021 challenges, maintaining efficient and safe operation, completing 2021 business plan approved by the Annual General Meeting of Shareholders.

”

After 2 years of facing the Covid-19 pandemic, the global economy turned to gradually regain in 2021. Although there were still some potential risks, the governments hoped to get more economic recovery and opportunities in 2022 due to the wide coverage of Covid-19 vaccines and adaptation of "new normal conditions". According to Mr. David Malpass, World Bank President, the global economic picture in 2021 is brighter than 2020, reaching 5.6% and global trade of 10.7%. In 2021, oil prices recorded the largest annual increase since 2009 because of the recovery of the global economy after a long period of Covid-19 pandemic and the restraint of output of the Organization of the Petroleum Exporting Countries. Specifically, the price of crude oil (Brent) has increased by 50% throughout 2021 and is forecasted to continuously increase through 2022. Although oil prices have recovered significantly recently, but the governments around the world continue to execute social distance policies to prevent the

spread of Covid-19. Therefore, the operators plan to move drilling programs to 2022. The drilling demand and the usage of drilling rigs cannot be improved in 2021. In Southeast Asia, the number of redundant rigs now is still high, causing large competitive pressure among drilling contractors. According to IHS, at the end of July 2021, only 33/60 jack-up rigs were on job in Southeast Asia, the utilization efficiency was only about 55%. In the Vietnamese, there are not much drilling programs, duration of drilling is short and drilling activities are implemented in the second and third quarters of 2021.

In 2021, the impact of the Covid-19 pandemic affected to the Vietnamese economy and the business activities of PV Drilling. However, with the support of the Vietnam Oil and Gas Group (PVN), the Board of Management and all employees, overcame problems and achieved remarkable results from revenue, profit, safety record and customer belief. There are by some main points: to operate and manage the effective and safe drilling campaigns, to maintain the market share for drilling technical services, to operate safety and efficiency 03 rigs in overseas. The high light of this year are the completion of the investment/ integration of the new Drilling Equipment Set (DES) with the PV DRILLING V Tender and the completion of the re-activate of the PV DRILLING V rig despite lock down policies in Singapore, lack of manpower and obstruction in logistic. Most outstandingly, PV Drilling always ensure that the crews must work in the safest conditions in the context of the complicated Covid-19 pandemic. Essentially, PV Drilling donated for Vaccine Fund and medical accessories for hospital to assist the pandemic prevention campaign of Vietnamese government.

Moreover, the well technical services continuously developed in oversea market with some new services: manpower services in Japan, DTRS rental services in Japan and Malaysia; provision of mud tank

and conversion of mud pump in Japan. The development of new services got a lot of result and PVD's subsidiary is the only member in Vietnam awarded the certificate of GWO.

With the best efforts to maintain market share, expand to Southeast Asia market, improve the quality of service, reduce operating costs and despite of facing many difficulties and challenges, PV Drilling has completed the key targets of the business plan. We recorded the total consolidated revenue of VND 4,314 billion, consolidated profit after tax of VND 37 billion. The essential factors contributing to the business results are: (i) PV Drilling executed the effective solutions to award the contract for rigs and well technical services; (ii) The quality of services is maintained, the operation efficiency rate and LTI record of the jackup rig fleet have been significantly improved, respectively reaching over 99.5%; (iii) the expansion of well technical services in overseas got a lot of success and the development of new services in new normal condition well executed; (iv) on-job training program is continuously executed in order to promote Vietnamese crew in higher position onboard and save personal cost considerably; (v) Covid-19 control on the rig/site is well performed; (vi) the corporate management, the financial management with effective cost control and cash flow solution have been performed effectively and efficiently. The year 2021 was also the 20<sup>th</sup> anniversary of PV Drilling. With 20-year of establishment and development, PV Drilling has been constantly striving, overcoming all challenges, always learning and innovating the technology in order to actualize the vision of **"To be an internationally reputable and reliable drilling contractor and drilling related services provider in the oil and gas industry"**

At the beginning of 2022, the global economy continued instability due to the

significant increasing of oil price and gold, along with the Russia-Ukraine war and the unstable Covid-19 pandemic situation with new variations, impacts largely to the oil and gas market and economies. According to the International Monetary Fund (IMF), the global economy growth is expected to reach 4.4%, 0.5% lower than its prediction in October 2021. In a report released on January 13, 2022, the United Nations forecast that the global economy would grow by 4% in 2022. However, in oil and gas industry, the price of crude oil had already surpassed \$100/ barrels in early 2022 and forecasted to remain at a higher level than in 2021. This will be a good premise for the operators to deploy more drilling programs, bringing more opportunities for PV Drilling's rigs.

In 2022, the oil and gas market had the clear recovery signals, promising a busy year with many implemented drilling programs. In order to prepare for new opportunities, PV Drilling has improved the internal resources such as to invest machinery and equipment, to upgrade the rigs, to train personnel and to ensure the financial healthy. Moreover, PV Drilling affirm its position in the domestic and regional drilling markets by successfully implementing the series of safe and effective drilling campaigns, satisfying all clients' requirements, improving capacity, maintaining the reputation in the drilling market, creating a solid foundation for "Affirming the position - Reaching out Steadily" in the following years. In addition to keeping the stable business operations and domestic market share, in 2022, PV Drilling will unceasingly develop the service to overseas market. Further, we will strengthen the development of new well technical services, deploy appropriate restructuring internal, review the performance of services, focus on the research and development of high-tech services, consolidate the corporate governance and competitiveness and ensure the safety and quality of services.

A remarkable milestone in 2021 is the completion of the investment and integration the new drilling equipment system (DES) into the TAD - PV DRILLING V rig and the completion of the reactivation of the TAD rig regardless of challenges resulting from blockage order from Singapore government, manpower shortage at the host country and machinery movement obstacles.



With well preparation from strategy to specific plans and the skilled/experienced leaders and employees trained during development of company, I believe that PV Drilling will confidently overcome the obstruction, conquer the new targets and get remarkable triumphs for 2022.

**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 and Board of Director for your companion, supports, and contribution to the right direction for PV Drilling in this challenging year. Moreover, I would like to appreciate our talent workforce who always tries their best to accomplish this result. Most of all, I would like to thank the valued clients who have been and will always support our vision and desire to become a "Pioneer of Vietnam Drillers" into reality. With the strong support of shareholders, clients

and partners, I strongly believe that PV Drilling will continue writing on its upcoming journey. PV Drilling will make the best efforts to bring the best quality services and benefits to customers and shareholders.

**Finally, we would like to send to our Shareholders, Investors, Partners and Clients all the best wishes, good health, great success and happiness.**

**NGUYEN XUAN CUONG**  
President & CEO



Consolidated total  
revenue

**4,314**

billion VND



Consolidated profit  
after tax

**37**

billion VND



# COMPANY PROFILE

## 1. 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

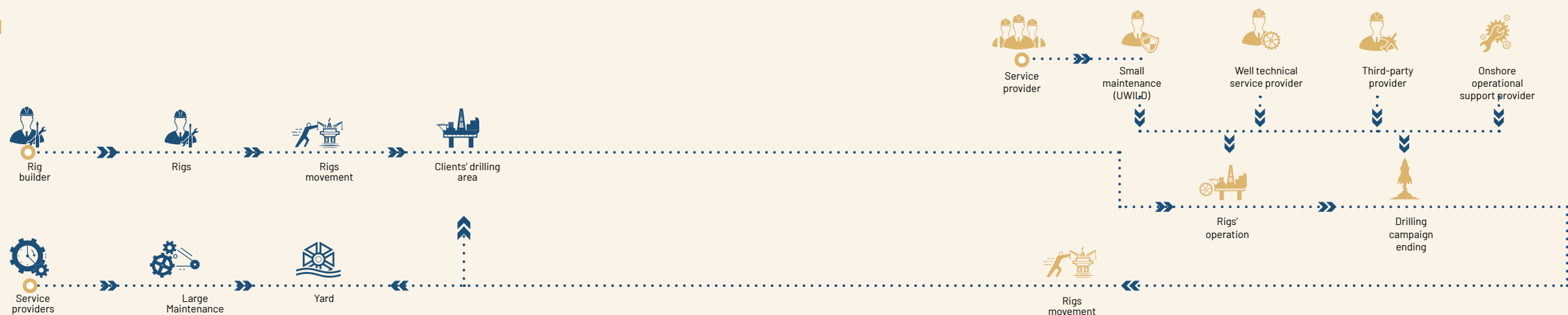
- » Onshore and offshore tubular, tools, structural inspection and maintenance (API, DS-1, NS-2, etc.).
- » Turning, threading and machining (Licensed from API, NOV Grant Prideco, TenarisHydril, TenarisNKK, TPS, etc.) for threading and recut of drill stems; fabrication of various types of Subs, X-Overs, 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 (Arnco 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 (LEEAA 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

- » Oil spill response service.

## 2. SUPPLY CHAIN





## COMPANY PROFILE (continued)

### 3. BUSINESS AREAS

With the ownership of 5 offshore rigs and 1 land rig, PV Drilling currently holds about 70% of domestic drilling market shares. Other technical services: PV Drilling currently dominates about 80% - 100% market shares of manpower, threading and oil spill response services.

In 2021, PV Drilling's owned rig fleet mainly operated in the country, specifically PV DRILLING I worked for Cuu Long JOC and Vietsovetro; PV DRILLING II served for drilling programs of Vietsovetro, Hoang Long JOC and Cuu Long JOC; PV DRILLING III worked for Vietsovetro; PV DRILLING VI drilled for ENI and Thang Long JOC. At overseas markets, PV DRILLING III was sent to Cambodia for KrisEnergy's drilling program in Q1/2021; the land rig PV DRILLING 11 started to drill for GBRS in Algeria in 8/2021; the TAD - PV DRILLING V completed the re-activation, integrated the new DES into the rig in Singapore and moved to Brunei to sever for the drilling program of BSP.

### 4. OVERSEAS MARKETS

#### In Algeria:

PV Drilling started to provide drilling service in Algeria in 2007. Up to present, the land rig PV DRILLING 11 has served for clients' drilling campaigns in Algeria for almost 15 years. In 2021, the rig starter its new long-term drilling program for GBRS here.

#### In 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. PV DRILLING VI is currently the latest state-of-art rig with 6 consecutive years with Zero LTI achievements (without lost time incidents) from the first days of operation.

#### In Myanmar:

The Myanmar subsidiary was 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. 126/E Insein Street, Kamaryut District, Yangon City, Myanmar.

#### In 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 and PV Drilling is among the top popular drilling and well technical contractors in this market.

#### In 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). The TAD rig is currently serving for BSP's drilling program.

### 5. PV DRILLING'S POSITION

PV Drilling has been managing and operating effectively and efficiently its rig fleet for both domestic and international clients especially clients at ASEAN and North Africa, thereby building up its prestige and increasing its competitive advantages. 2021 played an important milestone in expanding service provision while PV Drilling successfully sent the TAD - PVDRILLING V to Brunei for supplying deepwater service for BSP under the signed 10-year-long-term contract.

Currently, our direct competitors at Southeast Asia market can be listed such as Borr Drilling, JDC, Shelf Drilling, Valaris, Vantage, Velesto Energy, Aban Offshore, COSL, among those who possess a large number of drilling rigs and worldwide spreading markets. However, in term of regular jack-up rig operating at Southeast Asia, PV Drilling is among Top 4 largest drilling contractors with 4 jackup rigs operating continuously and efficiently, only after Borr Drilling and Velesto Energy.

Owning an effective rig operation system and a skilled, qualified drilling crew, PV Drilling has constantly been



upgrading its position by implementing numerous successful drilling campaigns regardless of the bottom fall of crude oil price and market downturn. 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 proud to be fully capable of competing with any drilling contractors in Southeast Asia drilling market.

# ORGANIZATIONAL CHART



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

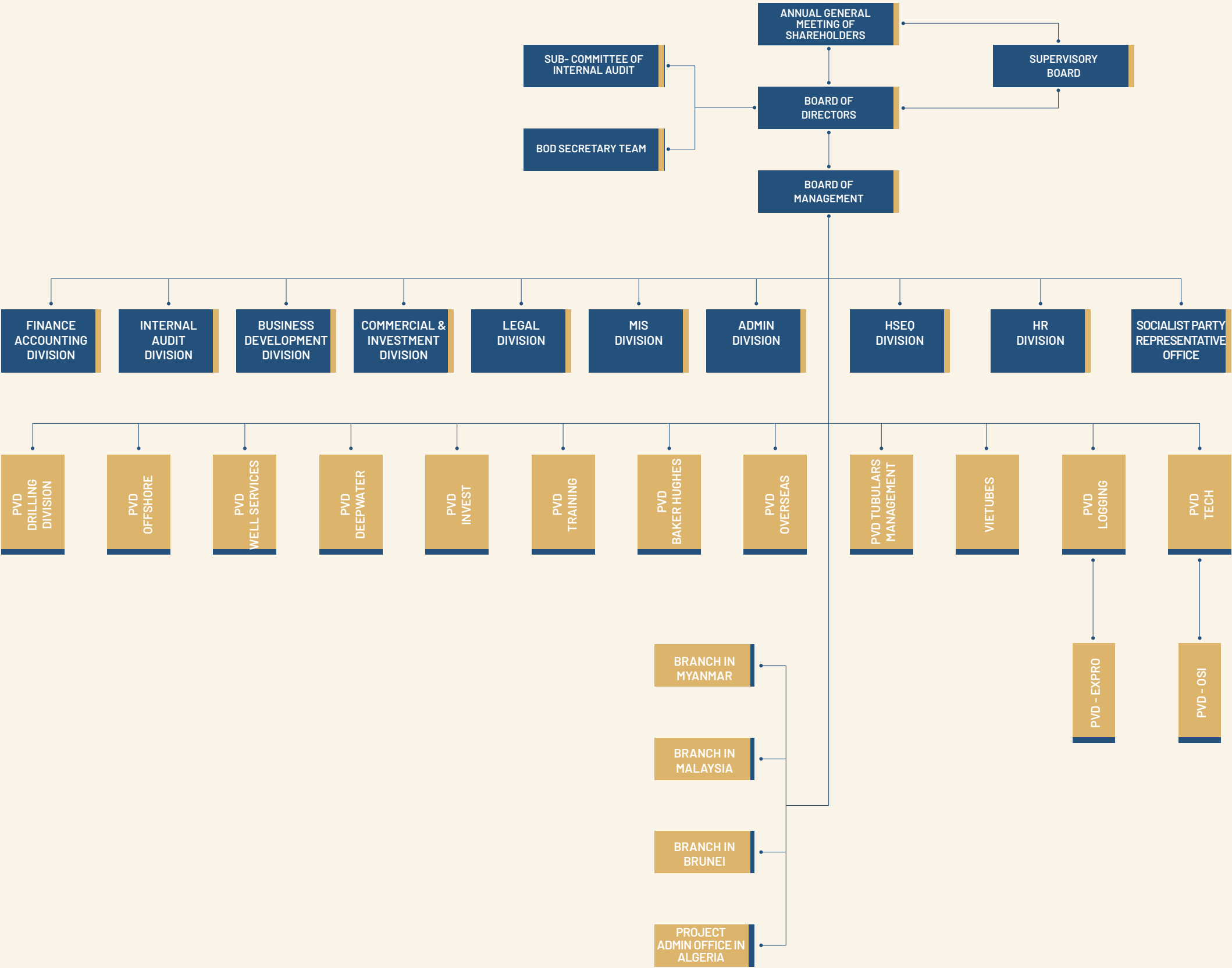
Enterprise Registration Certificate for Joint-stock Company  
No. : 0302 495 126, first registered on February 15<sup>th</sup>, 2006, 15<sup>th</sup> amended registration on September 30<sup>th</sup>, 2019.  
Head Office: 4<sup>th</sup> Floor, Sailing Tower,  
111A Pasteur, Ben Nghe Ward, District 1, Ho Chi Minh City  
Phone: (84 - 28) 3914 2012  
Fax: (84 - 28) 3914 2021 - (84 - 28) 3914 2022  
Website: [www.pvdrilling.com.vn](http://www.pvdrilling.com.vn)  
Charter Capital: 4,215,457,890,000 dong  
Stock Code: PVD  
Date of establishment: 26/11/2001  
Date of list on HCMC Exchange: 2006  
Scope of business: Drilling and drilling-related services.  
Place of business: Vietnam and Southeast Asia, Brunei, Algeria, etc.



### TOTAL EMPLOYEES

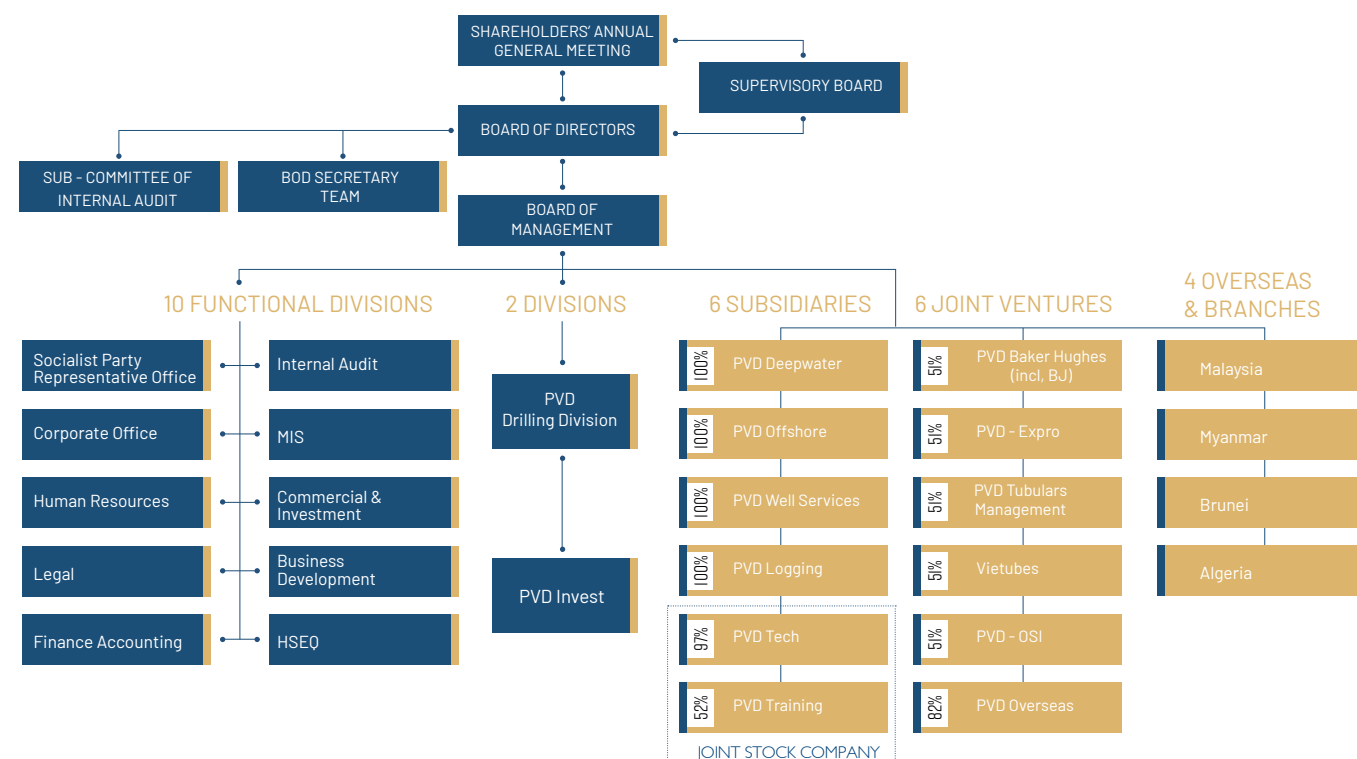
2,000 employees

As of 31/12/2021, PV Drilling and its subsidiaries have a total of 2.000 employees. The organizational structure of PV Drilling including the Corporation head office and its units as follows:





# CORPORATE GOVERNANCE MODEL AT PV DRILLING



In recent years, the oil and gas market has witnessing very fierce competition when many major players in the industry have filed for bankruptcy and faced financial distress due to the oil price downturn. A lot of drilling companies tries to re-organize and be more focus on main market. It means conventional corporate governances are not suitable for current situations. In order to develop in a competitive market, PV Drilling's Board of Directors acknowledge that the company needs to actively study new management model and digital transformation to follow up new corporate governance.

At PV Drilling, a comprehensive corporate governance model is the most important factor in the development strategy which helps PV Drilling ensure growth in production and business activities and develop towards sustainable development goals in medium and long-term financial plans. In the context of digital transformation 4.0 in all industries, PV Drilling acknowledges that corporate governance needs to be updated and applied new technology to enhance operational efficiency and adapted to new challenges in the industries. In order to

build trusts on stakeholders, PV Drilling has to apply both domestic and international standards in business model. A comprehensive corporate governance model has brought more opportunities and created competitive advantages in the context of oil and gas market fluctuation.

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 long-term development strategy which guarantees business growth and directs sustainable development goals. PV Drilling implemented equitization and has been operating under the form of holding company and subsidiaries since 2005.

Following this management model for 17 years, PV Drilling has been continuously implementing, monitoring and modifying corporate governance in accordance with the newest guidance 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 corporations. 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.





# CORPORATE GOVERNANCE MODEL AT PV DRILLING (continued)

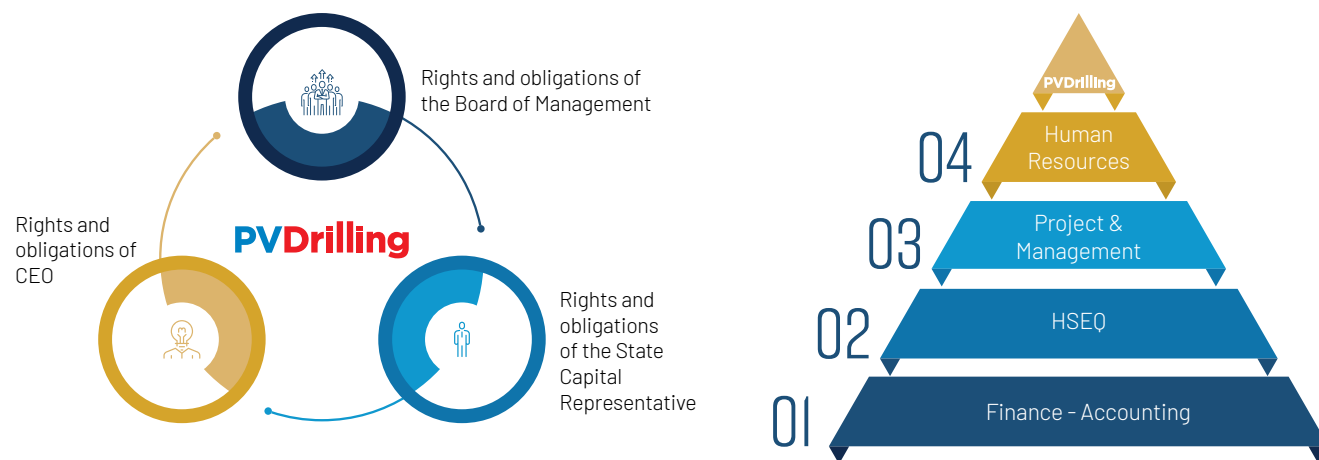
## 1. THE SUBSIDIARIES THAT THE CORPORATION OWNS 100% OF THE CHARTER CAPITAL

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 guidance and the laws.

### ADVANCED MANAGEMENT SYSTEM

PV Drilling has built 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. PV Drilling builds a system of budget

reports and management reports based on the objectives allocation, objectives management, financial plan and financial indicator in order to evaluate the financial health from the Corporation to its subsidiaries. Specifically, the budget system is standardized from the Corporation to its subsidiaries based on the general format guidelines, enabling PV Drilling to compare the performance results with the budget data at any time. In addition, the management reporting system is built from a series of advanced international standards which are enabling to

help the Board of Directors make decisions quickly and effectively. Specifically, PV Drilling has put into go-live the ERP system phase III.

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

### DIGITAL TRANSFORMATION IN PV DRILLING CORPORATION

Starting from 2022, PVN implements a digital transformation plan to increase efficiency in the management and administration of production and business activities. And PV Drilling is no exception to that trend. In the period of digital transformation, it plays an important role in the development of the business, especially for units operating in the specific field of oil and gas drilling in which applying high technology such as PV Drilling. Implementing Resolution 184 – NQ/ DU dated February 12, 2022 of the Party Committee of PVN on implementing the Digital Transformation of Units in Petrovietnam until 2025, with a vision to 2030, PV Drilling has developed a specific road map for this important process. The Corporation suggested that the management team at all subsidiaries and joint ventures must actively and proactively apply technology in the digital transformation process and educate all employees understand the importance of digital transformation. Therefore, the process can be implemented smoothly which generates high efficiency to businesses.

In the meantime, the Corporation also emphasized that all units must conduct a review of the entire applied IT system, as well as review the processes, regulations to develop the most suitable digital transformation plan for PV Drilling. The important purpose of the digital transformation process is to support production and business activities, save time, optimize costs, and increase operational efficiency.

Acknowledging the importance of IT in the management, administration and production and business activities, in the early years of its establishment, PV Drilling focused on building and applying IT systems based on PV Drilling's needs and resources in each stage. In the period 2007 – 2008, PV Drilling started the project and built ERP Oracle in phase 1 (including Finance and Accounting modules, Fixed assets, Inventory), deployed and put Maximo system into operation for the Drilling Division. Phase 2 was from 2009 to 2013, PV Drilling built an ERP system (including Project – Contract Management, Procurement Management, Human Resource – Payroll Management modules), especially integrated Maximo system into ERP Oracle. From 2014 to 2020 is PV Drilling's process of completing the ERP system in phase 3 (Online Budgeting System, Smart Management Reporting System (BI), Business Performance Indicators (KPIs); installed Maximo for PV DRILLING VI rig; this was also the period when the Corporation built the Idoc Recruitment Portal, HSEQ portal, Job Safety Analysis (JSA), Healthcare Management, Emulation Management – rewards, RNDs (Rig Nautical Data System),... These were considered important steps in PV Drilling's digital transformation.

It must be affirmed that in the past 15 years, PV Drilling's digital transformation process has achieved positive results. PV Drilling is a pioneer of PVN in applying IT in business management and administration, and risk management. Accordingly, PV Drilling has implemented the application of ERP, MAXIMO, Datawarehouse (BI) systems which effectively supported the operation and management of production and business, and is an important foundation and an advantage for PV Drilling to continue the digital transformation process.

According to the digital transformation road map in the period of 2022 – 2025, PV Drilling will develop IT application programs to automate management processes such as: Managing documents submitted with digital signatures, building systems archiving digital documents incorporating AI; transforming Microsoft 365: Email, MS Teams, MS Portal, OneDrive, besides continuing to enhance and optimize the use of existing IT systems, investing in IT systems suitable to the development needs of the company in order to increase data mining productivity and accomplish PV Drilling's digital transformation ecosystem.



# HISTORY AND MILESTONES

## (2001 - 2021)







# 02

## MAINTAINING ACHIEVEMENTS

10 Significant Milestones in 2021

Introduction of The Board of Directors

Report of PV Drilling's Board of Directors

Corporate Governance Report

Introduction of The Supervisory Board

Report The Board of Supervisors

PV Drilling's Board of Management

Introduction of Chief Accountant cum Manager of

Finance Division

Report of the Board of Management

Financial Highlights in 2021

Stock Information Charter Capital/ Shareholders



# 10 SIGNIFICANT MILESTONES IN 2021



01

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

Successfully implementing response and prevention measures against Covid-19 pandemic on offshore facilities, in offices and onshore workshops... which significantly contributed to PV Drilling's stable and continuous business operation in 2021.



02

## MAINTAINING OPERATIONAL EFFICIENCY RATE THE JACK UP RIG FLEET AT HIGH LEVEL

Maintaining operational efficiency rate of the jack up rig fleet over 99.5%: This is remarkably PV Drilling's great effort while working under the context of pandemic outbreak domestically and internationally, creating numerous challenges for the rig fleet management and operation, specifically operational efficiency rate of PV DRILLING I rig reaching 99.96%, PV DRILLING II rig reaching 99.93%, PV DRILLING III rig reaching 99.79%, PV DRILLING VI rig reaching 99.52%, PV DRILLING 11 land rig reaching 99.55%.



03

## SAFE AND EFFICIENT OPERATION WITH ZERO LTI

Zero LTI achievements (without lost time injury): In 2021, the International Association of Drilling Contractors (IADC) has accredited Zero LTI achievements for PV Drilling's rig fleet as follows:  
» PV DRILLING I rig achieved 14 consecutive years with Zero LTI on 10/3/2021;  
» PV DRILLING II rig achieved 12 consecutive years with Zero LTI on 15/9/2021;  
» PV DRILLING III rig achieved 2 consecutive years with Zero LTI on 07/12/2021;  
» PV DRILLING V rig achieved 9 consecutive years with Zero LTI on 03/12/2021;  
» PV DRILLING VI rig achieved 6 consecutive years with Zero LTI on 28/02/2021.  
These achievements have truly contributed to competitive advantages of PV Drilling in bidding at overseas markets.



04

## COMPLETION OF THE INVESTMENT IN THE NEW DES AND THE RE-ACTIVATION OF PV DRILLING V

Completion of the investment in a drilling equipment system (DES), integrating and re-activating the TAD - PV DRILLING V so that the TAD rig can timely serve Brunei Shell Petroleum's deep water drilling campaign in Brunei in 01/2022.



05

## COMPLETION OF KEY PERFORMANCE INDICATORS IN 2021 BUSINESS PLAN

Business operation and results in 2021: Operating under the pandemic outbreak with severe impacts on global oil and gas industry, PV Drilling management has exerted response solutions so that business operation is maintained stably and continuously at both domestic and regional markets; in the meantime, we have tried the best to complete 2021 business plan. As a result, PV Drilling achieved VND 4,314 billion in revenue and VND 37 billion in profit after tax. This remarkable result has shown outstanding efforts of PV Drilling's management and staff while dealing with delayed/cancelled drilling programs, scarce workload and remaining bottom service prices.

# 10 SIGNIFICANT MILESTONES

## IN 2021 (continued)



MILESTONES

06

### EXPANDING WELL-TECHNICAL SERVICES AT OVERSEAS MARKETS

Well services continued to be conducted in good manner at overseas markets such as:

- » Manpower provision in Japan;
- » DTRS tool rental in Japan (JDC);
- » DTRS provision in Malaysia (Schlumberger);
- » Mud tank manufacturing and mud-pump conversion for Japanese client;
- » Casing and tubing running service (CTRS) in Cambodia;
- » Leasing of CTRS equipment in Pakistan.



MILESTONES

07

### POSSESSION OF GWO CERTIFICATION ON WIND POWER

As an only company in Vietnam with GWO certification on wind power: In 2021, PV Drilling completed training courses and was certified GWO certification by Global Wind Organization (GWO). This certification for safety regulations on wind power is a prerequisite condition for companies that want to join this field. It is also an important step for PV Drilling to expand service into the new growth of global power trend.



MILESTONES

08

### CONTINUE TO PROVIDE DRILLING SERVICES IN MALAYSIA

Back to Malaysian drilling market: After a short suspension due to Covid-19 crisis, PV Drilling managed to come back to Malaysia by signing a drilling contract for provision of the PV DRILLING III rig to Repsol Malaysia in 10/2021 to 2022. Simultaneously, the land rig, PV DRILLING 11 officially served for a drilling campaign of GBRS in Algeria. Together with commencement of PV DRILLING V's drilling program in Brunei, PV Drilling has sent 3/6 owned rigs to overseas markets. This is remarkable success of PV Drilling's planned strategy in overseas service expansion.



MILESTONES

09

### OUTSTANDING IMPROVEMENT

The best Annual report in 2021: PV Drilling was honored to receive the best annual report award in 2021, ranking No. 3 in the list of Top 10 best annual reports of large-cap listed enterprises.



MILESTONES

10

### ENHANCING KEY VALUES

Top 50 best listed companies in Vietnam: PV Drilling was honored to be awarded at the Ceremony of Honoring the Top 50 best listed companies in Vietnam in 2021 by Forbes Vietnam. This is the 4<sup>th</sup> time PV Drilling has been honored with such prestigious award. Top 50 best listed companies are ranked upon the list of listed companies with the best business results on Ho Chi Minh City Stock Exchange (HSX), Hanoi Stock Exchange (HNX); and upon other criteria including growth rate of revenue, profit, ROE, ROC, EPS growth during the period of 2016 – 2021 as well as company position, profit source, governance quality and growth prospect.

# INTRODUCTION OF THE BOARD OF DIRECTORS

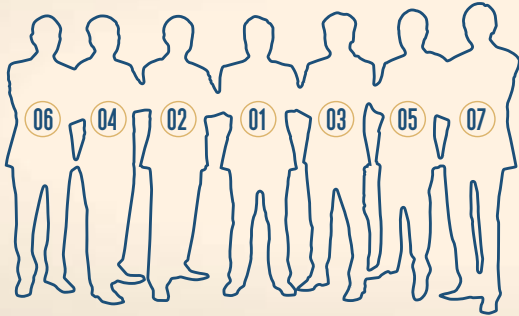


“

Members of PV Drilling's Board of Directors for term of 2021 - 2025 are those who possess professional education and invaluable experiences in managing positions in the oil and gas industry, forming a united team to ensure the orientation of implementing PV Drilling's sustainable growth strategy.

PV Drilling's Board of Directors consists of 3 members who are capital representatives of Vietnam Oil and Gas Group at the Corporation, currently hold the position of Chairman, Vice Chairman, President & CEO; 4 others in charge of specialized fields including 3 independent members.

”



01 **Mr. MAI THE TOAN**  
Chairman, PV Drilling's Board of Directors

02 **Mr. DO DUC CHIEN**  
Vice Chairman, PV Drilling's Board of Directors

03 **Mr. NGUYEN XUAN CUONG**  
Member of the Board of Directors cum  
President & CEO, PV Drilling

04 **Mr. VU THUY TUONG**  
Member, PV Drilling's Board of Directors

05 **Mr. VAN DUC TONG**  
Independent member, PV Drilling's Board of Directors

06 **Mr. NGUYEN VAN TOAN**  
Independent member, PV Drilling's Board of Directors

07 **Mr. HOANG XUAN QUOC**  
Independent member, PV Drilling's Board of Directors



# INTRODUCTION OF THE BOARD OF DIRECTORS



**Mr. MAI THE TOAN**

Chairman, PV Drilling's Board of Directors

Date of birth	1968
Date of appointment	04/8/2021
Education	Master of Mechanical Engineering; Marine Engineer.
Experience	20 years of experience in the oil and gas industry.

**Field of charge:**

Mr. Mai The Toan is generally responsible for conducting the BOD's working plan in accordance with the Laws on Enterprise and PV Drilling's Charter; directing and urging BOD members in conducting their assigned fields of charge; taking responsibilities in strategy planning including short, middle and long-term plan of the Corporation; in charge of personnel arrangement, business innovation and re-structuring; establishing and updating corporate culture; implementing policies for employees; supervising transactions between PV Drilling and its subsidiaries; performing other tasks of the BOD which are not assigned to other members.

**Employment History:**

8/2021 – present	Chairman of PV Drilling's Board of Directors;
7/2021 – 8/2021	Vice President of PVTrans;
9/2020 – 6/2021	Acting Chairman of the BOD, Vice President of PVTrans;
11/2011 – 9/2020	BOD member, Vice President of PVTrans;
5/2011 – 11/2011	Vice President of PVTrans;
5/2006 – 5/2011	Deputy Director of PTSC Production Services Enterprise; Deputy Director of PTSC Production Services Company;
2003 – 4/2006	Technical Supervisor, Team leader, Deputy Head of Technical Department of PTSC Production Services Enterprise;
6/1991 – 02/2003	Crew member of Thanh Hoa Shipping Company; Crew member of Vietnam Ocean Shipping Company; Crew member of PTSC Marine Enterprise.,

**Past titles during period of 2006 – 8/2021:** Chairman of Gas Shipping JSC; Director of PSM Company, a branch of PVTrans; Chairman of PVTrans Pacific JSC; Chairman of Gas Shipping JSC; Chairman of PTSC Production Services JSC; Chairman of Southern Petro Trans JSC.



**Mr. DO DUC CHIEN**

Vice Chairman, PV Drilling's Board of Directors

Date of birth	1963
Date of appointment	04/8/2021
Education	Bachelor of Law; Bachelor of Politics.
Experience	23 years of experience in the oil and gas industry.

**Field of charge:**

Mr. Do Duc Chien is responsible for the field of commercial, preparing and issuing regulations, regulation on internal governance, technical norms and internal management norms; capital and asset management of the Corporation; other tasks assigned by the Chairman.

**Employment History:**

2/2015 – 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

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

Date of birth	1968
Date of appointment	04/8/2021 (For BOD member title)
Education	Bachelor of Science (Drilling Engineering); Master of Business Administration.
Experience	29 years of experience in the oil and gas industry.

### Field of charge:

Mr. Cuong is a legal representative of PV Drilling who generally directs and manages strategy, planning and development plan of the Corporation; directly in charge of personnel arrangement, legal affairs, business innovation and health- safety - environment of the Corporation; directing training and development plan of drilling crew; orientating for business development and commercial negotiation of the Corporation.

### 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 Baker Hughes.



## Mr. VU THUY TUONG

Member, PV Drilling's Board of Directors

Date of birth	1977
Date of appointment	04/8/2021
Education	Bachelor of Economics (Corporate Finance)
Experience	20 years of experience in the field of finance and accounting.

### Field of charge:

Provide close supervision in accounting, finance and audit of the Corporation; directing monitor and manage the activities of the Internal Audit Sub-Committee; plan periodic and specialized supervision programs; monitor the activity of financial capital arrangement, mortgage and credit guarantee, other work assigned by the Chairman of the Board of Directors.

### Employment History:

8/2021 - Present	Member of the Board of Directors, PV Drilling;
10/2017 -8/2021	Chief of Supervisory Board, PV Drilling;
01/2017 - 8/2017	Deputy Manager of Finance Department, Petrovietnam;
02/2016 - 12/2016	Deputy Manager, Finance Accounting and Auditing Department, Petrovietnam;
6/2015 - 01/2016	Chief Accountant - Manager of Finance Accounting and Auditing Department, Petrovietnam Camau Fertilizer Joint Stock Company;
9/2013 - 5/2015	Deputy Manager of Floating Vehicles Construction Department, Petrovietnam Transportation Corporation;
6/2009 - 9/2013	Chief Accountant - Manager of Finance Accounting and Auditing Department, Petrovietnam EIC Corporation;
11/2007 - 6/2009	Deputy Manager of General Accounting Division, Petrovietnam Oil Corporation;
4/2007 - 11/2007	General Accountant, Petrovietnam Fertilizer and Chemicals Corporation;
6/2004 - 4/2007	General Accountant, Petroleum Trading Joint Stock Company;
2004 - 6/2004	General Accountant, Binh Tan Consumer Goods Production Company;
2002 - 2003	Accountant, Thai Hoa Limited Company.



# INTRODUCTION OF THE BOARD OF DIRECTORS (continued)



**Mr. VAN DUC TONG**  
Independent member, PV Drilling's Board of Directors

Date of birth	1953
Date of appointment	04/8/2021
Education	PhD of Petroleum Machine & Equipment at Petroleum University of Romania.
Experience	41 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.

<b>Employment History:</b>	
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**  
Independent member, PV Drilling's Board of Directors

Date of birth	1953
Date of appointment	04/8/2021
Education	Bachelor of Engineering (Drilling and Production) at Ploiesti University (UPG), Romania.
Experience	44 years of experience in the oil and gas industry.

<b>Employment History:</b>	
4/2019 – Present	Independent member of PV Drilling's Board of Directors; member of Executive Board of Vietnam Petroleum Association;
2013 – 4/2019	Member of Executive Board of Vietnam Petroleum Association;
2009 – 2013	Director of Production Division, Petrovietnam;
2002 – 2009	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 1;
1982 – 1989	Exploration engineer, Deputy Director of Gas division, Petrovietnam 1 in Thai Binh;
1978 – 1982	Exploration engineer, Petrovietnam.

# INTRODUCTION OF THE BOARD OF DIRECTORS (continued)



**Mr. HOANG XUAN QUOC**  
 Independent member, PV Drilling's Board of Directors

Date of birth	1957
Date of appointment	04/8/2021
Education	Ph.D in Mechanical Engineering - Combustion & Heat Transfer, France 1991; Bachelor of Economics.
Experience	27 years of experience in the oil and gas industry.

**Field of charge:**  
 Provide independent assessment of investment in asset, transportation, basic construction of the Corporation and other tasks assigned by the Chairman.

**Employment History:**

6/2020 - Present	Independent member of PV Drilling's Board of Directors; 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, 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, VinaCapital.





# REPORT OF PV DRILLING'S BOARD OF DIRECTORS



## I. REPORT ON BOD'S OPERATION ACTIVITIES IN 2021

### 1. Market overview

In 2021, the world economy recovered as compared to 2020 because many countries promoted vaccination programs against Covid-19 as well as adjusted appropriate pandemic prevention policies to reopen their economies. However, the recovery momentum showed signs of slowing down during last months of the year as new waves of coronavirus pandemic appeared and many countries decided to delay their reopening plans. Besides, the global supply chain continues to be disrupted, resulting in high inflation rate, significantly affecting business activities of enterprises on a global scale. According to the International Monetary Fund (IMF), global GDP growth in 2021 reached 5.9% compared to a decrease of 3.1% in 2020.

In Vietnam, Covid-19 pandemic broke out from end of April 2021 with a new variant of coronavirus. Its faster

spread rate was more dangerous and complicated in many localities and seriously affected to normal life and socio-economic development. GDP in 2021 still maintained at an increase of 2.58% over the previous years.

The oil and gas industry was no exception to the impact of Covid-19 pandemic. Oil and gas companies have had to focus on responding to the pandemic while maintaining business activities. Their investment activities have been carried out in moderation; exploration and production programs have been stopped/delayed, leading to few jobs with low service prices available for oil service companies. In contrast, management and operating costs have increased due to the response to Covid-19 pandemic.

### 2. Results of PV Drilling's business performance in 2021

#### 2.1 Implementation of PV Drilling's key objective

Facing the difficult market conditions mentioned above and based on the targets assigned by the Annual General Meeting of Shareholders in Resolution No. 02/2022/NQ-DHCD dated 4th August 2021, PV Drilling's BOD directed and coordinated in cooperation with PV Drilling's Board of Management (BOM) to carry out the main tasks as follows:

» **Corporate strategy and restructuring activities:**

In 2021, based on market demand and development strategy for the period of 2021 - 2025, PV Drilling's BOD continued to study the restructuring plan of PV Drilling in the direction of streamlining the organizational structure to operate effectively; at the same time, continued to review and re-evaluate the existing resources of PV Drilling and its subsidiaries to find solutions in order to maintain and develop traditional services and convenient new services on the trend of renewable energy for sustainable development purpose.

» **Business operation activities:** The BOD actively directed the implementation of job seeking and market development solutions for PV Drilling's services in the context of low service prices and tough competition. Ensuring stable and continuous business activities and maintain maximum efficiency of drilling rig operations and well technical services in the context of complying with requirements of regulatory bodies on prevention of Covid-19 pandemic.

» **Market development activities:** To intensify the search for provision drilling rigs opportunities in the Southeast Asia and develop services to overseas markets as well as expanding the domestic market share.

» **Safety, health and environment activities:** Ensure safety and health for employees, especially the workforce working directly on the rig and workshop during Covid-19 pandemic prevention period; do not let incidents or accidents cause loss of working time.

» **Financial management:** Continued to implement cost management, control budget, restructure loans

and focus on recovering overdue debts from PVEP and other customers.

» **Investment activities:** The BOD has 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 necessary or not bring the prompt effective to PV Drilling in the current period. In 2021, PV Drilling focused on completing approved key investment projects, including (i) "Investment in building a new Drilling Equipment Set (DES)" and (ii) "Procurement of new drilling pipe/heavy weight drill pipe/drill collar for PV DRILLING V rig" to ensure the provision of drilling campaign of BSP as planned.

» **Training and human resource development activities:** continuing to strengthen the training and rotation of staff, especially focusing on improving the competence of Vietnamese management team and engineer team to take charge of key positions.

» **Corporate governance:** to conduct the assessment and forecast the market to work out practical solutions to ensure the completion of the business plan; to assign specific responsibilities to subsidiaries and its individual and assessed task completion in accordance with set criteria; to review and amend the internal management regulations to meet the requirements of PV Drilling's business operation activities and applicable laws; to strengthen the inspection and supervision in the implementation of Resolutions/Decisions of Annual General Meeting of Shareholders/BOD and internal regulations.

» **Investor relationship:** PV Drilling always maintained a good relationship with shareholders through fully and timely disclosed all reports and other related information in accordance with applicable laws; focusing on directing to complete the stock dividend payment to shareholders under the Resolution No. 02/2021/NQ-DHĐCĐ dated 4<sup>th</sup> August 2021 of the General Meeting of Shareholders.

# REPORT OF PV DRILLING'S BOARD OF DIRECTORS (continued)

- » **Corporate social responsible activities:** Beside business operation activities, the BOD always paid attention to the implementation of corporate social responsible activities, environmental protection with the goal of comprehensive development and dedication to the community. In 2021, PV Drilling's corporate social responsible activities mainly focused on supporting the response to Covid-19 pandemic, including donating to Covid-19 pandemic prevention fund and directing support expenses for employees and their relatives who unfortunately infected with Covid-19 with a total budget of VND 2,134 billion.

## 2.2 Business performance result in 2021

Although facing extremely difficult conditions due to the impact of Covid-19 pandemic and the market downturn, the BOD and the BOM of PV Drilling have made great efforts in directing, managing and operating PV Drilling's business activities, thereby achieving the following results:

- » **Drilling services:** The average utilization efficiency of jack-up rigs in 2021 reached 3.2 rigs, a slight increase compared to 2020 of 3.0 rigs; rig operating efficiency is always maintained at a high level, averaging 99.7%. In addition, during the year, PV Drilling leased one jack-up rig to supply in Vietnam market from the end of September 2021 until the beginning of July 2022.
- » **Well technical and other services:** Subsidiaries of PV Drilling (such as PVD Baker Hughes, PVD Logging, PVD Offshore, PVD Well Services...) continue to make large contributions to PV Drilling's revenue and profit despite facing many difficulties in the process of service implementation due to the

impact of Covid-19 pandemic.

- » **Safety, health, and environment:** although Covid-19 pandemic broke out strongly and dangerously in 2021, PV Drilling has well-implemented disease prevention to ensure safety and health for the workforce, especially those who worked directly on drilling rigs and workshops. The drilling rigs and equipment of PV Drilling are operated safely and efficiently, without lost time accidents.
- » **Overdue debt collection:** In 2021, PV Drilling collected around of VND 30 billion from PVEP (including joint ventures) and continued working with PVEP to collect the remaining debts.
- » **Review and amendment of policies and regulations:** In 2021, the BOD completed the amendment and supplement of PV Drilling's Charter, Internal regulations on Corporate Governance and Operation regulations of the BOD in compliance with new provisions of the laws. At the same time, approved the Charter of subsidiaries and PV Drilling's internal management regulations (financial management regulations, PV Drilling's representative management regulations...).
- » **Business activities:** In extremely difficult conditions due to the impact of Covid-19 pandemic affecting all aspects of PV Drilling's business activities, the BOD and the BOM of PV Drilling have made great efforts to implement the solutions in order to complete the key tasks which assigned by the General Meeting of Shareholders. The results are as follows:

No.	Indicator	Unit	2021 Plan	2021 Actual	% Actual/Plan
1	Total revenue	Billion VND	4,400	4,314	98,0%
2	Profit after tax	Billion VND	25	20	80,0%
3	Profit after tax of the Holding Company's Shareholders	Billion VND	470	486	103,4%

## 2.3 Difficulties and existence

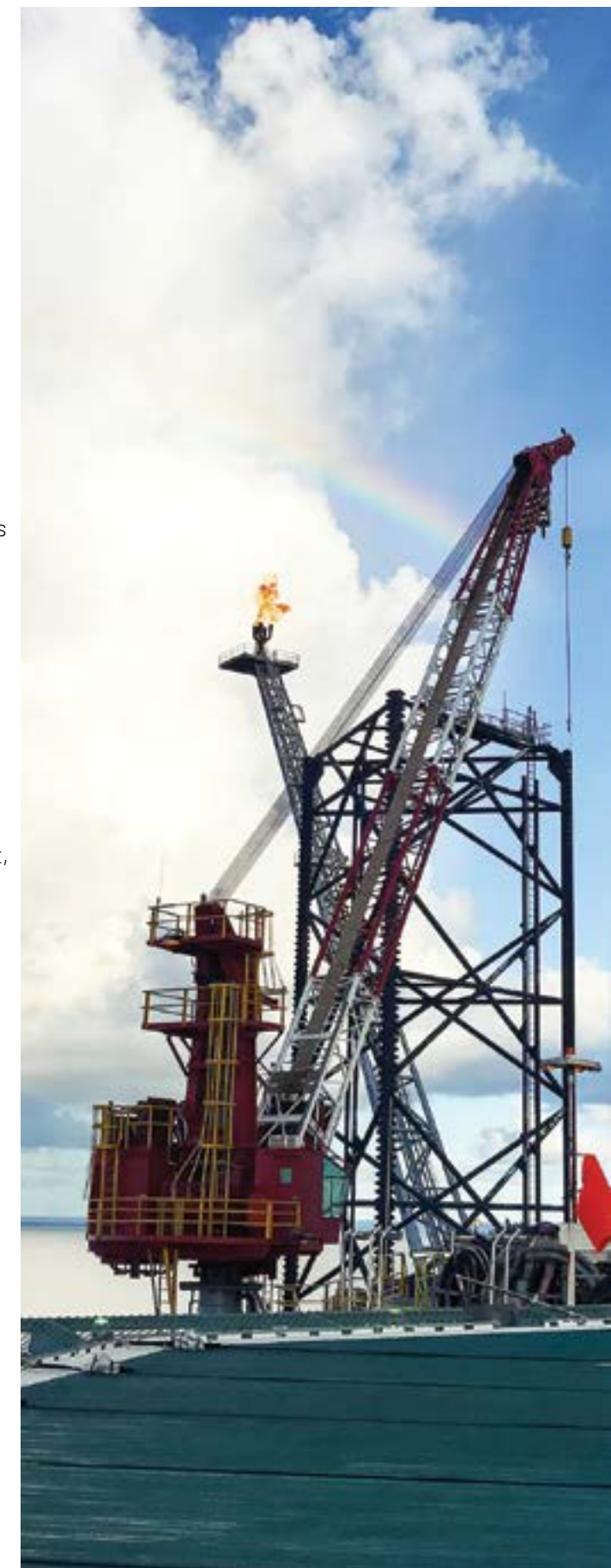
Although the BOD and the BOM of PV Drilling have made great efforts to direct and solve difficulties and

problems, the business results have been limited and the implementation progress is still slow, such as:

- » The PV Drilling has been active and successful in

finding job for rig fleets; however, due to the impact of Covid-19 pandemic and oil price drop leading to oil and gas companies have stopped/decreased drilling campaign, investment activities were carried out in moderation, exploration and production programs were narrowed. This caused job opportunities of PV Drilling were increasingly limited.

- » The development of well technical and related services into international markets faces many difficulties and challenges due to fierce competition from international contractors and protectionist barriers of the host countries; besides, Covid-19 pandemic has also prevented PV Drilling from developing services into overseas markets.
- » Jack-up rigs operated below the capital cost due to requests for discounts from oil and gas companies; shift change, logistics and operating costs increased sharply due to Covid-19 pandemic; Revenue from well technical services dropped sharply due to decreased demand. These negative affected PV Drilling's business results.
- » The collection of overdue debts has not been completed yet. In addition, in 2021, there was an additional overdue debt from KrisEnergy Apsara Cambodia, which resulted in setting aside another financial provision, negative affecting PV Drilling's business results.
- » PV Drilling focuses on implementing the investment project of DES and reactivating the PV DRILLING V rig in order to perform the drilling contract for BSP Company in Brunei market, expected from the third quarter of 2021. However, due to the impact of Covid-19 pandemic, the investment in DES and bringing the PV DRILLING V rig into operation was behind the planned. The PV DRILLING V rig started drilling for BSP at the end of January 2022.
- » The BOD has directed to pay stock dividends in 2019 - 2020 in accordance with the plan approved by the General Meeting of Shareholders; however, in 2021, PV Drilling has not completed the stock dividend payment due to the completion of the procedures with the SCIC. On 18<sup>th</sup> February 2022, PV Drilling's BOD approved the detailed plan of stock dividend payment for 2019 and 2020 in accordance with Resolution No. 02/02/2022/ NQ-HĐQT and the stock dividend payment to shareholders is expected to be completed before 30<sup>th</sup> June 2022.
- » 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 restructure the company; therefore, PV Drilling is considering to adjust the restructuring plan to suit the new situation as well as the plan to develop business activities in the period of 2021 - 2025.





# REPORT OF PV DRILLING'S BOARD OF DIRECTORS (continued)



### 3. The operation results of BOD and each member of BOD

#### 3.1 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 who are holding the positions of Chairman, Vice Chairman and BOD Member cum President & CEO; 4 other members are in charge of various specialized fields including 3 independent members.

At PV Drilling's 2021 Annual General Meeting of Shareholders held on 4th August 2021, the BOD's members were elected for the new term of 2021 - 2025. Accordingly, from 4<sup>th</sup> August 2021, the BOD of PV Drilling has the following changes:

- » Mr. Pham Tien Dung and Ms. Nguyen Thi Thuy resigned to be members of PV Drilling's BOD.
- » Mr. Mai The Toan and Mr. Vu Thuy Tuong were elected to PV Drilling's BOD for the new term 2021 - 2025.

PV Drilling's BOD for the term of 2021 - 2025 has elected Mr. Mai The Toan as Chairman and Mr. Do Duc Chien as Vice Chairman of PV Drilling's BOD.

PV Drilling's BOD operates on the principle of collective, makes decisions according to the principle of majority based on compliance with the Operation Regulations of the BOD of PV Drilling, the Charter of PV Drilling and the Law on Enterprises.

#### 3.2 Operation results of each member of the BOD

Members of PV Drilling's BOD are assigned to specific fields, specifically as follows:

No.	Name	Title	Field of Assignment
1	Mr. Mai The Toan	Chairman	Responsible for the general direction, in charge of strategy; short, medium and long-term plan of PV Drilling; HR management; corporate renovation and restructuring; corporate culture; planning and employee policies; transactions between PV Drilling and its related parties; 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, internal management regulations, technical and management norms, capital and asset management of PV Drilling.
3	Mr. Nguyen Xuan Cuong	BOD member, President and CEO	Performing the duties of the BOD member cum President and CEO; in charge of Corporate's overall operation activities, sustainable growth, legislation and business operation activities of PV Drilling and its subsidiaries; market research and expanding markets; brand management; shareholder and investor relations; information disclosure.
4	Mr. Vu Thuy Tuong	Non-executive member	Monitoring accounting, finance and audit of PV Drilling; directly monitor and manage the Internal Audit Committee.
5	Mr. Van Duc Tong	Independent member	Monitoring HSEQ activities, rig technical issues and risk management 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 in assets and capital construction, legislation of PV Drilling.

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

In 2021, PV Drilling's BOD members attended the meeting and verified the contents under the BOD's authority in order to issue the Regulations/Decisions. Besides, the BOD has performed well in supervising, directing and urging the Corporation to implement the Resolutions/Decisions in according to their assigned fields.



# REPORT OF PV DRILLING'S BOARD OF DIRECTORS (continued)

## 4. Remuneration and operation expenses of the BOD

### 4.1. Remuneration of the BOD

Remuneration and allowances for members of the BOD in 2021 have been paid in accordance with the approval of the General Meeting of Shareholders, namely as follows:

- » For members of the BOD who concurrently hold executive/specialized positions or be assigned other management positions at PV Drilling: remuneration (including wages, bonus, allowance...) will be paid based on PV Drilling's current salary policy.

- » For independent members or members who do not 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 in 2021 is VND 2,828,235,607 (Vietnam Dong Two billion eight hundred twenty eight million two hundred thirty five thousand six hundred and seven), namely as follow:

No.	Name	Title	Remuneration (Unit: VND)	Stock owned (Unit: shares)
1	Mr. Mai The Toan	Chairman (Appointed from 04/8/2021)	177,662,080	-
2	Mr. Do Duc Chien	Vice Chairman	495,817,400	455
3	Mr. Nguyen Xuan Cuong	BOD member, President and CEO	495,817,400	80
4	Mr. Van Duc Tong	Independent member	120,000,000	15,047
5	Mr. Nguyen Van Toan	Independent member	120,000,000	3,000
6	Mr. Hoang Xuan Quoc	Independent member	120,000,000	-
7	Mr. Vu Thuy Tuong	Non-executive member (Appointed from 04/8/2021)	442,667,918	-
8	Mr. Pham Tien Dung	Chairman (Resign from 04/8/2021)	-	169,254
9	Ms. Nguyen Thi Thuy	Non-executive member (resign from 04/8/2021)	856,270,809	50,978
Total			2,828,235,607	

### 4.2 Operation costs of the BOD

In compliance with the operation regulations of the BOD and the internal expenses regulations of PV Drilling, the operating costs of PV Drilling's

BOD in 2021 are VND 407,134,121 (including expenses for air tickets, hotel, and travel expenses, expenses for customers, stationer and other expenses) and are included in PV Drilling's general management expenses.

## 5. Summary of meetings and decisions of the BOD in 2021

In 2021, despite having to take concentrated measures to prevent Covid-19 pandemic, the BOD still maintains quarterly meetings through the online meeting. All

the meetings of BOD were held in compliance with PV Drilling's Charter as well as the Law on Enterprises. The BOD's members seriously attended annual meetings and always actively discussed to timely provide the orientations and guidance for PV Drilling's business operation as below:

No.	Name	Title	No of meeting attendance	Rate (%)	Note
1	Mr. Mai The Toan	Chairman	2/4	50%	Appointed from 04/8/2021
2	Mr. Do Duc Chien	Vice Chairman	4/4	100%	
3	Mr. Nguyen Xuan Cuong	BOD member, President & CEO	4/4	100%	
4	Mr. Van Duc Tong	Independent member	4/4	100%	
5	Mr. Nguyen Van Toan	Independent member	4/4	100%	
6	Mr. Hoang Xuan Quoc	Independent member	3/4	75%	Absent the meeting in the first quarter of 2021 because of business trip
7	Mr. Vu Thuy Tuong	Non-executive member	2/4	50%	Appointed from 04/8/2021
8	Mr. Pham Tien Dung	Chairman	2/4	50%	Resign from 04/8/2021
9	Mr. Nguyen Thi Thuy	Non-executive member	2/4	50%	Resign from 04/8/2021





# REPORT OF PV DRILLING'S BOARD OF DIRECTORS (continued)



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 of PV Drilling.

In 2021, the BOD approved and issued the total of 54 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 1.

## 6. Stock transactions of internal shareholders and affiliated persons

In 2021, internal shareholders and related persons conducted stock transactions as attached in Index No. 2. All stock transactions were conducted in accordance with applicable laws related to information release.

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

Transactions between PV Drilling and its related parties with main contents in 2021 are detailed in Appendix 3. The above transactions have been approved by the BOD in accordance with PV Drilling's Charter

and applicable laws.

## 8. The operation of BOD's independent members and their assessment on BOD's operation.

### 8.1 The operation of BOD independent members

Beside the field of assignment and general activities of the BOD as mentioned above, 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 the Law on Enterprise. In addition, they strictly and actively performed their functions and duties for the sake of shareholders' interest.

### 8.2 The BOD's independent member assessment on the BOD's operation

- » The organizational structure of PV Drilling's BOD complies with the Charter and applicable law regarding of the number, standards and conditions of members and the specialized legal regulations on the structure of independent members. All members are a high responsibility, an expert in management and diversified fields. The full-time members are an all-knowledgeable about PV Drilling's field of operation and have many years of experience in the oil and gas industry.
- » The PV Drilling's BOD made an action plan and implemented the 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. The meetings of the BOD were held fully and legally, ensuring the order and procedures as prescribed.
- » The members of PV Drilling's BOD are assigned to specific fields as mentioned above. In 2021, the BOD and the BOM of PV Drilling effectively led and directed the whole PV Drilling in the prevention of Covid-19 pandemic, thereby helping to maintain and ensure the safety of business operation activities and employees. PV Drilling's BOD has

completed the business targets assigned by the General Meeting of Shareholders, fulfilling all obligations to the State, responsibilities to the community and fully ensure the interests of shareholders and employees.

- » In 2021, through the support of the Internal Audit Committee under the BOD, the inspection and supervision of PV Drilling's business activities by the BOD was carried out regularly and closely. The BOD also provided sufficient documents and information for the Board of Supervisors for its performance the duties under regulations.
- » The BOD and BOM of PV Drilling have well coordinated in working out appropriate and timely decisions to ensure the best business performance of PV Drilling.

## 9. Activities of the Subcommittees under the BOD

Basing on the implementation of Decree No. 05/2019/ND-CP dated 22nd January 2019 of the Government and Resolution No. 01/2020/NQ-DHDCD dated 18th June 2020 of PV Drilling's General Meeting of Shareholders, the Internal audit committee under the BOD was established on 2<sup>nd</sup> April 2021 by the BOD of PV Drilling according to Decision No. 01/04/2021/QD-HDQT.

The Internal audit committee operates in accordance with PV Drilling's Internal Audit Regulations issued by the PV Drilling's BOD according to Resolution No. 04/03/2021/NQ-HDQT dated 31<sup>st</sup> March 2021.

In 2021, the Internal audit committee has performed the internal audit of the PV Drilling's subsidiaries according to the internal audit plan approved by the BOD of PV Drilling as per Resolution No. 02/5/2021/NQ-HDQT dated 31<sup>st</sup> May 2021.

## 10. Assessment on operation of the President and CEO and BOM's members of PV Drilling

Evaluation of business operation activities of the President

# REPORT OF PV DRILLING'S BOARD OF DIRECTORS (continued)

& CEO and BOM members of PV Drilling in 2021 as follows:

## 10.1 In general

- » 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 BOM have been well aware of challenges and disadvantages in 2021 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.
- » The BOD also promptly directed and implemented effective Covid-19 prevention measures throughout PV Drilling such as strictly complying with policy responses to Covid-19 pandemic and follow prevention measures at main offices, workshops, bases and drilling rigs. Additional the BOM also implemented onsite shifts for overseas drilling campaigns. These actions have brought the safety and maintaining the stability of business operation activities.
- » 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.

## 10.2 The results

In 2021, based on closely following the guidelines of the General Meeting of Shareholders and the BOD, the BOM of PV Drilling had always made great efforts to manage all aspects of PV Drilling's activities, thereby achieving the following results:

- » Business activities of PV Drilling were maintained safely and stably, fulfilling the targets which assigned by the General Meeting of Shareholders

and the BOD.

- » The BOM has actively sought job opportunities, promoted the development of overseas services and achieved very positive results in the extremely difficult context of 2021.
- » A transparent operating policy with clear assignment and decentralization in the operating structure; efficiently manage and use resources. The BOM has also well performed the risk control from the Board of Management and middle managers.
- » Investment task continued to be carried out carefully and effectively. Overdue debt collection continued to be promoted with positive results.
- » To fulfil all obligations according to State's regulations; ensure income and take care of the life, financial and spiritual for employees; build and train the leaders and employees with qualification and enthusiasm in order to create a foundation for sustainable development in the following years.
- » The total remuneration, salary, bonus and allowances received by the BOM in 2021 is 6,851,626,291 VND (In words: Six billion, eight hundred and fifty-one million, six hundred twenty six thousand, two hundred and ninety one dong, excluding salaries, bonuses and allowances of BOD member cum President and CEO).

With the targets and achieved results, the BOD assesses that the BOM has excellently completed the tasks in 2021.

## 11. Report on corporate governance of PV Drilling in 2021

PV Drilling's BOD is always aware of the importance of corporate governance and improving corporate governance quality based on applying good international practices to control and supervise PV Drilling's activities promptly, responsibilities, transparent and effective under the law provisions.

The reports of PV Drilling's corporate governance in 2021 and related information under the law on securities were announced promptly, fully and timely disclosed to the State Securities Commission and the Stock Exchange of Ho Chi Minh City according to regulations.

## II. THE BOD'S IMPLEMENTATION PLAN IN 2022

### 1. Outlook for 2022

The world economy is forecasted having better changes in 2022. However, there are still many uncertainties due to a new variant of Covid-19, high inflation and difficulties in the supply chain. Besides, political tension will also help to keep oil price at high level, which causes negative impact on the consumer price index and inflation. These will negatively affect the recovery of the world economy after the pandemic.

In 2022, the world crude oil market is forecasted to fluctuate wildly, especially the price trend due to the increasing demand for fuel over the globe; crude oil price is continuously adjusted to increase within the first half of 2022. The recovery of crude oil price will add more investment capital for oil and gas exploration projects that were previously halted or delayed. However, in 2022, it is forecasted that there will still be many challenges and difficulties for the oil and gas service companies because E&P activities have not yet been vibrant again, although the world oil price is currently maintained higher than in recent years.

### 2. Operation orientation of the BOD in 2022

For PV Drilling, although the oil price has increased to the highest level in recent years, in 2022, there will still be many difficulties and challenges due to the lack of job and low service prices as well as unpredictable conditions of Covid-19 pandemic. Therefore, in addition to regular supervision and inspection according to responsibilities, in the coming time PV Drilling's BOD will focus on directing the implementation of the following tasks:

- » Drilling rig operations and well services: (i) ensuring the safe and efficient maintenance of the rig fleet, machinery and equipment of PV Drilling and (ii) ensuring the provision of well technical and other services safely, efficiently and in good quality.
- » Market development: (i) maintain domestic market share, continue to find, expand and develop services abroad and other services outside the oil and gas industry to ensure stable jobs, continuously for drilling rigs and related

drilling services and (ii) increasingly looking for opportunities to develop related services in international markets.

- » Financial tasks: (i) continue to strengthen financial management, implement solutions to optimize costs, strictly cash flow management; (ii) intensify debt collection and (iii) stick to the economic and financial targets as per the plan approved by the Annual General Meeting of Shareholders and periodically evaluate the implementation of the planned targets with timely direction to achieve the goals.
- » Investment and science and technology: (i) continuing to research and consider investing in specialized equipment suitable to market needs, meeting customer's requirements and investment efficiency to improve resources and efficiency and (ii) promoting research and application of new science and technology, enhancing the ability to receive technology transfer from foreign partners to increase productivity, improve quality and competitiveness.
- » Training of human resources: (i) continue to review and train high-tech human resources to gradually replace key positions in rig operation and advanced services; (ii) focus on developing the successor team ready to expand services in domestic and foreign markets and (iii) continue to promote the program of optimizing resources for compactness, quality and professionalism.
- » Corporate governance: (i) Continuing to carry out corporate restructuring to suit PV Drilling's operations to perform more efficiently and improve competitiveness; (ii) continue to review and amend internal management regulations, strengthen internal control system as well as inspection and supervision under current regulations and (iii) research and apply transformation number of businesses to improve business performance.

### 3. Business targets in 2022

Although the workload and day rates have not been improved, PV Drilling's BOM 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 Total revenue target of VND 4,700 billion and effort to be profitable in 2022.



# REPORT OF PV DRILLING'S BOARD OF DIRECTORS (continued)

ATTACHMENT 1  
LIST OF RESOLUTIONS/DECISIONS OF PV DRILLING'S BOD IN 2021

No.	Ref. of Resolution/ Decision	Date	Contents	Percentage of approval
1	01/01/2021/NQ-HDQT	25/01/2021	Authorization to approve contracts and transactions with related parties.	100%
2	02/01/2021/NQ-HDQT	25/01/2021	The science and technology regulation of PV Drilling.	100%
3	03/01/2021/NQ-HDQT	25/01/2021	Expenditure Regulation of PV Drilling's science and technology fund.	100%
4	04/01/2021/NQ-HDQT	25/01/2021	Regulation on organization and operation of PV Drilling's science and technology Council.	100%
5	05/01/2021/NQ-HDQT	25/01/2021	Amendment of the Charter of PVD Deepwater.	100%
6	06/01/2021/NQ-HDQT	29/01/2021	Deduction of investment and development fund in 2020.	100%
7	01/02/2021/NQ-HDQT	08/02/2021	Regulation of HSEQ rewards.	100%
8	02/02/2021/NQ-HDQT	26/02/2021	Amendment of the Charter of PVD Logging.	100%
9	03/02/2021/NQ-HDQT	26/02/2021	Resigning of the chief accountant of PVD Offshore.	100%
10	01/03/2021/QĐ-HDQT	25/3/2021	Marking the record day for the list of shareholders to hold 2021 General Meeting of Shareholders.	100%
11	01/03/2021/NQ-HDQT	26/3/2021	Personnel appointment of PV Drilling's subsidiaries.	100%
12	02/03/2021/NQ-HDQT	31/3/2021	Settle salary fund of 2020.	100%
13	03/03/2021/NQ-HDQT	31/3/2021	Continuing to extend the dividend payment plan of 2019.	100%
14	04/03/2021/NQ-HDQT	31/3/2021	Internal audit regulation.	100%
15	01/04/2021/QĐ-HDQT	02/4/2021	Establishment of an Internal audit committee.	100%
16	02/04/2021/QĐ-HDQT	22/4/2021	Organization plan for 2021 General Meeting of Shareholders of PV Drilling.	100%
17	03/04/2021/QĐ-HDQT	29/4/2021	Appointment of Manager of Internal audit committee.	100%
18	04/04/2021/QĐ-HDQT	29/4/2021	Appointment of member of Internal audit committee.	100%
19	05/04/2021/QĐ-HDQT	29/4/2021	Salary arrangement of Manager's Internal audit committee.	100%
20	06/04/2021/QĐ-HDQT	29/4/2021	Salary arrangement of member's Internal audit committee.	100%
21	01/04/2021/NQ-HDQT	26/4/2021	PV Drilling's financial management regulation.	100%
22	01/05/2021/QĐ-HDQT	07/5/2021	Postpone 2021's General Meeting of Shareholders.	100%
23	01/05/2021/NQ-HDQT	31/5/2021	Signing additional work with BSP.	100%
24	02/05/2021/NQ-HDQT	31/5/2021	Internal audit plan in 2021.	100%
25	01/06/2021/NQ-HDQT	07/6/2021	Personnel appointment of Vietubes.	100%

No.	Ref. of Resolution/ Decision	Date	Contents	Percentage of approval
26	02/06/2021/NQ-HDQT	14/6/2021	Collecting shareholders' opinion in writing.	100%
27	01/06/2021/QĐ-HDQT	14/6/2021	Resigning Secretary of corporation.	100%
28	02/06/2021/QĐ-HDQT	14/6/2021	Appointment Secretary of corporation.	100%
29	03/06/2021/NQ-HDQT	17/6/2021	Approval of meeting documents for 2021 General Meeting of Shareholders of PVD Tech and PVD Training.	100%
30	04/06/2021/NQ-HDQT	17/6/2021	Personnel appointment of PVD Training.	100%
31	05/06/2021/NQ-HDQT	28/6/2021	Amendment of the Charter of PV Drilling's subsidiaries.	100%
32	06/06/2021/NQ-HDQT	30/6/2021	Approval of documents and organization plan for collection shareholders' opinion in writing about "Regulation on guidance of online meetings and electronic voting to conduct the online general meeting of shareholders or collecting shareholders' opinions by electronic voting".	100%
33	01/07/2021/QĐ-HDQT	22/7/2021	Establishment of support team to collect the shareholders' opinion in writing.	100%
34	01/07/2021/NQ-HDQT	27/7/2021	Guarantee short-term credit limit for PVD Tubulars in period 2021-2022.	100%
35	02/07/2021/NQ-HDQT	27/7/2021	Approval of meeting agenda and meeting documents for 2021 General Meeting of Shareholders.	100%
36	03/07/2021/NQ-HDQT	28/7/2021	Adjust the project implementation time "Building a new drilling equipment set for leasing" and Rental contract of the Drilling Equipment Set (DES).	86%
37	01/08/2021/NQ-HDQT	04/8/2021	Appointment Chairman of PV Drilling.	100%
38	02/08/2021/NQ-HDQT	04/8/2021	Appointment Vice Chairman of PV Drilling.	100%
39	03/08/2021/NQ-HDQT	19/8/2021	Personnel re-appointment of PVD Training.	100%
40	04/08/2021/NQ-HDQT	19/8/2021	Assignment tasks to PV Drilling's BOD members.	100%
41	05/08/2021/NQ-HDQT	24/8/2021	Selecting Deloitte Vietnam to perform auditing for annual financial statements of PV Drilling in 2021.	100%
42	06/08/2021/NQ-HDQT	25/8/2021	Personnel appointment of PVD Tech.	100%
43	01/09/2021/NQ-HDQT	07/9/2021	Salary and remuneration arrangement of BOD members and BOS members.	100%
44	02/09/2021/NQ-HDQT	07/9/2021	Appointment of the chief accountant of PVD Offshore.	100%
45	01/10/2021/NQ-HDQT	29/10/2021	Regulation on management of PV Drilling's representatives.	100%
46	01/11/2021/NQ-HDQT	08/11/2021	Establishment of the Internal audit team.	100%
47	01/11/2021/QĐ-HDQT	11/11/2021	Establishment of the Internal audit team at PVD Tech.	100%
48	02/11/2021/QĐ-HDQT	11/11/2021	Establishment of the Internal audit team at PVD Well Services.	100%
49	03/11/2021/QĐ-HDQT	11/11/2021	Establishment of the Internal audit team at Vietubes.	100%
50	01/12/2021/NQ-HDQT	10/12/2021	Resigning Vice President of PV Drilling.	100%
51	01/12/2021/QĐ-HDQT	10/12/2021	Resigning Vice President of PV Drilling.	100%
52	02/12/2021/NQ-HDQT	16/12/2021	Deduction of investment and development fund in 2021.	100%
53	03/12/2021/NQ-HDQT	16/12/2021	Signing Settle Agreement for CWF of C190015/TW contract.	100%
54	04/12/2021/NQ-HDQT	27/12/2021	Extension of 2019 and 2020 dividend payment plan.	100%

# REPORT OF PV DRILLING'S BOARD OF DIRECTORS (continued)

## ATTACHMENT 2 STOCK TRANSACTIONS OF PV DRILLING'S INTERNAL PARTIES IN 2021

No.	Name	Relationship with internal parties	Beginning balance		Ending balance		Reason
			Amt.	Per. (%)	Amt.	Per. (%)	
1	Mr. Van Duc Tong	BOD Independent member	18,847	0	15,047	0	Sell
2	Mr. Nguyen Van Toan	BOD Independent member	4,000	0	3,000	0	Sell
3	Ms. Nguyen Thi Thai	Related person of the BOD member	0	0	5,000	0	Buy
4	Ms. Nguyen Thi Thai	Related person of the BOD member	5,000	0	1,000	0	Sell
5	Ms. Do Thi Mai	Related person of the BOD member	3,300	0	0	0	Sell
6	Ms. Vu Thi Viet Van	Related person of the Vice President	34,503	0	3	0	Sell
7	Mr. Nguyen Xuan Cuong	BOD member, President & CEO	33,480	0	13,880	0	Sell
8	Mr. Nguyen Xuan Cuong	BOD member, President & CEO	13,880	0	80	0	Sell

## ATTACHMENT 3 TRANSACTIONS BETWEEN PV DRILLING AND ITS RELATED PARTIES IN 2021

No.	Name	Relationship	No. of Registry	Address	Transaction time	Ref. of Resolution/ Decision of the AGM/BOD	Works
1	Petrovietnam	Major shareholder		No.18, Lang Ha Street, Ha Noi City.	26/01/2021	22/QĐ-PVD	Transferring the right to use trademark PVN.
2	PVD Baker Hughes	Subsidiary	1042818132	5 <sup>th</sup> Floor, Cantavil An Phu Building, No.1 Song Hanh Street, An Phu Ward, District 2, Ho Chi Minh City.	26/01/2021	21A/QĐ-PVD	Deposit payment contract for office rental.
3	PVD Expro	Subsidiary	491022000098	No. 65A, Street 30/4, Thang Nhat Ward, Vung Tau City, Ba Ria Vung Tau Province.	01/02/2021	27/QĐ-PVD	Information technology management service.
4	Vietsovetro	Related person of major shareholder		No.105 Le Loi Street, Thang Nhi Ward, Vung Tau City, Ba Ria Vung Tau Province.	03/02/2021	27A/QĐ-PVD	Provision of drilling rig and drilling service.
					02/4/2021	77/QĐ-PVD	
					19/4/2021	83/QĐ-PVD	

No.	Name	Relationship	No. of Registry	Address	Transaction time	Ref. of Resolution/ Decision of the AGM/BOD	Works
5	Cuu Long JOC	Related person of major shareholder		4 <sup>th</sup> Floor, Paragon Building, No.3 Nguyen Luong Bang Street, Tan Phu Ward, District 7, Ho Chi Minh City.	22/02/2021	30A/QĐ-PVD	Provision of drilling services.
					05/7/2021	136/QĐ-PVD	Provision of drilling rig and drilling services.
6	PVD Overseas	Subsidiary	201308977C	No.9, Temasek Boulevard, #31-00 Suntec Tower 2, Novena Suite, Singapore 038989.	17/9/2021	169/QĐ-PVD	Adjustment of the lease contract of PV DRILLING VI rig.
7	PVD Training	Subsidiary	3500677518	Road 1, Dong Xuyen Industrial Zone, Rach Dua Ward, Vung Tau City, Ba Ria Vung Tau Province.	29/4/2021	94/QĐ-PVD	Training service.
					31/5/2021	110/QĐ-PVD	
					23/7/2021	142/QĐ-PVD	Manpower service.
					26/11/2021	209/QĐ-PVD	
8	PVD Tech	Subsidiary	0305124602	8 <sup>th</sup> Floor, Green Power Building, No.35 Ton Duc Thang Street, Ben Nghe Ward, District 1, Ho Chi Minh City.	31/3/2021	75/QĐ-PVD	Crane services, Rig maintenance and repair service, Fabrication service.
					24/5/2021	102/QĐ-PVD	Shear test services for BOP 21"-2M and BOP 13-5/8"10M.
					29/7/2021	150/QĐ-PVD	MOU between PV Drilling, PVD Tech and Viddacom.
9	PVD Offshore	Subsidiary	3500803145	No. 43A, Street 30/4, Ward 9, Vung Tau City, Ba Ria Vung Tau Province.	23/7/2021	142/QĐ-PVD	Inspection, maintenance and workshop service.
							Manpower service for the jack-up rig.
							Manpower service for the TAD rig.
10	PVD Well Services	Subsidiary	0305123077	Unit 13, 12A Floor, Vincom Center, 47 Ly Tu Trong Street, Ben Nghe Ward, District 1, Ho Chi Minh City.	23/7/2021	142/QĐ-PVD	Rental Nasos I and Nasos II boats.
							Tubular handling service.
							Rental of Shaker Screens.
							Drilling equipment rental service.
							Drilling tools rental service.



# 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 2021, the BOD publicated Working regulation of the BOD; Working regulation of the BOS and Internal regulation on corporate governance in accordance with the Circular No. 155/2020/ND-CP.

For corporate governance activities, we commit to work in compliance with Vietnam's Corporate Governance Code of Best Practices for 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 equitable treatment for all kinds of shareholders including minority and foreign shareholders.

**Stakeholder relations:** To recognize rights of related parties as required by applicable laws and to offer encouragement of 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.

## REPORT ON CORPORATE GOVERNANCE IMPLEMENTATION IN ACCORDANCE WITH VIETNAM GC CODE AT PV DRILLING: I. 2021 ANNUAL GENERAL MEETING (AGM)

**Date of the AGM:** Due to negative impacts of coronavirus pandemic and implementation of social distancing rules in Ho Chi Minh City, PV Drilling has asked for extension of AGM date until August 2021. Specifically, the Corporation successfully organized 2021 AGM via online meeting on 04/8/2021.

In order to conduct 2021 AGM via online meeting in accordance with applicable laws, PV Drilling has conducted shareholders' approval to issue the Resolution No. 01/2021/NQ-DHDCD dated 21/7/2021 on Approval on instruction regulation of online meeting and electronic voting to organize AGM via online meeting or conducting shareholders' ideas in written documents.

PV Drilling has released on its website all 2021 AGM materials on 14/7/2021, ensuring the compliance with regulation on posting on website and sending Letter of Invitation together with related materials to shareholders 21 days prior to the date of 2021 AGM.

Language used in the Letter of Invitation and other related materials is Vietnamese and English.

The Letter of Invitation has disclosed information of the BOD Secretary team and the Investor Relations team to assist shareholders and collect ideas/comments from shareholders. In particular, this year PV Drilling organized AGM via online meeting, which allows shareholders to vote as well as contribute comments/ ideas 2 days prior the date of AGM.

PV Drilling issued the Regulation on organizing AGM via online meeting under the Resolution No. 01/2021/NQ-DHDCD dated 27/7/2021. Besides, PV Drilling has posted Registration instruction of attending 2021 AGM (via online meeting and electronic voting) on 18/7/2021 to support shareholders in attending the online AGM.

On the date of 2021 AGM (04/8/2021), PV Drilling issued and posted on its website the Resolution No. 02/2021/NQ-DHDCD and the Minutes of AGM, ensuring

information disclosure policy within 24 hours in accordance with Circular 96/2020/TT-BTC.

During the year, PV Drilling has not been penalized by the Ho Chi Minh City Stock Exchange regarding the organization and information disclosure of the AGM. PV Drilling successfully organized 2021 AGM at the first time without any complaints/sues related to the organization and AGM resolution.

2021 AGM approved the updated Charter in compliance with the Law on Enterprise 2020, approved Working regulation of the BOD, Working regulation of the BOS, Internal regulation on corporate governance in compliance with Circular 155/2020/ND-CP.

Voting results of agreeing, disagreeing or abstention for each issue at the latest AGM has been released in details in the Minutes of AGM.

At 2021 AGM, shareholders always have opportunities to contribute ideas as well as receive answers from the Presidium and BOM members. Due to time limit, questions and explanations are not detailed in the Minutes of the AGM.

AGM minute has publicized a full list of the BOD, BOS and BOM members in attendance of 2021 AGM.

## II. THE BOARD OF DIRECTORS

The process of nominating a candidate for the BOD including searching, selecting and recommending was disclosed in the Notice No. 03/07/2021-TB-HĐQT dated 20/7/2021, ensuring the information disclosure to be conducted 14 days prior to the date of 2021 AGM.

The BOD for term of 2021 – 2025 was elected by cumulative voting. The Board consists of 7 members including one executive member (President & CEO) and 3 independent members. At PV Drilling, 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. Currently, BOD members do not hold senior management positions of over 5 enterprises. Profiles in detail of BOD members are fully posted in the website and on annual report including their ages, education, dates of appointment, stock owning, salaries and annual remuneration, ect.

In 2021, PV Drilling established the Internal Audit Sub-committee in accordance with Decision No.01/04/2021/

# CORPORATE GOVERNANCE REPORT (continued)

QD-HDQT dated 02/4/2021 of the BOD. In addition, the BOD has appointed Mr. Vu Thuy Tuong, a non-executive member, who has expertise and experience in the field of financial accounting to be in charge of the Sub-committee. During the year, the Sub-committee completed auditing at subsidiaries in accordance with 2021 auditing plan approved by the BOD under the Resolution 02/05/2021/NQ-HDQT dated 31/5/2021.

It is quite difficult for the BOD to ensure gender-balance within the Board due to its specifically technical field in which men are the majority. Therefore, all current BOD members are male. However, efforts to maintain gender-balance within the BOD in order to maximize the benefits of gender diversity are preferably conducted when possible.

Annual meetings of the BOD are usually planned prior to beginning of the fiscal year. Due to complicated pandemic process in Ho Chi Minh City during 5-9/2021,

the periodical meeting for quarter 2 was delayed to August, 2021. During the year, the BOD ensured 4 periodical meetings. In such meetings, BOD members fully attended, ensuring minimum 75% attendance of BOD meetings. Beside the above-mentioned meetings, 6 non-executive members often have other meetings to discuss issues under BOD's authority. Report of the BOD in 2021 consists of the below issues: List of meetings and list of resolutions/decisions; Implementation of annual assessment of CEO and the BOM; assessment and proposing response measures against risk prevention and legal compliance; 2022 business plan, report on BOD's direction of supervising/ implementing corporate strategy, assessment of independent BOD members on the BOD's report, report of taking part in corporate governance courses.

In 2022, PV Drilling's Board of Directors plans to strengthen the participation in corporate governance training courses in order to update latest knowledges and skills, contributing to the efficiency in corporate governance.

## List of BOD members who have completed and received corporate governance certificates

No.	Name	Title	Course	Organizational center	Certificate
1	Mr. Do Duc Chien	Vice Chairman.	Governance competency enhancement.	Vietnam Petroleum Institute.	Yes.
2	Mr. Nguyen Xuan Cuong	BOD member, President & CEO.	Governance competency enhancement. Intensive course on Audit Committee.	Vietnam Petroleum Institute. VIOD.	Yes. Yes.
3	Mr. Vu Thuy Tuong	BOD member.	International certified internal Auditor. Governance competency enhancement.	Smart Train. Vietnam Petroleum Institute.	Yes. Yes.

## III. THE BOARD OF SUPERVISORS (BOS)

PV Drilling is currently operating under the format of the BOS with 3 members including one Head of the Board and two members. BOS members are those who possess expertise and experience in the field of accounting, auditing and finance but are not working in the accounting auditing or finance division of the Corporation as well as have not worked for an independent audit unit which audited 2021's financial statements for PV Drilling in the last 3 years. In 2021, the BOS organized 9 meetings in total with full attendance of all 3 members. During the year, the BOS fully conducted assessments on an auditing unit and semi-annual financial statements, annual financial statements of the Corporation; simultaneously, the BOS also conducted an association between the BOS and BOD, BOM.

## IV. OTHER INFORMATION

PV Drilling's annual report is conducted with full issues in compliance with Circular 96/2020/BTC and is timely released in accordance with applicable laws (no later than 20 days after the date of the audit financial statement release.

Sustainability growth report, integrated in the annual report, is prepared under GRI standards. Sustainability growth reports of PV Drilling show its full responsibilities on environmental and social issues and clearly

announce related policies and practices, describing the Corporation efforts in ensuring the implementation of environmental protection standards while operating. In fact, PV Drilling always requires contractors, suppliers to commit environmental standards and regularly organizes periodical/ unannounced visit to ensure the protection work as committed.

Semi-annual and annual corporate governance report is always being conducted and released on time.

Charter and internal report on corporate governance has been updated in accordance with the Law on Enterprise and Decree 155/2020/ND-CP. All above-mentioned materials have been posted in the website, section Information publication and are easily downloaded.

In effort of connecting with shareholders and investors via various means of communication such as shareholder meeting, website communication channel, PV Drilling also provide shareholders and investors with information of specialized teams including phone numbers, emails of the Corporation (info@pvdrilling.com.vn), investor relation team (ir@pvdrilling.com.vn), public relation and BOD secretary team (pr@pvdrilling.com.vn) so that shareholders/investors can directly get in touch with such teams.



2021 AGM and upcoming 2022 AGM via online meeting allow shareholders to leave questions, contribute ideas as well as vote 2 days prior to the date of AGM. This system also helps to provide opportunities for shareholders who stay outside Ho Chi Minh City, foreign shareholders or those who can't attend at the time the AGM is conducting to be able to attend the AGM and ensure shareholder right at highest level.





# THE BOARD OF SUPERVISORS



## Mr. LUONG THANH TINH

Head of PV Drilling's Board of Supervisors

Date of birth	1974
Date of appointment	04/8/2021
Education	Bachelor of Economics.
Experience	20 years of experience in the field of financial accounting.

### Employment History:

8/2021 – present	Head of the Board of Supervisors, PV Drilling;
3/2012 – 8/2021	Chief accountant of PVD Tech, a subsidiary of PV Drilling;
9/2010 – 2/2012	Chief accountant of PVD Drilling Division, a subsidiary of PV Drilling;
9/2007 – 9/2010	Chief accountant of PVD Training, a subsidiary of PV Drilling;
3/2006 – 9/2007	Deputy manager of Finance Accounting Department, Oil and Gas Drilling Enterprise, currently PVD Offshore, a subsidiary of PV Drilling;
4/2003 – 3/2006	General accountant of Oil and Gas Drilling Enterprise, PVD Offshore;
12/2002 – 3/2003	Accountant of Oil and Gas Drilling Enterprise, currently PVD Offshore.



## Mr. NGUYEN VAN TAI

Member, PV Drilling's Board of Supervisors

Date of birth	1978
Date of appointment	04/8/2021
Education	Bachelor of Corporate Finance; Bachelor of Law.
Experience	21 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.

# THE BOARD OF SUPERVISORS (continued)



**Mr. NGUYEN BINH HOP**

Member, PV Drilling's Board of Supervisors

Date of birth	1973
Date of appointment	04/8/2021
Education	Bachelor of Economics.
Experience	22 years of experience in the field of accounting.

**Employment History:**

8/2021 – present	Member of the Board of Supervisors, PV Drilling; Deputy Manager of Finance Accounting Department, PVD Logging, a subsidiary of PV Drilling;
8/2007 – 8/2021	Deputy Manager of Finance Accounting Department, PVD Logging;
4/2006 – 7/2007	Deputy Manager of Finance Accounting Department, Petroleum Well Logging Enterprise (currently PVD Logging);
1/2005 – 3/2006	Accountant of Finance Accounting Department, Petroleum Well Logging Enterprise (currently PVD Logging);
4/2002 – 12/2004	Accountant of Oil Spill Response Enterprise, a subsidiary of PV Drilling;
12/2000 – 3/2002	Accountant of Sapa Trading Co., Ltd.





# REPORT

## THE BOARD OF SUPERVISORS



### I. BOARD OF SUPERVISORS OPERATION ACTIVITIES IN 2021

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

PV Drilling's Board of Supervisors (BOS) includes 3 members who have successfully completed the tasks in 2021 with the activities in accordance with the Law on Enterprise and PV Drilling's Charter as follows:

- » To supervise the Board of Directors, General Director in the management and administration of the Corporation.
- » 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.
- » 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.
- » To supervise the implementation of business plans according to the Resolution of the Annual General Meeting of Shareholders (AGM); Checking/

supervising production and business activities of affiliated units through financial statements, reports of representatives of PV Drilling at member companies and affiliates.

- » To appraise the completeness, legality and truthfulness of the Corporation'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 AGM.
- » To review, inspect and evaluate the effect and efficiency of internal control, internal audit, risk management and early warning systems of the Corporation.
- » 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 Corporation's business operations.
- » To propose the General Meeting of Shareholders to approve the list of auditing firms to audit the financial statements of the Corporation.
- » To formulate the Regulation on operation of the BOS in accordance with the current legal regulations and

submit to the General Meeting of Shareholders for the ratification.

- » To exercise other rights and perform other obligations as provided in Law on Enterprises, the Corporation's charter and resolutions of the General Meeting of Shareholders.

Committee of Ho Chi Minh City at Official Letter No. 1431/UBND-VX dated May 7, 2021, avoiding events and activities with more than 30 people in public places, the General Meeting of Shareholders was held on August 4, 2021 in an online form and re-elected the BOS for the next term. Therefore, the former members of the BOS will continue to exercise their rights and perform their obligations until the General Meeting of Shareholders elects the members of the BOS for the new term, specifically as follows:

#### 2. Performance of the Supervisors in 2021

Due to the complicated situation of the Covid-19 pandemic in Ho Chi Minh City in 2021, and in compliance with the pandemic prevention solutions of the People's

No.	Name	Status		Qualification
		Elected date	Expired date	
1	Mr. Vu Thuy Tuong		04/8/2021	Bachelor of Economic
2	Ms. Nguyen Thu Truc		04/8/2021	Bachelor of Accounting
3	Mr. Luong Thanh Tinh	04/8/2021		Bachelor of Economic
4	Mr. Nguyen Binh Hop	04/8/2021		Bachelor of Economic
5	Mr. Nguyen Van Tai	04/8/2021		Bachelor of Finance Bachelor of Law

The new Board Supervisors held the first meeting to elect Mr. Luong Thanh Tinh as Head of the Board of Supervisors in accordance with the law. In 2021, the Supervisors have successfully completed the assigned tasks accordance with the provisions of the Law on Enterprise and the Corporation's Charter, specifically as follows:

No.	Name	Title	Assigned tasks
1	Mr. Vu Thuy Tuong (Resigned on Aug. 04 <sup>th</sup> , 2021)  Mr. Luong Thanh Tinh (Elected on Aug. 04 <sup>th</sup> , 2021)	Head of Board	<ul style="list-style-type: none"> <li>» Conducting the roles of Head of Board in compliance with working regulations of the BOS.</li> <li>» Supervising the Board of Directors (BOD) and 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 (Resigned on Aug. 04 <sup>th</sup> , 2021)  Mr. Nguyen Binh Hop (Elected on Aug. 04 <sup>th</sup> , 2021)	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 semi-annual 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 the PV Drilling's Charter, regulations of laws;</li> <li>» Inspecting and Supervising the BOD and BOM operations in implementing the Decisions, Directives and Resolutions of the General Meeting.</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>

# REPORT THE BOARD OF SUPERVISORS (continued)

## 3. Salaries, remunerations, bonus, other benefits and operation expenses of Supervisors

Supervisors are entitled to salaries, remuneration or bonus and other benefits as decided by the General Meeting of Shareholders and accordance to the Resolution No. 01/2020/NQ-ĐHĐCĐ dated Jun. 18<sup>th</sup>, 2020 and Resolution No. 02/2021/NQ-ĐHĐCĐ dated Aug. 04<sup>th</sup>, 2021

The operation expenses of the BOS shall be paid accordance to the internal regulations.

The number of shares, salaries, remuneration and other benefits of each member of the BOS as below:

No.	Name	Title	Salaries, remuneration and other benefit (Unit: million dong)		Number of shares (Unit: share)
			Amount	Period	
1	Mr. Vu Thuy Tuong	Head of Board	736,7	Fr Jan 01 <sup>st</sup> to Aug 04 <sup>th</sup> , 2021	0
2	Mr. Luong Thanh Tinh	Head of Board	338,8	Fr Aug 04 <sup>th</sup> to Dec 31 <sup>st</sup> , 2021	0
3	Ms. Nguyen Thu Truc	Member	285,3	Fr Jan 01 <sup>st</sup> to Aug 04 <sup>th</sup> , 2021	0
4	Mr. Nguyen Binh Hop	Member	34,4	Fr Aug 04 <sup>th</sup> to Dec 31 <sup>st</sup> , 2021	0
5	Mr. Nguyen Van Tai	Member	407,1	Fr Jan 01 <sup>st</sup> to Dec 31 <sup>st</sup> , 2021	0
	<b>Total</b>		<b>1,802,3</b>		

Other operation expenses: Null.

## II. THE BOS' MEETING IN 2021

### 1. Number of attendance

In 2021, although the complicated of the Covid-19 pandemic, the BOS still held the necessary meetings to carry out its duties with the number of meetings and the attendance rate as follows:

No.	Name	Title	Number Of Attendance	Attendance rate in term	Voting rate in term	Absence Reason
1	Mr. Vu Thuy Tuong	Head of Board	5/9	100%	100%	Resigned from Aug 04 <sup>th</sup> , 2021
2	Ms. Nguyen Thu Truc	Member	5/9	100%	100%	Resigned from Aug 04 <sup>th</sup> , 2021
3	Mr. Luong Thanh Tinh	Head of Board	4/9	100%	100%	Elected from Aug 04 <sup>th</sup> , 2021
4	Mr. Nguyen Binh Hop	Member	4/9	100%	100%	Elected from Aug 04 <sup>th</sup> , 2021
5	Mr. Nguyen Van Tai	Member	9/9	100%	100%	

## 2. The content of BOS' meetings in 2021

No.	Date	Content
1	Meeting date Mar. 18 <sup>th</sup> , 2021	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> , 2021 and other operation of the BOS.
2	Meeting date Apr. 01 <sup>st</sup> , 2021	Appraise the method to determine the salary fund in 2020 for the Employees and Managers PV Drilling Corporation and other operation of the BOS.
3	Meeting date Apr. 07 <sup>th</sup> , 2021	Discussed and agreed the appraisal reports of the BOS to the Audited Holding Company financial statement and the Audited Consolidate Financial Statement for the year ended Dec 31 <sup>st</sup> , 2020 and other operation of the BOS.
4	Meeting date May 14 <sup>th</sup> , 2021	Agreed the contents to submit to the AGM 2021 for the ratification with the following reports: + The evaluation of Actual Operation in 2020 and plan in 2021. + The proposal of selecting the auditing firm for the year ended 2021. + The BOS operational regulations according to the Law and legal documents, taking effect on January 1, 2021.
5	Meeting date May 24 <sup>th</sup> , 2021	To appraise the Audited Holding Company financial statement and the Audited Consolidate Financial Statement for the period from Jan 01 <sup>st</sup> , 2021 to Mar 31 <sup>st</sup> , 2021 and others.
6	Meeting date Aug. 04 <sup>th</sup> , 2021	To elect Head of the Board in term 2021-2023.
7	Meeting date Aug. 06 <sup>th</sup> , 2021	To assign work to members of the BOS for the term 2021-2023.
8	Meeting date Sep. 22 <sup>nd</sup> , 2021	To appraise the Audited Holding Company financial statement and the Audited Consolidate Financial Statement for the period from Jan 01 <sup>st</sup> , 2021 to Jun 30 <sup>th</sup> , 2020 and others operations.
9	Meeting date Nov. 23 <sup>rd</sup> , 2021	To appraise the Holding Company financial statement and the Audited Consolidate Financial Statement for the period from Jul 01 <sup>st</sup> , 2021 to Sep 30 <sup>th</sup> , 2021 and others operations.



In 2021, PV Drilling's Board of Supervisors held a total of 9 meetings with full attendance of all BOS members to conduct 2021 Operation activities which was approved by the AGM.





# REPORT THE BOARD OF SUPERVISORS (continued)



In 2021, the BOS well coordinated with the BOD and the BOM in supervision and monitoring based on the principles of stability and sustainability growth of the Corporation and ensuring shareholder's rights as specified in applicable laws.



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

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

In 2021, in addition to oil and gas market fluctuation, businesses in the industry were seriously affected by Covid-19 pandemic. In the context of general market difficulties, the Board of Management has made great efforts in all business operations and completed the plan assigned by the General Meeting of Shareholders, although it decreased compared to the previous year, specifically as follows:

(Unit: billion VND)

Item	Holding Company (audited)				Consolidated (audited)				
	This year	Last year	Inc./Dec (+/-) vs LY	% (+/-) vs LY	Plan 2021	This year	Last year	% actual 2021 vs plan 2021	% actual 2021 vs last year
Total Income (*)	2,916	4,164	(1,248)	30%	4,400	4,314	5,682	98%	76%
Profit before tax	29	108	(79)	73%		62	204		31%
Net Profit after corporate income tax	29	110	(81)	73%		37	184		20%
Net profit after tax attributable to The Holding Company					25	20	186	78%	10%

(\*) Total income include: Revenue, income from investments in joint ventures, financial income and other income.

At Holding Company financial statement reports:

- » The actual income in YE 2021 compared to the previous year is 2,916/4,164 billion VND, decrease of 1,248 billion VND, equivalent decrease of 30% compared to the YE 2020.
- » Profit before tax in YE 2021 compared to the previous year is 29/108 billion VND, reaching 73% of the profit before tax in YE 2020; equivalent decrease of 79 billion VND.
- » The net profit after incorporation tax in YE 2021 compared to the previous year is 29/110 billion VND, decrease of 81 billion VND, equivalent decrease of 73% compared to the YE 2020.

At Consolidated financial statement reports:

- » The actual income in YE 2021 compared to the previous year is VND 4,314/5,682 billion, reaching of 76% of the last year income, equivalent decrease VND 1,368 billion compared to the YE 2020.
- » Profit before tax in YE 2021 compared to the previous year is VND 62/204 billion, reaching 31% of the profit before tax in last year; equivalent decrease of VND 142 billion.
- » The net profit after incorporation tax in YE 2021 compared to the previous year is VND 37/184 billion, reaching of 20% in comparison to the last year net profit, equivalent decrease VND 147 billion. In which, net profit from the Holding Company is VND 20/186 billion, reaching of 10%, decrease VND 166 billion in comparison to the Holding Company last year net profit.

Caused by the decrease 14% of the unit price, total incomes and profits are decrease. In addition, the number of operating rigs in 2020 was larger than the one in 2021. So that, the net profit is lower than last year.

### 2. Assessment reports on transactions between the Corporation, subsidiaries 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 Corporation with companies whose founders or managers are members of the Board of Directors.

According to current regulations on information disclosure in Circular 96/2020/TT-BTC dated November

16, 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 2021, the Board of Directors issued Resolution No. 01/01/2021/NQ-HĐQT dated January 25, 2021 on **"Authorization to approve Contracts and transactions with related persons"**. According to this Resolution, the CEO was authorized to review and approve all contracts and transactions with related persons of the Corporation with a limit of less than 25% of the total value of the Corporation's assets. Which recorded in the most recent financial statement, excluding contracts and transactions under the approval authority of the General Meeting of Shareholders as prescribed at point c, clause 4, article 30 of PV Drilling's Charter.

As of December 31, 2021, the CEO has signed 20 contracts between PV Drilling and major shareholders, insiders, and related people of insiders. In general, these transactions performed in accordance with current legal provisions, the parties participating in the transaction on an equal, voluntary basis and in accordance with the capacity of the parties; the purposes and the contents of the transaction were not contrary to social ethics.

### 3. To Appraise the Reports

The BOS has done the Appraisal Reports during the period, such as:

#### 3.1 To apprise the audited financial statements

As of December 31, 2021, the BOS has appraised and evaluated the Financial Statements (FS) at the year ended 2020, the Semi-annual and annual 2021 FS audited by Deloitte Vietnam Auditing Co. Ltd. In order to assess the true and fair view of the financial position of the Corporation 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 Corporation 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.

#### 3.2 To apprise the BOM reports

The BOS has appraised the BOM reports on the business results for the year ended 2021. In which, the BOM has detailed on each activity base on the core business activities such as drilling services, other drilling services and joint ventures' activities. In addition, The BOM

# REPORT THE BOARD OF SUPERVISORS (continued)

had reported the annual investment activities 2021 and other tasks under the authority of the BOM such as development and spread the service to the other countries, human resources, financial management, risk management...

Therefore, the BOM's reports for the year ended 2021 has reflected in accordance with actual operation of the Corporation, the indicators of revenue and profit were reflected and recognized in the audited financial statements for the year ended 2021, which had been audited by Deloitte Vietnam Auditing Co. Ltd.

## 3.3 To apprise the BOD reports

Based on current regulations, the BOD conducted the reports on actual activities in 2021, plan for 2022 and submits to 2022 AGM for ratification. In which, the reports has specifically detailed operational aspects of the Corporation in 2021 from the strategic orientation, corporate restructuring, cost management, corporate governance, investment, environmental, health and social security,...

The BOD has supervised, directed and orientated the Corporation to implement the important and urgent issues related to investment orientations, human resource development plans, organizational structure, assigning and appointing key manager, amending and issuing regulations.

Therefore, the BOD reports in the year ended 2021 is in accordance with the current situation, rights and obligations specified in the Charter and in accordance with the current regulations.

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

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

- » The Law on Enterprises dated June 17, 2020, taking effect on January 01, 2021.
- » The Law on Securities dated November 26, 2019, taking effect on January 01, 2021.
- » The Government's Decree No. 155/2020/ND-CP

dated December 31, 2020 elaborating some Articles of the Law on Securities, taking effect on 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, taking effect on February 15, 2021.

The BOD, the BOS and the BOM have been updating all changed requirements related to corporate governance such as the Charter, Internal regulations and rules of the Corporation. To formulate and submit the regulation on the operation of the BOD, the Regulation on Operation of the BOS to 2022 Annual General Meeting of Shareholders to get the ratification; at the same time, the BOM directed all divisions to develop and update the changings on that regulation to the corporate governance.

## IV. SUPERVISION OF THE BOD, CEO AND OTHER EXECUTIVE OFFICERS

In the difficult and challenging context of 2021, the BOM successfully managed business activities in accordance with the decentralization between the BOD and the BOM. The BOM strengthened implementation of response measures against oil price drop and Covid-19 pandemic such as cutting costs; controlling cash flow to maintain stability of business operation; strengthening internal resources and continuing to conduct service expansion to overseas markets; maintaining service quality, ensuring safety, improving rig utilization efficiency. The BOM regularly reported to the BOD and asked for guidance when necessary.

In order to carry out the inspection and supervision, the BOD promptly issued Resolutions/Decisions on strategy; operating activities in line with actual situations of the Corporation and its subsidiaries, in order to ensure the completion of the revenue and profit plan that approved by the AGM.

## V. EVALUATION OF COOPERATION BETWEEN THE BOS TO THE BOD, THE BOM AND SHARE-HOLDERS

The coordination between the BOS and the BOD, the BOM, shareholders is based on the principle of stability and development of the Corporation, in accordance with applicable laws and PV Drilling's Charter to ensure the interests of shareholders.

In 2021, the BOS closely coordinated with the BOD and the BOM in performing assigned functions and tasks. The BOD and the BOM have created favorable conditions for the BOS to perform our duties and provide information and documents related to the Corporation's operations.

The BOS has closely coordinated with the BOD and the BOM in inspection and supervision the parent company and its subsidiaries, ensuring that any major problem to be promptly adjusted to improve management efficiency and ensure all transactions and activities to be complied with applicable laws and the Corporation. During the year, the BOS did not receive any requests or suggestions from authorities as well as shareholders. The BOS fully participated in the meetings of the BOD, contributed ideas related to risk identification and warnings in the management and administration of business activities of the Corporation. The recommendations of the BOS were taken into consideration by the BOD and the BOM in order to protect the interests of the Corporation, complying with the provisions of the Law and internal management regulations of the Corporation.

The BOD closely directed, supervised the operations of the Corporation. The BOM managed business activities of the Corporation in accordance with their functions and duties in accordance with the Law on Enterprise and Charter. The BOM has promptly implemented the Resolutions and Decisions of the AGM and the BOD. The BOM regularly reported to the BOD and asked for guidance when necessary.

The BOS supervised the preparation of quarterly financial reports, annual reports and well cooperated with the BOM in providing information on business results to competent state agencies and shareholders in order to ensure information on productions, business activities and finance to be disclosed in a timely manner in accordance with the regulations of the

State Securities Commission and the Stock Exchange, ensuring the interests of Shareholders.

## VI. THE BOS OPERATION PLAN IN 2022

- » Supervising the implementation of Resolution approved by the AGM.
- » 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 2022 approved by 2022 AGM; checking/supervising business activities in 2022 in Holding Company and its subsidiaries via the reporting systems.
- » Validating the adequacy, legitimacy and truthfulness of the annual and semi-annual audited financial statements, income statements; apprising the quarterly financial report, which had been officially publicized.
- » Apprising the reasonableness, lawfulness, honesty and carefulness in business management and administration; systematicity, consistency and appropriateness of accounting, statistical and financial reporting.
- » Reviewing the accounting records, accounting documents and other documents of the Corporation, which performed the management activities and operations of the Corporation when deeming it necessary.
- » Coordinating, inspecting and supervising the internal audit work; Reviewing, examining and evaluating the effectiveness and efficiency of the internal controls of the Corporation; early warning and managing the risk management; making recommendations and proposals to complete and improve the efficiency operation of the internal control system.
- » Supervising investment activities, management and usage capital.
- » Monitoring the implementation of recommendations of the inspection/independence audit team (if any).
- » Performing other tasks of the BOS in compliance with current regulations.
- » Updating newly issued policies/regulations, participating in training courses to enhance professional qualifications.



# PV DRILLING'S BOARD OF MANAGEMENT

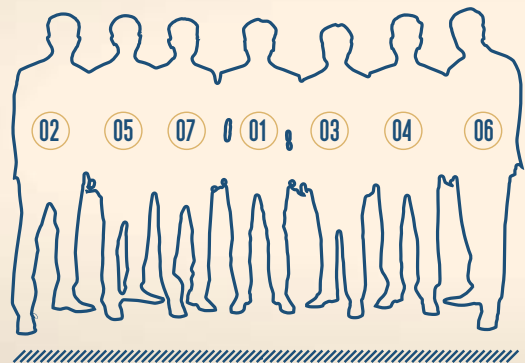


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PV Drilling's Board of Management (BOM) consists of 7 members who have long-term commitment and enormous contribution to PV Drilling's business operation as well as its sustainable growth.

Mr. Vu Van Minh, PV Drilling's Vice President resigned from 22/12/2021 for personal reason. The Corporation has appointed Mr. Nguyen The Son as Vice President under the Decision No. 01/02/2022/QĐ-HDQT dated 16/02/2022 of PV Drilling's Board of Directors.

”



01 **Mr. NGUYEN XUAN CUONG**  
President & CEO cum member of the Board of Directors, PV Drilling.

02 **Mr. DAO NGOC ANH**  
Vice President, PV Drilling

03 **Mr. TRINH VAN VINH**  
Vice President, PV Drilling

04 **Mr. HO VU HAI**  
Vice President, PV Drilling

05 **Mr. DO DANH RANG**  
Vice President, PV Drilling

06 **Mr. NGUYEN CONG DOAN**  
Vice President, PV Drilling

07 **Mr. NGUYEN THE SON**  
Vice President, PV Drilling

# PV DRILLING'S BOARD OF MANAGEMENT



## Mr. NGUYEN XUAN CUONG

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

Date of birth	1968
Date of appointment:	12/4/2019 (for the President & CEO position)
Education	Bachelor of Science (Drilling Engineering); Master of Business Administration.
Experience	29 years of experience in the oil and gas field.

### 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;
1993 - 1996	Working at PTSC.

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

### Field of charge:

Mr. Cuong is a legal representative of PV Drilling who generally directs and manages strategy, planning and development plan of the Corporation; directly in charge of personnel arrangement, legal affairs, business innovation and health- safety - environment of the Corporation; directing training and development plan of drilling crew; orientating for business development and commercial negotiation of the Corporation.



## Mr. DAO NGOC ANH

Vice President, PV Drilling

Date of birth	1962
Date of appointment:	12/02/2020
Education	Bachelor of Marine Engineering, Shipbuilding University, Leningrad, Russia.
Experience	35 years of experience in the oil and gas industry.

### 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.

### Field of charge:

Responsible for planning, commercial, investment, bidding activities and managing PV Drilling's investment projects; Head of project management team of the Corporation.



# PV DRILLING'S BOARD OF MANAGEMENT (continued)



**Mr. TRINH VAN VINH**

Vice President, PV Drilling

Date of birth	1963
Date of appointment:	16/3/2018
Education	Bachelor of Mechanical engineering.
Experience	35 years of experience in the oil and gas industry.

**Employment History:**

8/2011 – present	Vice president of PV Drilling;
6/2011 – 8/2011	Vice president of PV Drilling cum 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, BOD member of PVD Overseas.

**Field of charge:**

Responsible for business operation activities of the Corporation.



**Mr. HO VU HAI**

Vice President, PV Drilling

Date of birth	1971
Date of appointment:	08/6/2020
Education	Bachelor in Maritime Engineering.
Experience	28 years of experience in the oil and gas industry.

**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.

# PV DRILLING'S BOARD OF MANAGEMENT (continued)



**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	27 years of experience in accounting and finance field.

**Employment History:**

4/2017 – present	Vice President, PV Drilling;
01/2009 – 4/2017	Director of Finance Division, PV Drilling;
01/2008 – 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.

**Field of charge:**

Field in charge: Responsible for finance management, financial accounting, internal audit, tax, corporate governance; directly in charge of information disclosure; responsible for BOD's materials and procedures to submit to the AGM; in charge of investor relation of PV Drilling.



**Mr. NGUYEN CONG DOAN**

Vice President, PV Drilling

Date of birth	1964
Date of appointment:	08/6/2020
Education	Mechanical Engineering;
Experience	32 years of experience in the oil and gas industry.

**Employment History:**

6/2021 – present	Vice President of PV Drilling, Member of PVD Training's BOD.
12/2020 – 6/2021	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:** Member of PVD Training.



# PV DRILLING'S BOARD OF MANAGEMENT (continued)



## Mr. NGUYEN THE SON

Vice President of PV Drilling

Date of birth	1979
Date of appointment:	16/02/2022
Education	Bachelor of Economics;
Experience	20 years of experience in oil and gas commercial field.

### Employment History:

02/2022 – present	Vice President of PV Drilling cum Director of PVD Overseas, PV Drilling;
2019 – 02/2022	Manager of Business Development Division cum Director of PVD Overseas, PV Drilling;
2013 – 2019	Manager of Business Development and Operation Support Division cum Deputy Director of PVD Overseas, PV Drilling;
2011 – 2013	Manager of Business Development and Operation Support Division, PV Drilling;
2010 – 2011	Deputy Manager of Investment – Commercial Division, PV Drilling;
2007 – 2010	Manager of Commercial Department, PVD Drilling Division; Project Deputy Director at Algeria; Director of Venezuela Branch, PV Drilling;
2006 – 2007	Manager of Commercial Contract Department, Drilling Operation Division, PV Drilling;
2004 – 2006	Deputy Manager of Commercial Contract Department, Drilling Services Enterprise, PV Drilling;
5/2002 – 2004	Commercial & Contract Executive, Drilling Services Enterprise, PV Drilling.

**Concurrent positions:** Director of PVD Overseas.

**Field of charge:**  
In charge of business development activities of the Corporation, responsible for commercial discussion of drilling contract provision and support production and service activities of the Corporation.



## Mr. VU VAN MINH (resigned from 22/12/2021)

Vice President, PV Drilling

Date of birth	1971
Date of appointment:	08/6/2020
Education	Master of Petroleum Technology, Exploration and Drilling.
Experience	29 years of experience in the oil and gas industry.

### Employment History:

7/2020 – 12/2021	Vice President, PV Drilling
11/2018-7/2020	Director of PVD Baker Hughes; Vice President of PV Drilling, Director of PVD Baker Hughes, Chairman of PVD Well Services;
3/2016 – 11/2018	Vice President of PV Drilling, Director of PVD Baker Hughes;
11/2014 – 3/2016	Vice President of PV Drilling, Deputy 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;
2/1996 – 8/2006	Drilling Engineer, Exploration & Production Department, Petroleum Exploration Division, Petrovietnam;
10/1993 – 1/1996	Drilling Engineer, PVSC.

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

**Field of charge:**  
In charge of production management and health – safety – environment field of the Corporation.

# INTRODUCTION OF CHIEF ACCOUNTANT CUM MANAGER OF FINANCE DIVISION



**Mr. NGUYEN NGOC TRUONG**

Chief accountant cum Manager of Finance Division, PV Drilling

Date of birth	1976
Date of appointment:	17/7/2020
Education	Master of International Finance and Accounting, Swinburne University, Australia.
Experience	27 years of experience in the field of finance 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.

**Number of “PVD” share owned:** No





# REPORT OF THE BOARD OF MANAGEMENT



From the second half of 2020 to the first quarter of 2021, PV Drilling faced a job shortage after jack-up rigs were early terminated their drilling programs in Malaysia due to the impact of Covid-19. In 2021, PV Drilling faced many challenges in seeking jobs in the domestic market when drilling programs in Vietnam are short and limited. With many efforts to connect and participate in bidding for all short/small drilling programs of drilling contractors, the average efficiency of PV Drilling's jack-up rigs in 2021 was only about approximately 79%, slightly increased from 76% in 2020. However, the average jack-up rig day rate significantly dropped by 14% compared to its level in 2020.

Regarding other drilling-related services of PV Drilling, this is the 6th year in a row that these services have mainly contributed to PV Drilling's total revenue and profit. In addition, all subsidiaries have affirmed their brand, reputation and quality when being awarded important contracts to major domestic customers. In 2021, PV Drilling also faced many difficulties in implementing operation activities due to complicated developments of the Covid-19 pandemic which led to nationwide lockdowns in many provinces and regions. These factors caused additional costs such as cost of shiftwork, quarantine fees, input costs...etc. However, PV Drilling has completed the year of 2021 with positive results which are VND 4,313 billion of total revenue and

37 Billion VND of net profit, met the registered plan in AGM. Achieving this result in the context of the difficult situation has shown the great efforts of the Board of Directors and employees of PV Drilling. Amidst the uncertainties, the corporation successfully promoted its internal resources, maintained the core human resources, ensured the ability to deliver safe and efficient services for customers and implemented disease prevention at the workplace, offices and especially on drilling rigs.

Compared to last years, the year 2022 is expected to be more positive when all countries have adapted to the new normal in context of Covid-19 pandemic. The rise in oil prices encourages drilling operators' start some new drilling programs while PV DRILLING V has started a long term drilling campaign for Brunei Shell Petroleum (BSP) from the end January 2022 which is expected to generate stable revenue as well as deliver job opportunities for drilling related services in Brunei market. In addition, the global energy transformation is taking place strongly all over the world which requires PV Drilling's Board of Directors to change thinking, be more creative and flexible to adapt with the new trend. And this is also the message that PV Drilling's Board of Directors has sent to all its subsidiaries and joint ventures on the way to develop new services.

## II. FINANCIAL STATEMENT 2021

CONSOLIDATED FINANCIAL STATEMENT					
(Bil VND)	2017	2018	2019	2020	2021
Revenue	3,891	5,500	4,368	5,229	3,995
Profit before tax	151	233	189	204	62
Profit after tax	36	173	172	184	37
Profit after tax (The Company's shareholders)	45	198	184	186	20
Total assets	21,817	21,004	20,892	20,856	20,761
Equity	13,473	13,850	13,968	14,042	13,832
Total liabilities	8,345	7,154	6,923	6,814	6,930
Total liabilities/Total assets	38%	34%	33%	33%	33%
Total liabilities/Total assets	62%	66%	67%	67%	67%
Current ratio	1.61	2.03	1.99	1.83	1.79
Quick ratio	1.42	1.76	1.70	1.48	1.54
Capital adequacy ratio	1.0	1.0	1.0	1.0	1.0
ROE	0.3%	1.3%	1.2%	1.3%	0.3%
ROA	0.2%	0.8%	0.8%	0.9%	0.2%

Members	Number of shareowned (Unit: share)	Salary & Remuneration (Unit: VND 1,000)	Number of shares owned in PVD Training (Unit: share)
Mr. Nguyen Xuan Cuong CEO	80	495,817	
Mr. Trinh Van Vinh Vice President	8	1,395,539	5,000
Mr. Dao Ngoc Anh Vice President	877	1,392,129	
Mr. Ho Vu Hai Vice President		1,395,539	3,000
Mr. Do Danh Rang Vice President	51,691	1,390,153	2,000
Mr. Nguyen Cong Doan Vice President	5	1,278,267	
Mr. Vu Van Minh Vice President	95	Received in PVD-Baker	

## I. OVERVIEW OF BUSINESS PERFORMANCE IN 2021

Vietnam finished 2021 with a 2.58% GDP growth rate, the lowest in ten years, although the Government has implemented a series of solutions to stabilize the macroeconomy. The complicated and unpredictable developments of the COVID-19 pandemic's fourth wave have been seriously affecting across the country and in all perspectives, especially in industrial zones. Amidst the nationwide partial lockdown in many months, Vietnam witnessed great pressures on its economic growth target in the short, medium and long term.

For the oil and gas market in 2021, the demand for petroleum products has improved thanks to a number of geopolitical factors and tensions between Russia and Ukraine, the Middle East, though this has not yet been clear. The average price of Brent oil in 2021 reached approximately 71 USD/barrel compared to nearly 42 USD/barrel in 2020 and reached the highest level in the last 3 years (source: EIA). However, the positive signal of oil prices in 2021 was not enough to warm up the drilling market. In Southeast Asia, the demand for rigs slightly increased while the oversupply of rig fleet remained unchanged in the drilling rig market.

# REPORT OF THE BOARD OF MANAGEMENT (continued)

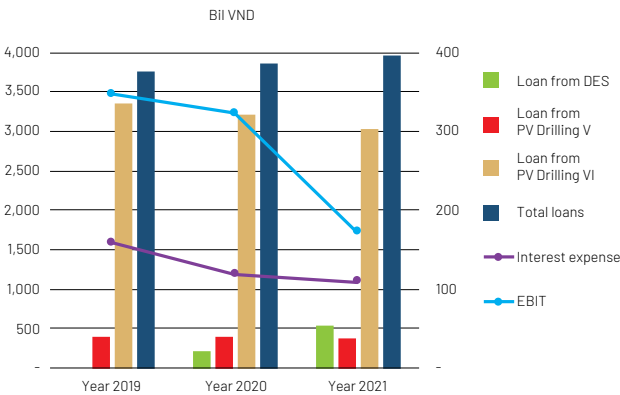
Although revenue and profit in 2021 decreased which caused the low level of the Return on Equity and Return on Asset, some financial indicators such as Current ratio, Quick ratio and Capital adequacy ratio were still guaranteed. This showed the effectiveness of the financial management which PV Drilling has been focused on many years, especially in the context of the industry's decline.

• **Total assets structure:** PV Drilling's total assets as of December 31, 2021 reached 20,761 billion VND, a slight decrease of 0.5% compared to 2020. In 2021, there has been a shift in PV Drilling's total asset structure. Financial resources have been focused on reactivating the PV DRILLING V (TAD) rig to operate the drilling contract for BSP in Brunei. The net value of fixed assets continued to decrease over the years due to the limited investment which only focuses on necessary activities as well as the depreciation of assets.

Items	2020		2021		Notes in 2021
	Bil VND	Percentage	Bil VND	Percentage	
Total Assets	20,856	100%	20,761	100%	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:
Cash and cash equivalents & Short-term financial investments	3,211	15%	2,675	13%	Cash and cash equivalents decreased due to reactivating the PV DRILLING V (TAD) rig to operate the drilling contract for BSP in Brunei.
Receivables	1,964	9%	1,986	10%	Revenue in Q4/2021 increased sharply with 3.16 rigs compared to the same period last year with 2.84 rigs, therefore, the amount of receivables in 2021 increased compared to the end of 2020.
Inventories	959	5%	758	4%	Inventories decreased significantly compared to the same period last year due to an extraordinary inventory of trading at late 2020. Nearly 84% 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.
Fixed assets & Long-term assets in progress	13,713	66%	13,883	67%	In 2021, PVD Tech constructed the new DES equipment for Brunei's TAD project with a total value of nearly 816 billion VND. The net value of fixed assets continued to decrease over the years due to the limited investment which only focuses on necessary activities as well as the depreciation of assets.
Investments in joint-venture	699	3%	602	3%	In 2021, the profit from joint venture decreased compared to the previous year 2020 due to the impact of the pandemic and the market. Total value of capital contribution of PV Drilling into Joint Ventures (book value) is more than 489 billion VND, about VND 104 billion VND to PV Drilling's total profit in 2021 – equivalent to a ratio of Return on invested capital of more than 21%.
Other	310	1%	858	4%	The total value of the reactivation of PV DRILLING V to prepare for the drilling campaign of BSP by the end of the year is more than 577 billion VND.

• **Structure of Total liabilities:** Total debt in 2021 of PV Drilling is VND 6,930 billion VND, increased by 1.7%, due to the loan related to PV Drilling's DES in 2021. However, the increase in total debt during the year did not have much impact on the debt-to-total assets structure as well as solvency ratios. Total liabilities over total assets accounts for 33% in 2021 while Quick ratio and Current ratio are above 1, reach to 1.79 times and 1.54 times respectively, which meet the requirement of financial regulations of PV Drilling.

As of 2021, total debt is VND 3,954 billion, accounting for 57% of total liabilities, due to investments of PV DRILLING V, PV DRILLING VI and the construction of new DES drilling equipment for the drilling campaign in Brunei. Total interest expense in 2021 was 109 billion VND, slightly decreased compared to 2020, which mainly contributed by the reduction of the loan principal of PV DRILLING VI. Interest coverage ratio was kept at safety level of 1.57 times.



Bil VND	Year 2019	Year 2020	Year 2021
Loan from DES		221	546
Loan from PV Drilling V	392	393	382
Loan from PV Drilling VI	3,353	3,214	3,026
<b>Total loans</b>	<b>3,751</b>	<b>3,865</b>	<b>3,954</b>
Interest expense	158	119	109
EBIT	347	323	172

- » Loan of PV DRILLING V rig (PVD Deepwater): outstanding loan balance as of December 31, 2021 is 382 billion VND – equivalent to 16.87 million USD. In January 2022, PV DRILLING V started drilling for customers BSP in Brunei, generate cash flow for PVD Deepwater to continue to repay this loan.
- » Loan of PV DRILLING VI rig (PVD Overseas): outstanding loan balance as of December 31, 2021 is 3,026 billion VND – equivalent to 133.66 million USD. This loan was successfully restructured in 2018 with an extension of the term principal payment period for another 7 years, from 2023 - 2030. PVD Overseas continues to monitor the cash flow of the unit to adjust the repayment schedule in accordance with the cash flow plan and request a reduction in interest rates during in difficult times.
- » Loan of Drilling Equipment Set (DES): outstanding loan balance as of December 31, 2021 is nearly 546 billion VND – equivalent to 24.11 million USD, in which PVD Tech disbursed an additional 14.35 million USD in 2021.



# REPORT OF THE BOARD OF MANAGEMENT (continued)

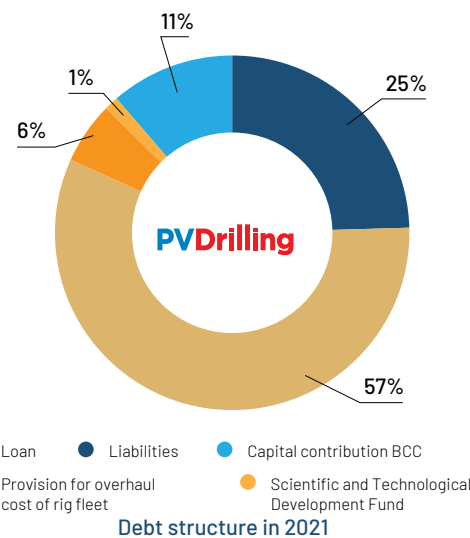
In 2021, along with loan amount, other items in PV Drilling's debt structure also have changed.

Bil VND	Year 2020	Year 2021	Difference
Liabilities	1,381	1,718	338
Loan	3,865	3,954	89
Provision for overhaul cost of rig fleet	659	391	(268)
Scientific and Technological Development Fund	154	92	(63)
Capital contribution BCC	755	775	19
<b>Total</b>	<b>6,814</b>	<b>6,930</b>	<b>115</b>

**Liabilities increased by VND 338 billion VND, equivalent to 24%:** Revenue in Q4/2021 increased sharply by 62.7% compared to the same period last year, the amount of receivables and other liabilities in 2021 increased compared to the end of 2020.

However, the item "Provision for overhaul cost of rig fleet" fell by 41%, equivalent to 268 billion VND. In 2021, PVD Deepwater has made Reversing more than 3 million USD of insurance provision related to PV DRILLING V (TAD) rig which is expected to operate the drilling contract for BSP in Brunei.

In 2021, PV Drilling has reverted the unused **Scientific and Technological Development Fund** accrued in 2015 but unused after 5 years in accordance with regulations with the amount of 49 billion VND. On the other hand, PV Drilling record a new amount of 3 billion VND.



• **Equity structure:** PV Drilling's total equity in 2021 is 13,832 billion VND, a slight decrease of 210 billion VND compared to 2020 due to foreign exchange difference. Owner's contributed capital in 2021 remained unchanged at the level of 67% in 3 consecutive years 2019, 2020 and 2021. Shareholder structure of PV Drilling includes 50.4% of Petrovietnam equivalent to 4,215 billion VND.

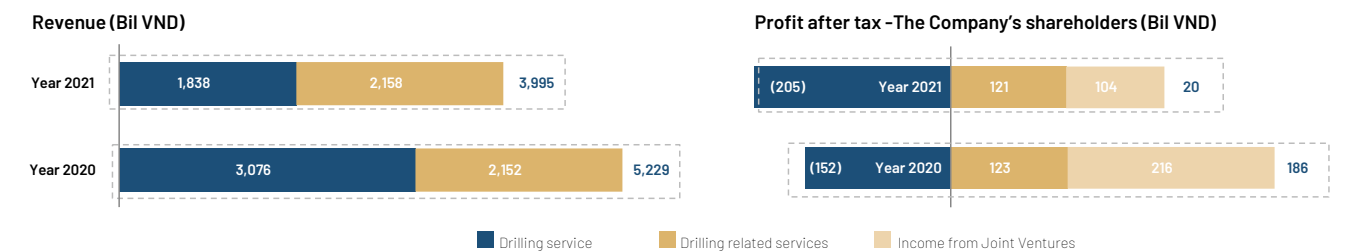
Bil VND	Year 2020	Year 2021	Difference
Owner's contributed capital	4,215	4,215	-
Share premium	2,413	2,413	-
Retained earnings	1,938	1,923	(15)
Investment and development fund	3,590	3,590	-
Foreign exchange reserve	1,638	1,451	(187)
Others	248	240	(8)
<b>Total</b>	<b>14,042</b>	<b>13,832</b>	<b>(210)</b>

- » **Exchange rate difference decreased by 187 billion VND:** Exchange rate at the end of 2021 significantly decreased compared to last year. Exchange rate as of December 31, 2021 is 22,640 VND/USD vs. in 2020 is 23,035 VND/USD, decreased by 395 VND. This result comes from the SBV's downward adjustment. By selling USD in early December 2021 to create supply and cool down the money market.
- » **Undistributed profit decreased by 15 billion VND:** In the context of the difficult situation, PV Drilling has completed the year of 2021 with positive results which are 4,314 Billion VND of total revenue and 37 Billion VND of net profit, met the registered plan in AGM. In context of the limitation of workload, low day rate and other factors such as cost of shiftwork, quarantine fees, input costs...etc. , this result has shown the great efforts of the Board of Directors and employees of PV Drilling. In 2021, the profit distribution 2019 and 2020 in the form of stock dividend with the rate of 10% each year issued from retained earnings has not been approved by The Commission for the Management of State Capital at Enterprises which lead to the delay of planned profit distribution 2019 and 2020. PV Drilling expected to accomplish the process before 30/6/2022.
- » **Profitability ratios, capital preservation:** In 2021, PV Drilling's ROE and ROE are 0.3 % and 0.2% respectively while capital preservation in 2021 is still 1 times.

## III. ANALYSIS OF 2021 BUSINESS PERFORMANCE

In 2021, PV Drilling has completed the year of 2021 with positive results which are 3,995 billion VND of revenue and 37 billion VND of net profit with a large contribution from drilling related services from subsidiaries and joint ventures. This result is very encouraging for PV Drilling in the context of interrupted operations in foreign markets and gloomy domestic market due to the global pandemic.

### Revenue and Net profit by services in 2021



### 1. Drilling service

Drilling service in 2021 achieved revenue of 1,838 Billion VND, decreased by 40% compared to 2020 due to the interruption of drilling campaigns in international markets since late 2020 and the lockdown in all provinces in Viet Nam. In fact, the average utilization efficiency of the owned jack-up rig in 2021 is 3.2 rigs, slightly increasing compared to 2020 (3.0 rigs), however, the number of leased rigs sharply dropped to 0.26 rigs compared to the number of 1.62 rigs in 2020. PV Drilling put many efforts into seeking any possible contract which includes small/short-term drilling programs. Besides, saving operating costs through optimizing the cost of crew change, human resource development policy, flexibility in maintenance/maintenance and cutting management costs are the important factors to increase efficiency, reduce difficulty for drilling services.

However, in the context of difficulties, there were some positive points in the operation activities that were expected to be momentum steps bringing growth opportunities for the following years, specifically as follows:

- » New drilling equipment set (DES) investment as well as re-starting and integrating PV DRILLING V (TAD) rig was completed despite facing many difficulties from the Covid-19 pandemic. At the end of 2021, PV DRILLING V (TAD) was successfully relocated to Brunei to prepare for the drilling program of Brunei Shell Petroleum Company Sdn Bhd (BSP). At the end of January 2022, the rig was officially put into operation and was expected to generate stable revenue to PV Drilling for at least the next 6 years.

# REPORT OF THE BOARD OF MANAGEMENT (continued)

- » After completing the domestic drilling programs for Vietsovetro and JVPC, on October 25th 2021, PV DRILLING III returned to Malaysia to carry out Repsol's 2-year expected drilling program, starting from the 13th December 2021.
- » Land rig PV DRILLING 11 performed Phase II drilling which was expected to last 1 year in Algeria for GBRS from the beginning of August 2021 after nearly 2 years of cold stack.

PV Drilling successfully negotiated with the clients to record revenue in USD currency that reduces the influence of the foreign exchange differences caused by converting domestic currency to foreign currency (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% in 2021.

## 2. Drilling-related services

In fact, while rig operations have been heavily impacted by the decline of the oil and gas market over the past several years, other drilling-related services continue to make an important contribution to maintaining positive operating results for PV Drilling. In 2021, the total revenue of these services reached 2,158 Billion VND and the net profit was more than 125 billion VND, a slight decrease compared to 2020. This result is thanks to the significant contribution from the optimization of available resources and self-perform services. Besides cost-effective solutions, other services related to drilling operations still ensure service quality and profits to improve competitiveness, expand overseas markets and research and develop new services.

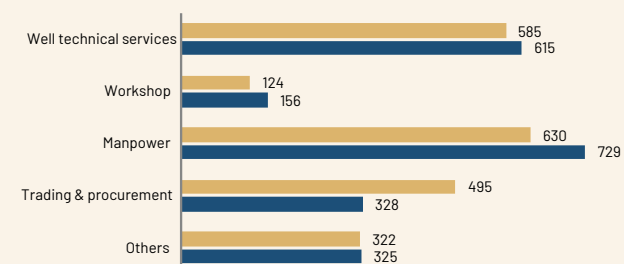
With the goal of developing new services, PV Drilling focused on research and applied new technology in order to develop new services to meet the increasing demands of customers. A number of new services have been successfully deployed in recent years such as Wellbore Clean-up, Expandable Liner, SafeVision®, Tubing Straddle, Casing Accessories. In addition, PV Drilling implemented marketing activities to develop services into new fields such as renewable energy, Gas - Electricity - Fertilizer and other technology industries.

The overview of performance from the drilling-related services:

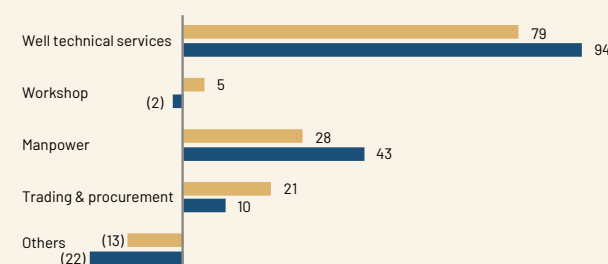
### The performance of drilling-related services Year 2021 vs. Year 2020:

■ Year 2021 ■ Year 2020 Unit: VND Bil

#### Revenue of drilling-related services



#### Net profit of drilling-related services



### (i) Drilling-related services

PV Drilling continues to maintain its leading position of drilling related services in context of a fierce competition from competitors where there are a shortage of workload, complicated bidding processes and the participation of both private and public companies. In 2021, the revenue and net profit of well technical services reduced by 5% and 16% respectively due to a limited of workload, especially jobs for these drilling related services.

In foreign markets, PV Drilling is highly appreciated by customers for its service quality for the first contracts to clients JDC and Schlumberger which hired Tubing Running Services in Japan and Malaysia. Oh the other hand, seeking job of Mud Logging services in Malaysia has been processing which is expected to generate revenue in 2022.

### (ii) Manpower service

In PV Drilling, there are 3 subsidiaries including PVD Offshore, PVD Invest and PVD Training which are responsible for manpower services. These three units are providing human resource for not only owned drilling rigs but also high-skilled manpower of high technical drilling for the operation of foreign rigs in Vietnam, for example, supplying human resources in foreign markets (geothermal drilling in Japan), In 2021, although there have been carefully prepared solutions to deal with the pandemic, rationally arrange personnel and reduce costs, the contribution of manpower was lower than previous year due to cost of shiftwork, quarantine fees and input costs.

### (iii) Trading & procurement

The revenue and net profit of Trading & procurement increased by 51% and 111% compared to previous year thanks to timely complete all contracts of drilling liner, wellhead equipment for Cuu Long JOC, Idemitsu, PTSC and efforts to cut costs and negotiate contracts with additional maintenance services and human resources.

### (iv) Workshop service

Workshop is consider as a wide service and is provided by many competitors, therefore, unit price is subject to fierce competition, especially in the context of limited workload of the oil and gas industry. In 2021, workshop achieved 5 billion in profit after tax compared to 2020 with a loss of 2 billion while revenue decreased by 20%. This encouraging result is thanks to the major proportion of some higher profit margin services such as conductor welding, inspection. Despite facing difficulties due to prolonged pandemic, workshop service achieve some success in foreign markets such as completing Mud Tank and converting Mud Pump for Japanese clients.

## 3. Business performance of Joint ventures

Following a successful year 2020, PV Drilling's joint ventures achieved positive results in 2021, contributing 104 Billion VND to the Corporation's total profit. This number was lower than in 2020, but it was a remarkable contribution from joint ventures when all activities were restricted during the period of lockdown across the globe which heavily impacting on international business.



# REPORT OF THE BOARD OF MANAGEMENT (continued)

## IV. INVESTMENT PLAN 2021

Due to the complicated pandemic scenario in 2021 with the appearance of new viruses such as Delta, Omicron, PV Drilling's production and business activities in 2021 faced many difficulties. Therefore, PV Drilling had to conservatively evaluate investment activities to ensure the project's efficiency which were appropriate to current situation. In 2021, PV Drilling has complied and implemented investment activities in accordance with regulations, organized and closely monitored investment projects to reduce wasting resources and focused on important projects. Details of project disbursement of the Holding company and subsidiaries are as follows:

No.	Investment items in 2021	Plan (VND billion)	Actual (VND billion)	Actual vs. Plan
<b>A</b>	<b>Carry forward investment</b>	<b>313,00</b>	<b>433,63</b>	<b>139%</b>
<b>I</b>	<b>The Holding company's Investment</b>	<b>99,17</b>	<b>87,93</b>	<b>89%</b>
<b>1</b>	<b>Equipment investment</b>	<b>99,17</b>	<b>87,93</b>	<b>89%</b>
1.1	ERP – phase III	7,67	1,17	15%
1.2	Drilling Pipe, Heavy weight drilling pipe and Drilling collars for PV DRILLING V	91,49	86,75	95%
<b>2</b>	<b>Investment / Capital contribution in Subsidiaries</b>			
<b>II</b>	<b>Subsidiaries' Investment</b>	<b>213,84</b>	<b>345,70</b>	<b>162%</b>
1	PV Drilling's Office (Vung Tau)	32,73	0,38	1%
2	Oil spill equipment	2,50	-	0%
3	Pressure control equipment PCE5*15K	24,42	15,03	62%
4	Drilling equipment set (DES) for PV DRILLING V	154,19	330,29	214%
<b>B</b>	<b>Investment items in 2021</b>	<b>131,51</b>	<b>77,30</b>	<b>59%</b>
<b>I</b>	<b>The Holding company's Investment</b>	<b>65,06</b>	<b>42,42</b>	<b>65%</b>
1	Expand and repair crew platform on the rig PV DRILLING III	42,30	30,16	71%
2	Other Information System Investment	12,26	3,26	27%
3	Other investment/fixed assets/stationery equipment	10,50	7,44	71%
4	Science & Technology fund - Floor for maintenance of jack-up rig legs	-	1,55	
<b>II</b>	<b>Subsidiaries' Investment</b>	<b>66,45</b>	<b>34,89</b>	<b>53%</b>
1	Casing Running Tool Internal (CRTi)	35,90	26,93	75%
2	Drilling and well equipment	13,43	2,59	19%
3	Pressure control equipment PCE4	9,40	-	0%
4	Training equipment	6,80	1,40	21%
5	Other investment	0,92	3,97	432%
<b>Total</b>		<b>444,51</b>	<b>510,93</b>	<b>115%</b>





# REPORT OF THE BOARD OF MANAGEMENT (continued)



“  
Operating in the field of rig operation and well technical service provision, PV Drilling always pays special attention to HSEQ activities, as it may directly affect to the operation of all offshore facilities and onshore activities of PV Drilling.  
”

## V. THE IMPROVEMENT OF MANAGEMENT POLICY AND RESPONSIBILITIES FOR ENVIRONMENTAL PROTECTION IN 2021

With the particularity of operating in the field of drilling and well services, PV Drilling pays special attention to Safety - Health - Environment - Quality (HSEQ) management as it directly affects the operation of all offshore and onshore facilities of PV Drilling. The PV Drilling's HSEQ management system is built according to 3 standards ISO 45001, ISO 14001 and ISO 9001. Thanks to the application of these 03 standards, PV Drilling's HSEQ management system is always maintained and improved as a solid tripod in the sustainable development of PV Drilling.

Beside ensuring Occupational Health and Safety and improving service quality, environmental protection is always a top priority in all PV Drilling's activities. This has been strongly committed in PV Drilling's HSEQ policy "Every risk that could harm to the environment can be prevented or minimized". This policy is approved by PV Drilling's President & CEO and is served as a basis for PV Drilling to set up objectives and strategy for sustainable development. The policy has been detailed and integrated in management procedures to strictly control all environmental aspects from inputs (Raw materials, Energy, Water) to outputs (Emissions, Waste) of all PV Drilling business activities. This policy has been disseminated to all PV Drilling staffs 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, the employees were interviewed to assess the level of awareness and implementation of environmental protection policy. The results showed that all staffs 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.

At PV Drilling, environmental management is not only about minimizing negative impacts on the environment, but also includes identifying opportunities for improvement of the environmental management system. This is specified in the risk and opportunity management on Occupational health safety - Environment - Quality procedure (PVD/HSEQ/023).

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 member of PV Drilling Corporation's Board of Management or 1 member of the

**Table 1: Fuel, resources and energy consumption in 2020, 2021**

Type	2020	2021	Increase/decrease (%)
Electricity (kWh)	2,655,101	2,431,391	(8.43)
DO (ton)	816	2,447	199.83
FO (ton)	159	8	(95.23)
Water (m <sup>3</sup> )	20,870	27,370	31.15
<b>Average increase / decrease (%)</b>			<b>31.83</b>

The high consumption of DO and water in 2021 is due to the re-activation of the PV DRILLING V (the rig belongs to PVD Deep Water). Specifically, in 2021 PVD Deep Water consumed 2,114 tons of DO (accounting for 86% of total DO consumption) and 5,094 m<sup>3</sup> of water (accounting for 19% of total water consumption).

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 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 to the community. Every year, through reviewing the organization's context, PV Drilling considers the needs and expectations of relevant interested parties, especially in the local communities where PV Drilling's headquarters / workshop are located. The results of the review will be input to the action planning to address annual environmental risks, opportunities and goals.

Environmental protection campaigns such as "Earth Hour", "The world wetlands day", "The Action Month for Environment"... have also been launched by PV Drilling every year. Specific activities include one-sided paper reuse, saving of electricity, water, operation materials... These campaigns not only contribute to raising workers' awareness of environmental protection, but also creating a more professional working environment for the Corporation's employees.

**Table 2: The total amount of waste generated in 2020, 2021**

Emissions	2020	2021	Increase/decrease (%)
Hazardous waste (ton)	213,16	234	9.73
Non-hazardous solid waste (ton)	240,09	228 (*)	(5.21)
Domestic discharged water ((m <sup>3</sup> )	13,161	14,134	7.39
Industrial discharged water ((m <sup>3</sup> )	3,758	5,983	59.19
<b>Average increase/decrease (%)</b>			<b>17.78</b>

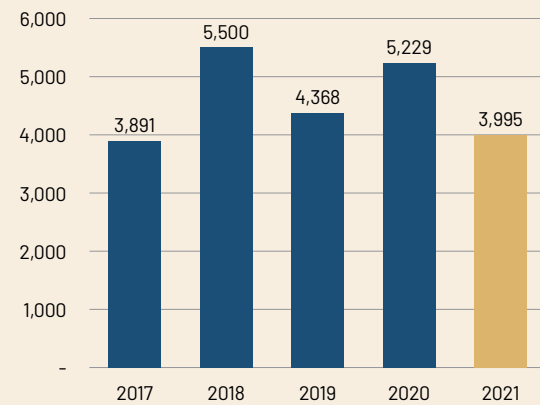
(\*) The amount of non-hazardous solid waste does not include 3,500 tons arising from the project of renovating yards and fences to compensate for settlement and reclaim ground at PVD Offshore's Oil Spill Base.

The increase in industrial wastewater volume is due to PVD Offshore and PVD Well Services increasing operations at factories, specifically, the total industrial wastewater volume of these two subsidiaries in 2021 is 5,493m<sup>3</sup> (accounting for more than 90% of total industrial wastewater).

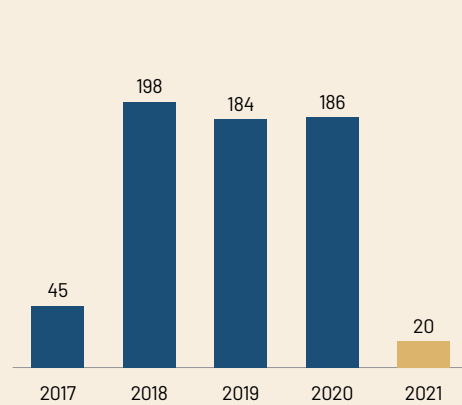


# FINANCIAL HIGHLIGHTS IN 2021

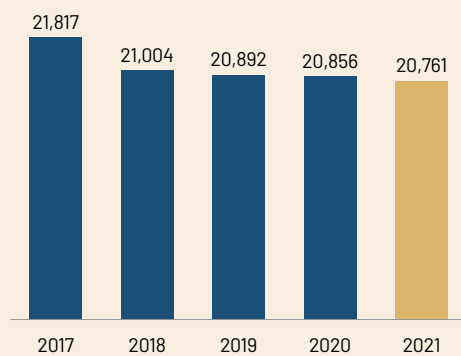
REVENUE



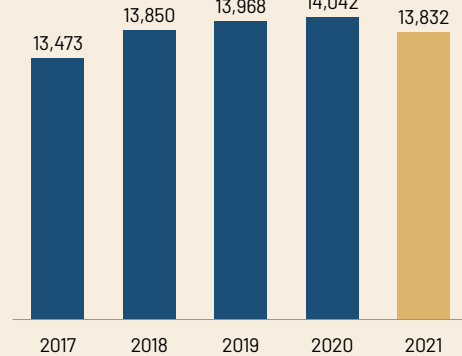
NET PROFIT AFTER TAX



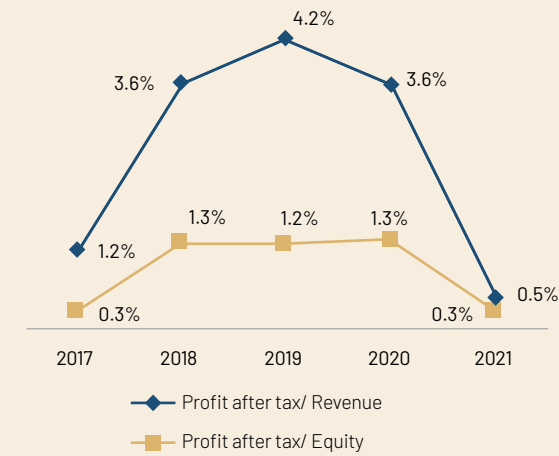
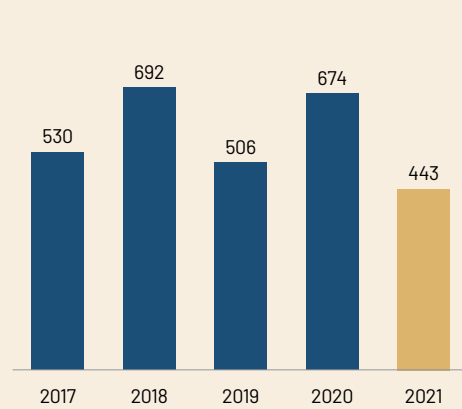
TOTAL ASSETS



EQUITY



AMOUNT PAYABLES TO STATE BUDGET



# STOCK INFORMATION - PVD

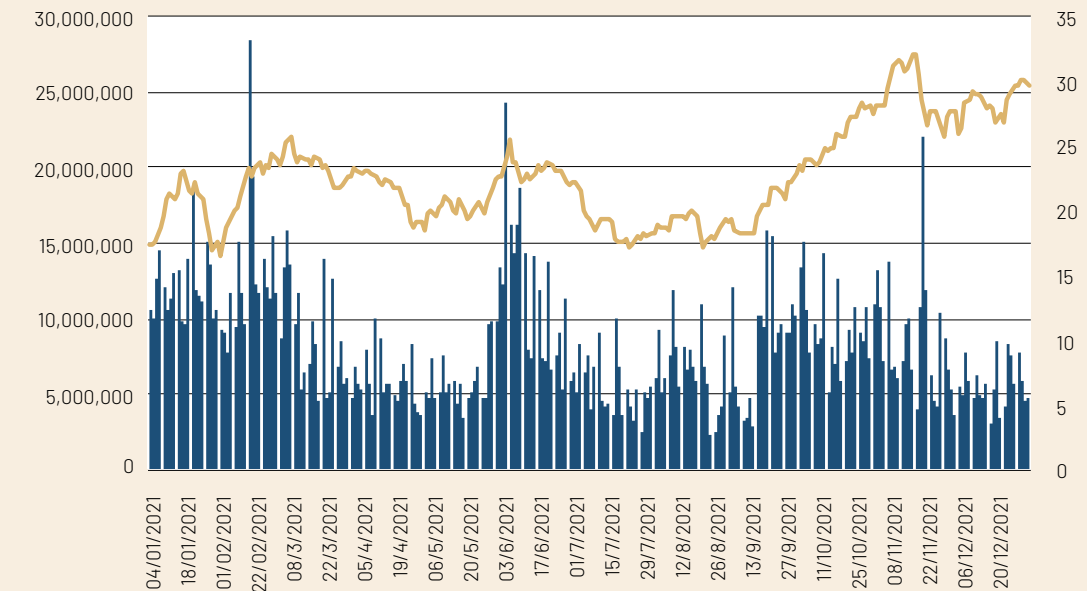
STOCK INFORMATION - PVD AND VNINDEX

UNIT: NUMBER OF SHARES

PVD

Stock price Trading volume

UNIT: VND



STOCK INFORMATION - PVD AND VNINDEX

UNIT: VND

PVD

VN Index



# STOCK INFORMATION CHARTER CAPITAL/ SHAREHOLDERS

## TRADING STATISTICS AND STOCK PRICE IN 2021

Highest price	32,100	VND/shares
Lowest price	16,500	VND/shares
Trading volume/day	8,393,544	shares
Highest trading volume	28,385,400	shares
Lowest trading volume	2,415,800	shares
(From 1/1/2021 to 31/12/2021)		

## 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	
Number of restricted common shares (*)	54,835,107	
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.

## SHAREHOLDERS' STRUCTURE (Updated list of shareholders as of 21/3/2022)

	Number of shares	Percentage
DOMESTIC		
Petrovietnam (State shareholder)	212,497,404	50,41%
Other organizations	4,344,396	1,0%
Individuals	180,684,274	42,9%
FOREIGN		
Organizations	21,330,908	5,1%
Individuals	2,688,807	0,6%
TOTAL	421,545,789	100%

## LIST OF MAJOR SHAREHOLDERS

Petrovietnam (State shareholder)	212,497,404	50,4%
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## STOCK INFORMATION

**Petrovietnam Drilling and Well Service Corporation (PV Drilling)**

Stock: PVDListed on HOSE at 25/12/2006

Financial year ended on 31/12/2021

Independent audit company: Deloitte Viet Nam

## CHANGE IN SHARE CAPITAL

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	07/8/2007	1,340,000
3	New common share issuance	22/8/2007	31,280,000
4	Dividend by stock with ratio 20% / par value	26/6/2008	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	08/01/2010	52,624,426
7	Private placement	13/8/2013	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	18/9/2014	27,544,655
11	Dividend by stock with ratio 15% / par value	25/8/2015	45,392,909
12	Dividend by stock with ratio 10% / par value	09/11/2016	34,799,901
13	Dividend by stock with ratio 10% / par value	04/9/2019	38,279,629
Total			421,545,789

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. 01/2021/NQ-DHDCD dated 4<sup>th</sup> August 2021.

## TREASURY SHARES

	Unit: Shares
Number of treasury shares as of ( 01/01/2021)	416,000
Number of treasury shares in period:	-
Number of treasury shares as of ( 31/12/2021)	416,000



# 03

## AFFIRMING THE POSITION

PV Drilling - The Spirit of Pioneering
Business Environment in 2021
PV Drilling's Position in Overseas Markets
Drilling Campaigns in 2021
The Aspiration of PV Drilling's Drillers
Human Resources Policies in 2021
Risk Management Enhancement
Internal Audit
Top Risk Portfolio at PV Drilling
Subsidiaries



# THE SPIRIT OF PIONEERING

“

During 20 years of establishment and development, PV Drilling has always retained the pioneering bravery of drilling contractors, delivering high-quality domestic oil and gas drilling technical services and affirming its brand name in the international drilling market. The year 2022 marks an important turning point in PV Drilling's long-term development journey after two years of focusing on strengthening internal resources and overcoming challenges.

”

## PIONEERING IN THE DEVELOPMENT OF CORE SERVICES

After 20 years of development, PV Drilling has steadfastly maintained its strategic vision since its inception, which is to develop the core areas of rig supply, drilling rig and well technical services, and manpower supply services in the field of rig drilling and wells, not multi-sectoral multi-professional development. In particular, PV Drilling is consistent with the strategy of developing drilling services in offshore deepwater areas towards foreign markets to serve the activities of prospecting, exploration, and exploitation of oil and gas energy sources.

PV Drilling's revenue and profit growth rate have been established and maintained at a high level. From a mechanical workshop specializing in providing drilling equipment and oil spill response service, until now, PV Drilling has been a drilling contractor owning modern drilling rigs with 4 new generation jack-up offshore drilling rigs, a land drilling rig, and the most modern generation of a TAD rig. Together with a system of advanced technical machinery and equipment providing a full range of drilling engineering services, including all high-tech services, especially bundled services, this creates a competitive position for a major drilling contractor in the Southeast Asian region. Besides, PV Drilling also affirms its pioneering bravery in the Algeria drilling market with the PV DRILLING 11 rig operating safely in the Sahara desert for 11 years.

From one team of only 180 people, now the corporation has over 2,000 people with 2 enterprises, 12 member

companies, 4 representative offices and branches in foreign countries with total assets of over 20,000 billion VND. PV Drilling's peak period exceeded VND 20,000 billion in revenue and over 2,400 billion VND in profit after tax. The total number of employees was more than 2,000 people.

In the journey of construction and development, besides the advantages and peak period, PV Drilling also has to face many difficulties and challenges at times. In the period of 2015-2019, the world witnessed a deep decline in crude oil prices, even at times when oil prices fell to negative levels, leading to a scarcity of workload in the oil and gas market, and fierce competition for jobs. PV Drilling is no exception to this. Despite the difficulties, PV Drilling's Board of Directors is still steadfast, maintaining the belief in a bright tomorrow. When the domestic drilling market froze, PV Drilling actively sought foreign drilling markets. That perseverance paid off on September 24th 2019, when PV Drilling officially signed a contract to supply a PV DRILLING V rig (after five years without a job) to BSP to carry out drilling campaigns in Brunei.

This milestone has marked an important turning point for the cooperation between the two countries and, at the same time, opened up great opportunities for PV Drilling in its journey to conquer the most difficult drilling market in the Southeast Asian region.

## PIONEERING CONSTRUCTION AND DEVELOPMENT OF ADVANCED MANAGEMENT SYSTEMS, INTERNATIONAL STANDARDS

In conjunction with investing and possessing modern technology equipment and drilling rigs, PV Drilling also focuses on establishing a sound corporate governance system based on the concrete avant-garde IT foundation which has helped PV Drilling to quickly adapt to and participate in the competitive environment with foreign drilling contractors. The application of such systems and standards as Corporate Management System-ERP Oracle, Maximo, RCM-Reliable Maintenance Control System, and an international-standard framework of regulations and protocols has supported the corporate governance activities, enhanced the quality of services,



as well as gained the trust of clients. In particular, during the years 2014-2015, PV Drilling has implemented a professional Risk Management System which strictly follows international standards of ISO 31000 and SOCO.

In 2015, the project ERP-Phase III was also executed in order to introduce an online budgeting system and a smart reporting system to maximize the systematic usage in corporate governance in order to improve the professionalism in business activities.

## PIONEERING IN THE PROVIDED OF HIGH-QUALITY SERVICES

It must be affirmed that the pioneering in establishing and developing advanced management systems according to international practices has helped PV Drilling operate effectively and overcome oil price crises, especially the recent "double crisis", while at the same time helping PV Drilling meet the increasing demands of customers by always providing high quality, safe, and effective services. Throughout the 20 years of development of PV Drilling, there has always been the presence and contribution of Zero LTI achievements. This achievement has very important value in helping PV Drilling to affirm its high service quality, effectively carry out domestic drilling campaigns, and successfully develop offshore drilling services, and is highly appreciated by the international market.

Besides, the operating efficiency of PV Drilling's owned rigs has always been maintained at a high level throughout the years from 2007 to now (> 99% for jack-up rigs) even though there are periods when the rig operates in extremely difficult conditions with limited costs. Particularly in 2021, despite facing difficulties

due to complicated developments of the COVID-19 pandemic, PV Drilling still maintains stability (ensures safety, excellent operational efficiency of over 99% in production and business activities), and continuous production and business activities with safe and high-performance drilling campaigns of over 99%.

PV Drilling is proud of the achievement of Zero LTI maintained throughout the corporation for the whole year of 2021. On October 3rd, 2021, the PV DRILLING I drilling rig achieved 14 years of Zero LTI; on September 15th, 2021, the PV DRILLING II rig reached 12 years of Zero LTI. This is especially meaningful in the context of a strong outbreak of the COVID-19 epidemic in Vietnam, where many employees of member units have to travel to premises following the "3T" (three on spot) working scheme or work long days on drilling rigs in the context of the general difficulty of shrinking costs. Thanks to always ensuring quality, ensuring safety and high operational efficiency in providing services to customers, it has contributed to enhancing PV Drilling's brand value in the international drilling market, supporting PV Drilling's continued expansion into overseas markets.

## PIONEERING IN THE DRILLING OF DEEPWATER

Referring to PV Drilling's pioneering imprints, it is impossible not to mention the PV DRILLING V rig with offshore drilling at the Bien Dong 01 project at Hai Thach - Moc Tinh field, one of the miracles of the oil and gas industry in Vietnam. Hai Thach (Block 05-2) and Moc Tinh (Block 05-3) located in the Nam Con Son basin (NCS) in 145m of deep water, far from shore, in an area with a very large pressure anomaly, oil and gas system. The special complex of the NCS basin, complicated



geological conditions, can be said to be rare in the world. This is also the largest-scale project by 2020 in Vietnam (with a total structural volume of more than 70,000 tons), requiring very strict technical and technological standards.

Previously, with particularly complicated conditions in this area, BP (Main Operator of blocks 05-2 and 05-3) and a combination of foreign investors had to withdraw after 17 years of searching and exploration activities with huge costs, up to more than half a billion USD. In that context, there is not any rig in the world that can meet the high temperature and pressure conditions of this field, but PV DRILLING V has successfully drilled 16 wells.

According to Petrovietnam's Deputy General Director Pham Tien Dung, former PV Drilling's President & CEO, the investment in PV DRILLING V-TAD rig is a breakthrough for the company. Especially in the 16 wells that PV Drilling drilled for both these blocks, PV DRILLING V has never encountered any problems in approximately 5 years.

PV Drilling's General Director, Nguyen Xuan Cuong, added: "The PV DRILLING V rig supporting The Bien Dong project No.01 was very successful, saving the project up to 90 million USD. The drilling time was faster. From the end of 2016 up to now, it has been very difficult. Most of the major companies in the world have gone

bankrupt, so the rigs cannot be exploited. Fortunately for PV Drilling, it is still able to make efforts to bring jobs for drilling rigs and for workers..."

It must be affirmed that the new construction of the PV DRILLING V rig is the most economical option. The cost is only about half that of renting or converting the existing rig. The new construction of the TAD rig is not only for The Bien Dong project No.01 but has also been considered by Petrovietnam and PV Drilling in the future. As proof of surpassing many big competitors in the Southeast Asian region, on September 24, 2019, PV Drilling signed a contract to supply the PV DRILLING V rig to Brunei Shell Petroleum (BSP) of Brunei, once again affirming the position of a reputable drilling contractor in the region.

The fact that PV Drilling won the contract for the drilling contract with the largest value and longest drilling time and that PV DRILLING V has started drilling for BSP since January 2022 in the difficult market of Brunei has proven its strategic vision and steadfast commitment of PV Drilling during the past 20 years.

### PIONEERING TO CONQUER THE NORTH AFRICA DRILLING MARKET

Another pioneering mark of PV Drilling that cannot be ignored is the PV DRILLING 11 land rig. This is the only land-based drilling rig owned by PV Drilling built with

modern technology, capable of drilling to a depth of 7,000m. In 2007, this was also the most modern drilling rig in Algeria.

In July 2007, the PV DRILLING 11 rig docked at Skikda port in Algeria, but it took a whole month for this country's customs to complete the procedures. Not to mention, the journey to transport the rig with a total weight of over 2,000 tons in the desert is extremely difficult. It takes up to 200 truck trips and crosses a desert distance of more than 1,000 km. To ensure security, each convoy must be accompanied by dozens of native soldiers and dedicated vehicles to pave the way.

During a visit to Algeria, former Prime Minister Nguyen Tan Dung met Vietnamese oil and gas workers working at the Bir Seba project and was very proud when partner Sonatrach constantly praised the spirit of the workers in Vietnam in the middle of the harshest desert in the world.

Mr. Nguyen Xuan Cuong, President & CEO of PV Drilling, said: "Each member of PV Drilling has the role of a pioneer driller. With foreign projects, each member also brings pride and dignity that the Vietnamese can do what your country can do, and that is the key to PV Drilling's success in Algeria."

When we were walking in the middle of the Sahara, seeing the road signs to the PV DRILLING 11 rig written in English, "way to rig PVD 11", was really emotional. "I was so proud to be in the middle of a vast desert that has left the mark of Petrovietnam," said Mr. Pham Tien Dung.

### KEEPING THE PIONEERING SPIRIT AND CONTINUING THE JOURNEY TO EXPECT

During the 20 years of establishment and development, besides the top achievements, PV Drilling also overcame many difficulties and challenges, especially in the recent "double crisis" period. However, with high determination, professionalism, pioneering spirit, and steadfastness with strategic vision, PV Drilling has gradually overcome challenges and at the same time strengthened internal resources to steadily move forward.

In the period of 2020 - 2021, the oil and gas industry is affected by a "double crisis", causing many unpredictable fluctuations in the market. At this time, PV Drilling determines that this is the time to strengthen "Reinforcing internal strength", ensure to minimize negative impacts of the market, maintain the stability and continuity of production and business activities, strives to maintain domestic market share, continue to mark new milestones in the strategy of expanding market share abroad by well preparing resources to

bring PV DRILLING 11 onshore drilling rig to serve the drilling campaign long-term for GBRS in Algeria from August 2021; bringing PV DRILLING III jack-up rig to Malaysia to drill for Repsol Malaysia from December 2021; especially completing the investment in a new Drilling Equipment Set (DES) and restarting the PV DRILLING V deepwater rig at the end of 2021 to serve the long term drilling campaign with a sure term of 6 years and an extension of 4 years for BSP in Brunei.

The implementation of this drilling contract once again affirms PV Drilling's prestige and capacity in the international drilling market, creating a stable cash flow for the business in the future as well as opportunities to develop other services in Brunei. In particular, this success demonstrates the initial success of PV DRILLING V's long term journey after creating a miracle for The Bien Dong 01 project.

Besides PV DRILLING V, which has long-term jobs in the Brunei market, other rigs owned by PV Drilling will have jobs in 2022. The sharp increase in oil prices since the third quarter of 2021 and now changing from 100 to 130 USD/barrel is the decisive factor for the bustling search, exploration, and exploitation activities again. As a result, the demand for drilling rigs will definitely increase. As a rule, the unit price of drilling rigs and other services will increase accordingly.

Speaking about PV Drilling's achievements, Mr. Pham Tien Dung concluded, "I think the most important thing is the people. The people who first laid the bricks to build PV Drilling are all very professional, passionate, and always have a desire in their heart to build a Vietnamese enterprise that can compete in terms of quality and reputation with foreign enterprises doing similar services".

In order to maintain stability and continue to develop, in addition to the key tasks of ensuring quality, safety, and efficiency in operations and best performing the provision of core services, PV Drilling has made great efforts to develop complex technical and high-tech services to diversify and enhance services in the context of fierce competition in the international drilling market. In particular, the PV DRILLING V rig resumes operations for the long-term drilling project in Brunei; the PV DRILLING II and PV DRILLING III rigs continue to provide services in Malaysia and Indonesia; and other drilling services to maintain and expand the scope of supply in foreign markets, which has affirmed its pioneering spirit and opened a new chapter in PV Drilling's far-reaching journey.



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**In Vietnam, each member of PV Drilling is regarded as a pioneering driller. While operating at overseas markets, they also take the pride in the spirit of "can do", showing that Vietnamese labor can do what others can do.**

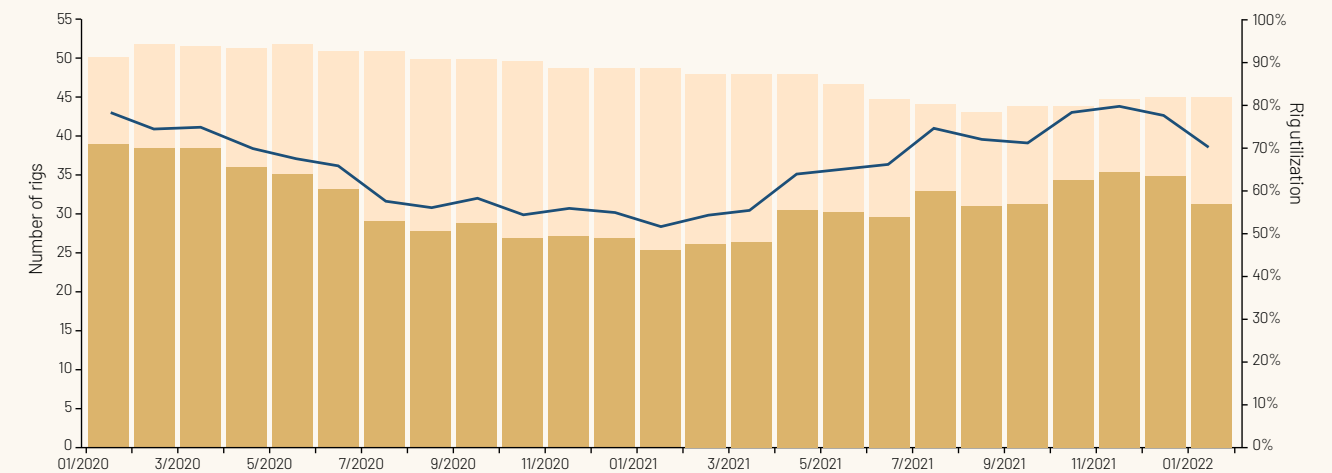
# BUSINESS ENVIRONMENT IN 2021



Oil and gas industry in 2021 showed many signs of recovery. Oil contractors started to strengthen the re-activation of planned E&P drilling campaigns.



## Rig utilization



Rig utilization rate at Southeast Asia (2020 - 2021)

In 2021, the world economy gradually recovered after a long battle against Covid-19 pandemic. Thanks to positive effects of the large-scale vaccination programs, governments started to lift lockdown restrictions, helping people to return to their normal lives. Global trade started to bounce back to pre-pandemic levels fueled by the recovery of production and business activities as well as consumption demand. The global economic growth reached 5.6% in 2021, accelerating markedly from the negative 3.9% in 2020 [Sources: OPEC, IMF]. However, the global economic recovery still faced strong headwinds, due to the unpredictable pattern of pandemic progress, together with geopolitical tensions such as issues related to the Ukraine conflict, the Middle East area (Iran, Yemen, Afghanistan), the South China Sea dispute or the Myanmar coup d'état, terrorism in African countries (Mali, Nigeria, Ethiopia...), trade war between the US and China, and the like. Hindered by these factors, the global economy was not able to bounce back as much as expected.

Respectively for the oil and gas industry, 2021 brought along bright rays of hope to the whole market. The world witnessed soaring crude prices in 2021. Particularly, the Brent spot prices at only USD 50/barrel in early 2021 topped at USD 86/

barrel in October before encountering a slight adjustment near the end of the year. The average Brent oil prices hit USD 71/barrel, the highest over the past three years. The price of West Texas Intermediate (WTI) crude oil traced a similar pattern to Brent when topping at USD 85/barrel in October 2021. On average, Brent and WTI have increased about 50.5% and 55.5% respectively, their biggest annual gain since 2015.

The oil and gas drilling market also had the opportunity to revive in 2021. Oil and gas companies started to strengthen the reactivation of exploration and production activities while the crude oil prices continued their uptrend throughout the year. Drilling contractors have increasingly secured more work as a result. In 2021, 430 units all over the world were actively marketed, among which 350 units were successfully contracted, resulting in 81.4% utilization. Meanwhile, in Southeast Asia, the jack-up utilization grew from 67% in 01/2021 to 77.8% with 38 out of 49 units contracted in 12/2020. The marketed rig utilization averaged roughly 74.4% that year. Malaysia continued to be the busiest market with 14 rigs working regularly, followed by Indonesia, Thailand, and Vietnam.

Together with the improvement of rig utilization, market day rates have positively correlated. The market day rates went up thanks to the positive correlation between day rate and rig utilization rate. The day rate of 300ft - 400ft jack-ups in Southeast Asia stepped up to the range of USD 60,000 - 70,000/day, higher than the average rate of USD 55,000/day in 2020. Remarkably, several contracts secured with day rate reaching USD 80,000/day. In general, the number of rigs with a record of stable operation that meets technical requirements of the clients remains limited. Therefore, day rates can still see the signs of rebound until new-built rigs are qualified to enter the market.

Respectively in Vietnam, the market lagged behind the general trend while the number of drilling programs saw little improvement. The total number of wells drilled in 2021 reached only 44 wells (8 exploration wells and 36 development wells). Due to the huge negative impacts of Covid-19 on the budget spent for the implementation of drilling activities, most oil companies in Vietnam only deployed short-term programs or opted to delay their plans until 2022. The decline in rig demand in the

domestic market resulted in low rig day rates compared to the average rate in the region. Despite that, PV Drilling has relentlessly put efforts into actively working with clients to discuss a suitable rig utilization plan to facilitate the implementation of drilling programs in 2021. As a result, PV Drilling has delivered many successful drilling programs for clients such as Cuu Long JOC, Thang Long JOC, Hoang Long JOC, ENI, Vietsopetro, and JVPC.

Besides, PV Drilling continued to expand the market in the Southeast Asia region by participating in tenders to provide drilling rigs and services for the regional oil and gas companies.

In 2021, PV Drilling successfully delivered PV DRILLING III to work for Repsol in Malaysia. The land drilling rig PV DRILLING 11 has started to serve for the well development drilling campaign in Algeria since August 2021. At the same time, the Semisubmersible TAD Rig - PV DRILLING V completed the reactivation and delivery to Brunei to serve for the long-term drilling campaign of Shell Brunei BSP in 2021.



# PV DRILLING'S POSITION IN OVERSEAS MARKETS



With its high credibility and competency proven through its outstanding performance while conducting drilling programs, PV Drilling has maintained a stable market share at Southeast Asia. For the upcoming years, with the strategy to invest in and develop a modern rig fleet, PV Drilling will firmly secure more opportunities to increase its market share and strengthen its reputation of "The Pioneer of Vietnam Drillers" in the global oil and gas industry.



In 2021, the Covid-19 outbreak in Southeast Asia created numerous difficulties for PV Drilling's strategies in affirming its position in overseas markets. However, thanks to the remarkable efforts of PV Drilling's members including the management to each individual staff in thoroughly implementing response solutions against the pandemic as well as actively participating in bidding to expand market share, PV Drilling has

successfully been awarded several drilling contracts in the region and at the same time achieved quite positive results.

Beside its leading role in the domestic market, PV Drilling has managed to maintain at least 1 - 2 drilling units working regularly in Southeast Asia since 2017 with successfully various drilling projects for large oil companies such as Petronas, Repsol, SapuraOMV,

Hibiscus, Lundin in Malaysia, KrisEnergy in Thailand and Cambodia and Total in Myanmar. Especially in late 2019, for the first time, PV Drilling had all four jack-up rigs working in Malaysia, affirming PV Drilling's position and credibility in this potential market. After a period of suffering coronavirus pandemic impact, in Q4/2021, PV Drilling successfully mobilized PV DRILLING III jack up rig back to Malaysia to drill for Repsol in the

PM3 area, PV DRILLING 11 land rig to perform the drilling campaign of GBRS in Algeria, and PV DRILLING V, the TAD rig to serve Brunei Shell Petroleum in a long-term drilling campaign in Brunei.

PV Drilling also expanded the markets for other drilling-related services including drilling manpower services in Japan, tubular running tool rental in Pakistan, DTRS tool rental in Japan, DTRS service supply

in Malaysia, and provision of mud tank fabrication and mud-pump modification services in Japan, etc.

Therefore, up to present, PV Drilling has achieved many remarkable results in expanding the market and elevating PV Drilling's brand name in most of the regional markets. PV Drilling has always upheld its position in Southeast Asia thanks to its high credibility and competency proven through its

solid performance in previous and ongoing drilling programs. In the coming years, with the strategy to invest in and develop a modern rig fleet, PV Drilling will firmly secure more opportunities to increase its market share and strengthen its reputation as "Pioneer of Vietnam Drillers" in the global oil and gas drilling industry.



# DRILLING CAMPAIGNS IN 2021



**More than 20 wells have been safely performed by PV Drilling for both domestic and international oil and gas operators. The working efficiency of the rigs managed and operated by PV Drilling is always remaining high, up to 99.96%. These positive numbers have proved PV Drilling's drilling competence throughout the year of 2021.**

In 2021, oil and gas operators still postponed, stopped or cancelled planned wells due to being affected by general challenges of drilling industry, together with negative impact of Covid-19 pandemic. Day rate remained at a low level. Many rigs in the region as well as over the world occasionally became idle; others needed to stop for a while due to Covid-19 outbreak onboard.

In such a difficult situation, PV Drilling has effectively implemented solutions for the owned rigs to have jobs. Especially, in 2021, PV Drilling has safely performed more than 20 wells for both domestic and international oil and gas operators in Malaysia, Cambodia, Algeria, and Vietnam.

## Drilling Plan and Operating Efficiency of the drilling rigs in the year 2021:

Drilling Rig	Client	Operating Efficiency
PV DRILLING I	Cuu Long JOC, Vietsovpetro.	99.69%
PV DRILLING II	Vietsovpetro, Hoang Long JOC, Cuu Long JOC.	99.93%
PV DRILLING III	KrisEnergy, Vietsovpetro, JVPC, Repsol Malaysia.	99.79%
PV DRILLING VI	Rosneft, ENI.	99.52%
PV DRILLING 11	GROUPEMENT BIR (GBRS).	99.55%
HAKURYU 11(hired rig)	Idemitsu.	99.49%

Together with operating the rig fleet at maximum efficiency, safety - health - environment performance at the workplace and onboard rigs is always closely monitored through regular/scheduled or unannounced audit. The compliance with procedures/codes at shore base/on offshore rigs is always guaranteed, to ensure all operation to be strictly followed the regulations:

- » The safety and hygiene compliance team regularly studies and improves their professional skills to ensure the completion of the safety - health - environment goals.
- » Preparing disaster response plans, in which clearly specifying organizational structure, roles and responsibilities, means/equipment, response implementation process as well as notification/reporting where there is natural disaster occurs. Thanks to that, the response to storm/bad weather is always accomplished in prompt and quick manner.
- » Develop a response plan to Covid-19 pandemic and strictly implement prevention and control measures to ensure the rig fleet operating continuously and safely during the outbreak.

In 2021, PV Drilling did not have any accidents affecting the property, environment and especially no accidents causing loss of operating time. Up to now, PV Drilling's rigs have been certified by the International Association of Drilling Contractors (IADC) for the achievement of Zero LTI (without accidents causing loss of operating time) as follows:

- » PV DRILLING I rig: achieving 14 consecutive years of Zero LTI.
- » PV DRILLING II rig: achieving 12 consecutive years of Zero LTI.
- » PV DRILLING III rig: achieved 2 consecutive years of Zero LTI.
- » PV DRILLING VI rig: achieving 6 consecutive years of Zero LTI.
- » PV DRILLING 11 rig: achieving 6 consecutive years of Zero LTI.

In 2021, PV Drilling completed the construction of new drilling equipment set (DES) and reactivated the PV DRILLING V tender assist rig to serve the drilling campaign for Brunei Shell Petroleum (BSP) with specific tasks, such as:

- » Construction of new drilling equipment set (DES).
- » Reactivate and repairing PV DRILLING V.
- » Towing PV DRILLING V to Singapore, integrating and commissioning the current rig with the new DES.
- » Towing PV DRILLING V from Singapore to Brunei, ready to drill for Brunei Shell Petroleum.

With the best efforts to maintain continuous operation of jack-up rigs during the crisis period of the oil and gas industry and the successful re-activation of the TAD rig, PV Drilling is confident to promote our competitive advantages when crude oil prices are showing stable recovery signals. The Corporation is well-prepared with its workforce and equipment resources, in order to promptly seize the coming opportunities for recovery and development furthermore.



# THE ASPIRATION OF PV DRILLING'S DRILLERS

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After 20 years of development, it is not an exaggeration to affirm that the aspiration of PV Drilling is also the aspiration of Vietnamese oil and gas drillers.

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## FROM ASPIRATION

Memorizing PV Drilling's inception date, Petrovietnam's Deputy General Director Pham Tien Dung, former PV Drilling's President & CEO, shared: "The advantage in the pre-establishment period of PV Drilling is the concern and support from Petrovietnam's leaders. Moreover, we have an enthusiastic, united, concentric, and like-minded team aiming for the common goal of building a world-class Vietnamese oil and gas drilling company that can compete with other drilling companies in the region. More importantly, most of the experienced employees are working at Petroleum Company I (Thai Binh), Vietsovpetro or multinational oil and gas companies. However, "all things are difficult before they are easy". The first stage is always full of difficulties and challenges, which makes it difficult to describe in a few pages. But not faltering in trouble or giving up, the team that day unanimously made great efforts with high determination to fulfill aspirations and common goals.

In the period from 2001 to 2004, although there was no drilling rig, PV Drilling's technical staff hired a self-operated rig and participated in drilling campaigns of domestic and foreign oil and gas contractors. This process is also a preparation for further advancements in the coming years of PV Drilling.

Thanks to the perseverance and collective efforts of PV Drilling's Board of Directors and staff, the year 2005 opened a turning point for the development journey when the corporation officially signed a contract to build the first offshore drilling rig with Singapore's Keppel Fels partner; along with the trend of equitization of state-owned enterprises at that time, it brought new opportunities for PV Drilling to access financial sources in the market for investment and production development. Since then, PV Drilling has officially entered the transformation phase, building and affirming the brand of a Vietnamese oil and gas drilling contractor in the domestic and international markets.

With tireless efforts to realize its mission, from two owned rigs put into operation in 2007, PV Drilling now proudly owns six rigs, including four modern jack-up drilling rigs, a TAD rig, and a land rig. Not only did the company pioneer the ownership and operation of offshore drilling rigs, but it also increased its market share in traditional services such as inspection, maintenance, repairing, and renting drilling equipment, oil spill response... PV Drilling also takes the lead in the development of drilling-related technical

services, especially hi-tech services, through joint ventures with reputable partners such as BJ, Baker Hughes, Expro, Marubeni Itochu Tubulars, Oil States Industries, etc. to develop services and technology transfer. On that basis, PV Drilling has developed and perfected the ability to provide a variety of technical services, from traditional services to hi-tech services; most importantly, the ability to provide bundled services for oil and gas contractors brings added value to customers in accordance with the set mission. This is also the advantage of PV Drilling when compared to other competitors in the industry.

## TO THE FIRST KEY POSITION

With the goal of building a technical team with expertise capable of replacing foreign experts and at the same time meeting the demand for human resources for drilling rigs operating in Vietnam, since its establishment, PV Drilling has advocated building and successfully developing PVD Offshore - a leading provider of oil and gas drilling manpower in Vietnam. PVD Offshore is also the place to incubate, train, and develop technical human resources for PV Drilling. Besides, every year, PV Drilling spends a considerable amount of budget on training and developing internal resources. Up to now, PV Drilling's technical team has taken on key positions on drilling rigs and oil and gas projects that just over a decade ago had to hire foreign experts to perform routine.

PV Drilling currently has four Vietnamese rig managers, who are in charge of directly operating PV Drilling's rigs. Mr. Phan Thanh Phong assumes the position of rig manager of the PV DRILLING I. Mr. Le Ba Chi, Head of Drilling Operations Department and rig manager of the PV DRILLING II rig. Mr. Vu Tuan Phong, Deputy of the Drilling Operations Department and rig manager of the PV DRILLING VI rig. Mr. Le Van Truong is the rig manager of PV DRILLING 11.

One of the key positions on the rig where the Vietnamese replaced the first foreign expert was the crew leader. Mr. Truong To Dien shared his feelings when he was the first Vietnamese to receive the position of crew leader on a rig owned by PV Drilling: "Working on my own rig is very proud, but at the same time it is difficult, because being alone is the captain between 3 foreigners, such as the electric, engine, and captain. The most difficult thing is the difference in working methods between Vietnamese and foreigners, so it takes a lot of effort to integrate into a team and it is not easy to understand each other right away". But after working hard for a while, being recognized and appreciated by colleagues and leaders,



from this trust, Mr. Truong To Dien was trusted to be promoted to higher positions on the rig.

Engineer Lai Hoang Anh was one of the first Vietnamese to take up the position of Drilling Director directly operating the offshore drilling rig of PV Drilling, recalling when he started his career at PVD Offshore (formerly Enterprise Drilling) with his first job as a cable hooker (in 2005) on a foreign rig. That day, like many other newly graduated engineers, Mr. Lai Hoang Anh had not yet imagined all the peculiarities of the drilling profession, working 12 hour shifts per day, with the fact that the work was very hard, heavy.

During Mr. Lai Hoang Anh's off-rig work, PV Drilling also built the PV DRILLING I rig in Singapore and the PV DRILLING 11 land rig in China. "From the moment PV Drilling started building a new rig, I have especially look forward to one day working on PV Drilling's own rigs. With that desire, I have worked hard to learn at all positions. After 12 hours of each shift, I try to approach the following shifts, hone my working skills, read documents in the library, and try to complete the "On-Job Training" to develop faster", engineer Lai Hoang Anh shared.

In 2018, when engineer Lai Hoang Anh assumed the position of rig manager on the rig, there were 8 foreign management personnel. After 4 drilling campaigns in the country and in Malaysia, the rig operated safely, achieved Zero LTI achievement, and was highly appreciated by customers, despite facing many difficulties from the COVID-19 epidemic, especially during the beginning of 2020 in Malaysia. By the time engineer Hoang Anh handed over the job in April 2021, all management positions were held by Vietnamese. Only one foreign leader remained on the rig.

After going through all the positions on the rig, including the PV DRILLING II, PV DRILLING III, PV DRILLING V, PV DRILLING VI construction project, and the PV DRILLING 11 rig project in Algeria, engineer Lai Hoang Anh was in charge of the Department drilling operator. He wittily said, "Sometimes when I sleep I dream about the rig." Every time I look at the image of moving the rig from one position to another, floating across the sea, or standing stunned by the mining rigs through the reports, emotions flow again and a stronger sense of responsibility.

## CONTINUING ASPIRATION

Difficulties and hardships will pass, but the results will last forever. What Mr. Truong To Dien, Mr. Lai Hoang Anh,



We are proud to possess an entire workforce who is enthusiastic, united, unanimous for the overall target, that is, building a Vietnamese drilling contractor with international standards and competitive advantages to be able to stay in line with other regional drilling contractors.

and hundreds of PV Drilling workers and engineers have done throughout the corporation's journey of formation and development has proven the desire to conquer challenges of PV Drilling Vietnamese oil and gas drillers. It has been a journey of many difficulties and challenges, but one full of pride. From a team of only 180 people, now the corporation has 2,000 people, which has proved PV Drilling's development and success.

From the beginning, without owning a rig, after 20 years, PV Drilling is proud to own a modern drilling rig team, along with a system of advanced machinery and equipment for well technical services, and a team of professional, confident, and capable human resources to take on high positions on the rigs. Moreover, PV Drilling is gradually reaching out to the big sea, conquering the difficult drilling markets in the region. The latest is the Brunei market.

Looking back on the 20 year journey of establishment and development, PV Drilling is proud to have realized the goal of successfully building a world-class Vietnamese drilling contractor. The journey of dreams and aspirations has reaped many sweet fruits from the efforts, enthusiasm, solidarity and consensus of a collective of "The Pioneers of Vietnam's oil and gas drilling industry".



# HUMAN RESOURCES POLICIES IN 2021

## 1. OVERVIEW

2021 continued to be another hard year for companies in general and PV Drilling in specific when social distancing orders both in Vietnam and regional countries were extensively implemented. Such measures have significantly changed normal working mode and simultaneously increased human resources related costs.

In order to accommodate the situation while maintaining the quality of products and services provided to clients, the Corporation continued to tighten controls on hiring freezes while optimizing the available human resources through internal recruitment, promotion and transfer. The on-the-spot crew-change was maintained in order to ensure continuous operation, ensure pandemic prevention as well as optimize costs.

In order to overcome crude oil crisis and the prolonged Covid-19 pandemic, the Corporation has continued to review management systems and policies aiming at reducing operating costs while still maintaining and implementing suitable benefit schemes that ensure the best benefits for employees during the pandemic peak. Specifically, the Corporation added pandemic insurance package into the annual medical insurance that provides coverage for employees in case of Covid-19 treatment.

Thanks to appropriate response measures, the Corporation has safeguarded its workforce and maintained employee engagement in order to overcome the adversities of 2021 and move forward to the upcoming year with fresh energy and strong confidence.

## 2. NUMBER OF EMPLOYEES AND AVERAGE INCOME



Total number of employees  
**2,000**  
employees

As of 31/12/2021, the total number of employees at PV Drilling and its subsidiaries is 2,000, including 116 part-time employees at PVD Training.



Average income  
**20,478,698**  
dong/employee/month

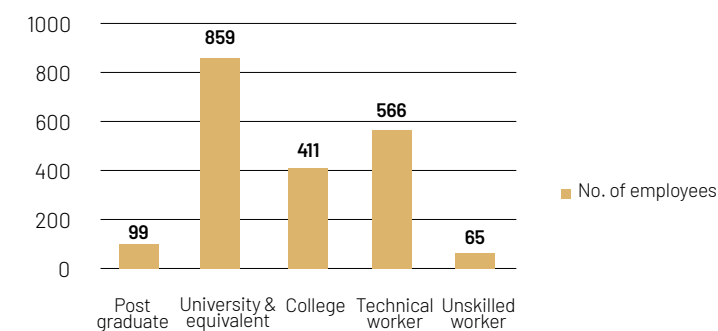
Average income in 2021 at PV Drilling is 20,478,698 dong/employee/month, increasing 13.5% compared to plan.

## 3. DIVERSITY

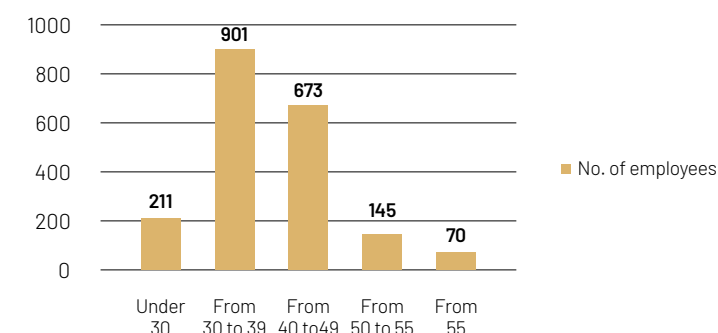
	Categories	31/12/2021
	Employees	2,000
1	<b>Education:</b>	
	Post graduate	99
	University and equivalent	859
	College	411
	Technical worker	566
	Unskilled worker	65
2	<b>Age</b>	
	Under 30	211
	From 30 to 39	901
	From 40 to 49	673
	From 50 to 55	145
	From 55	70
3	<b>Gender</b>	
	Male	1,666
	Female	334
4	<b>Nationality</b>	
	Vietnamese	1,959
	Expats	41

(\*) The total number of employees above includes 116 part-time employees at PVD Training.

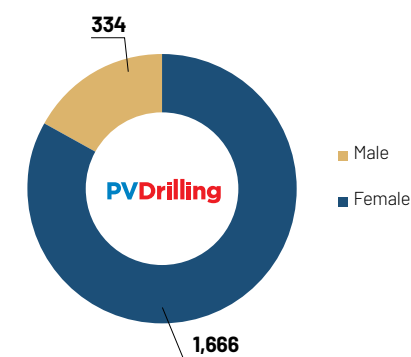
### Breakdown by education



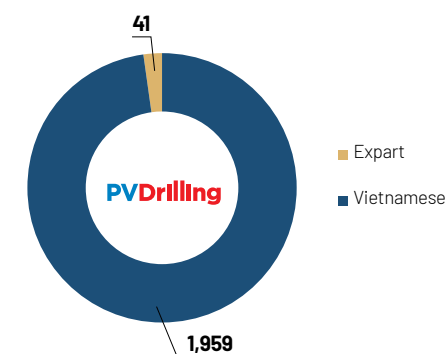
### Breakdown by age group



### Breakdown by gender



### Breakdown by nationality



# HUMAN RESOURCES POLICIES IN 2021 (continued)

## 4. TRAINING AND DEVELOPMENT

In 2021, PV Drilling continued to focus on safety and regulatory required training, especially for rig personnel or certification and re-certification training courses required by contractors. Below statistics provide an overall picture of the training and development activities in 2021.

	No. of Participants	No. of courses	No. of training hours	Total training costs (USD)
Actual 2020	2,730	137	2,446	594,678,11
Plan 2021	1,948	95	2,488	677,296,14
Actual 2021	1,673	122	2,499	873,991,42
% Actual 2021/ Plan 2021	86%	128%	100%	129%
% Actual 2021/ Actual 2020	61%	89%	102%	147%

### By categories of training

Training topic	Actual - Participants	Actual - No. of courses	Actual - Cost (USD)
Expertise, compulsory, On-job-training	1,144	83	713,991,42
Professional skills	391	14	58,068,67
Management	45	9	1,931,33
Others	93	16	–
<b>Total</b>	<b>1,673</b>	<b>122</b>	<b>773,991,42</b>

### By type of training

	Actual - Participants	Actual - No. of courses	Actual - Cost (USD)
External training	1,580	106	873,991,42
Internal training	93	16	0

### Some key performance indicators

	2020	2021	% 2021/ 2020
Average training hours per employee	1,57	1,49	95%
Average training cost per hour	244,8	349,74	143%
Average training cost per employee	384,6	522,41	136%

## 5. 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 competent successors for rig key positions. Furthermore, the program has generated such significant benefits as keeping the rig operation stably; increasing the proportion of Vietnamese staff together but decreasing expatriates and consequently reducing the HR costs.

## 6. EQUALITY AND ANTIDISCRIMINATION POLICIES

As operating internationally, bound by both international laws and laws of host countries, PV Drilling has completed and publicized the Code of Conduct as well as related policies based on the principles of respect, equality and non-discrimination at the workplace.

At PV Drilling, the discrimination against part time and full time employees does not exist as all employees work for PV Drilling under the signed labor contracts; the signing of labor contracts abides by the applicable Laws on Labor.

Discriminations against genders, ethnicities or nationalities are not present in any of PV Drilling's policies and regulations. Every employee is treated equally, working under signed labor contracts, receiving commensurate salary in accordance with their achievements.

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, was established to represent female employees. Its functions are to protect female employee rights. Such special annual ceremonial events for female employees as International Women's day (8/3), Vietnamese Women's Day (20/10) are 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 Corporation at such events.

All employees at PV Drilling are offered with opportunities to reach their full potential to contribute 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, without based on the followings:

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

## 7. NO CHILD-LABOR GUARANTEE

PV Drilling's recruitment policy clearly states that the age threshold for job applicants is 18. PV Drilling is committed to not employing child labor neither directly nor through agencies and subcontractors. PV Drilling also communicates this policy to its suppliers for their compliance.

## 8. MAJOR EMPLOYEE RELATIONSHIPS POLICY

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

**Code of Conduct:** regulates core principles for business conducts and behaviors with an aim to complying with applicable laws as well as maintaining, nurturing ethical and proper behaviors within the Corporation.

**Collective Labor Agreement:** defines all agreed employees' benefits which are fully committed and implemented accordingly as well as complied with applicable laws on labor.

**Salary policy and performance management:** ensures equality, competitiveness with salary paid equivalent to employee performance. The policy is designed to both encourage competent employees to contribute with full competency and be attractive enough to outside talented candidates.



# HUMAN RESOURCES

## POLICIES IN 2021 (continued)

**Training policy:** ensures employees are equipped with sufficient knowledge and skills to perform the jobs. Favorable conditions are also created for employees to learn and develop their career with the Corporation.

**HSEQ policy:** ensures safety policies and procedures in the workplace so that the employees, clients, partners and subcontractors working at PV Drilling workplaces are safe.

### 9. 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 allowance and awards on special occasion and events.

Highlights of the welfare policy:

Insurances:

- » Insurances;
- » Social, medical and unemployment insurances under Vietnamese 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.

### 10. COMMITMENTS ON HUMAN RIGHTS

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





# RISK MANAGEMENT ENHANCEMENT

2021 continued to be a challenging year for the oil and gas industry in general and for PV Drilling in particular in the context of work scarcity, low service prices, and increasing operating costs due to negative effects of Covid-19 pandemic. However, the effective operation of the risk management system has brought practical results to the Corporation as well as its subsidiaries, such as: well-prepared for the operation of PV DRILLING V rig, ready to implement the drilling program for Brunei Shell Petroleum Company Sdn Bhd (BSP) from early 2022; ensuring continuous and stable operation of other rigs; maintaining good HSEQ performance with no environmental incidents, no lost time incidents (Zero LTI). In addition, the response measures to Covid-19 infection/isolation has been implemented timely and decisively by the Corporation: in compliance with 5K recommendation of the Ministry of Health; in the meantime, PV Drilling regular inform all employees of pandemic updates to highly enhance the implementation of prevention measures; flexibly applying work from home policy, combining with "3 on-site" mode; successfully approaching Covid-19 vaccine sources so that all employees are ensured to have at least 2 doses of vaccines.

During operation, the risk management system has helped PV Drilling with asymptotically approaching international management practices. The system has supported the Corporation's divisions/subsidiaries to identify the comprehensive and top risk portfolio, thereby developing specific controls and action plans to ensure the achievement of set objectives and risk management gradually to become an important tool, effectively supporting the BOD in business operation.

In order to operate the risk management system professionally and consistently, the Corporation always focuses on updating risk management policies and tools including:

- » The Corporate Risk Management Handbook was issued to introduce and summarize the knowledge,

concepts and techniques used to operate corporate risk management throughout the Corporation.

The contents of the Handbook are built based on recommendations and guidelines of international standards and practices, systematized and revised in accordance with the Corporation's operations and scale. During the operation of risk management, the Handbook will be continuously updated with latest knowledge and communicated to all employees to be aware and apply throughout the Corporation.

- » The risk parameter is always reviewed and updated to ensure it is suitable with business operation activities of the Corporation as well as of each subsidiary.
- » Key Risk Indicators system helps management levels and the BOD to detect and respond in a timely manner.
- » The reporting system is always reviewed and standardized to extract the most useful information for the BOD to use in management and operation.
- » The risk map is always updated, assessed and analyzed to help the BOD have an overview of the likelihood and impact of identified risks, as well as the rankings of the risks in mutual correlation to develop appropriate risk treatment plans.
- » In addition, the Risk Management Team releases quarterly risk management newsletters and communicates them to all employees in order to disseminate risk management activities and strengthen the corporate risk management culture throughout the Corporation.

As a pioneer in building and operating the Risk Management System in Vietnam generally as well as the oil and gas industry particularly, these above-mentioned achievements in ERM, proved PV Drilling's right strategy in sustainable growth, contributing to raise the value of enterprises, enhancing competitive advantages, increasing the prestige and trust from shareholders and partners to "Affirming the position - Firmly reaching out", thereby expanding services to the region and over the world.





## INTERNAL AUDIT

In order to implement the internal audit in accordance with Decree No. 05/2019/ND-CP dated 22/01/2019 of the Government, taking effect on 01/4/2021, PV Drilling's Board of Directors (BOD) has established the Internal Audit Sub-Committee under the BOD under Decision No. 01/04/2021/QĐ-HĐQT and issuing the Internal Audit Regulation under Resolution No. 04/03/2021/NQ-HĐQT dated 31/3/2021. Accordingly, the Internal Audit Sub-Committee had prepared and submitted the Internal Audit Plan of the Corporation for the year 2021 and was approved by the BOD under Resolution No. 02/05/2021/NQ-HĐQT dated 31/5/2021.

Working in the extremely difficult circumstances of Covid-19 pandemic, the Internal Audit Sub-Committee managed to conduct audit work via both fieldwork and online methods through Microsoft Teams, email platforms.... As a result, the Sub-committee successfully completed the Internal Audit Plan of year 2021 which was approved by the BOD with some outstanding results as follows:

» Inspect, review and evaluate the effectiveness and efficiency of internal policies, processes, and regulations of the subsidiaries on the reference with applicable laws, current regulations of the Corporation and practical application in

the subsidiaries, thereby giving advice and recommendations on updating, supplementing or issuing new documents, helping the subsidiaries to strengthen the internal control system and improve risk management in production and business operation activities.

» Examine and evaluate corporate governance, controlling indicators in financial statements of the Subsidiaries, giving recommendations and adjustments to ensure that the assets and capital items are managed in accordance with the regulations of the Subsidiaries, the governance practices of the Corporation, and applicable laws, thereby reflecting truly and fairly view on financial statements, enhancing the trust and confidence of shareholders and related parties with disclosed financial information.

In 2021, the Internal Audit Sub-Committee made considerable efforts to complete the internal audit plan which was approved by the BOD, despite the application of work from home policy during the social distancing period caused by Covid-19 pandemic. Through auditing, the subsidiaries generally complied with the laws and regulations of the Corporation and the entities. In addition, the Internal Audit Sub-Committee also put forward many realistic opinions and recommendations in line with the practical production and operation activities of the subsidiaries, thereby helping to further strengthen the internal control system, improve to achieve corporate governance goals and contribute to increasing core values and trust of shareholders, affirming the position of the Corporation to firmly reach out in the context of the market recovery.



# TOP RISK PORTFOLIO AT PV DRILLING

The critical risk portfolios at PV Drilling have been identified by PV Drilling's Management and have correlative action plans to mitigate in the current context as follows:

## STRATEGIC RISKS

The domestic market for drilling rigs and well technical services currently still faces many challenges, fierce competition from foreign contractors, low rig rental rates along with many high-risk factors related to the complicated developments of the Covid-19 pandemic, the opening and recovery of the economy, the geopolitical situation in many regions... PV Drilling identified that the difficulties of domestic market is an opportunity to promote the developing strategy to overseas drilling market, looking for regional business opportunities and potential markets, expanding further to Africa and the Middle East, through action plans as follows:

- » Focus all resources on core business, strengthen and develop the drilling rig supply and drilling technical services array under PV Drilling's strengths;
- » Promote marketing activities, build a reputable image and brand in the domestic and regional oil drilling industry. Maintaining a professional working style for all employees, contributing to creating a professional environment and culture for PV Drilling;
- » Improve corporate governance; apply advanced management principles and best practices in the world to optimize internal resources in the current difficult period.

## RISK OF INFECTION / ISOLATION DUE TO THE PANDEMIC

From the beginning of 2021, the Covid-19 pandemic with new, faster-spreading and more dangerous strains (Delta, Omicron), continued to develop complicatedly, difficult to control, with negative and prolonged impacts on all economic activities and social life. These forced managers to adjust their orientations and strategies for disease prevention in association with socioeconomic development in the direction of safe and flexible

adaptation to the pandemic. Faced with that situation, to minimize the risk of Covid-19 infection, the Corporation has implemented flexible measures to adapt to the new situation, including:

- » Issue Directive No. 644/CT-PVD dated December 10, 2021, on disease prevention and control in the period of "Safe adaptation, flexibility, effective control of the Covid-19 pandemic";
- » Conduct rapid Covid-19 test for all employees of the Office of the Corporation related to F0 cases, rapid test for employees with epidemiological factors and periodic testing at least 20% weekly, rapid test guests to work at the Office... to proactively prevent and control disease;
- » Depending on the situation of the pandemic, the possibility to turn into bad conditions of employees when infected with Covid-19 as well as the need to handle work, the Corporation's Office has applied flexible working modes to gradually switch from the status of 50% working at the office to 70% working at the office and 100% working at the office (except F0 and F1);
- » » In addition, the Corporation actively implemented many measures to access the source of Covid-19 vaccine to ensure that all employees are vaccinated with 2 doses of vaccine and additional/repeated doses for all employees.

## FINANCIAL RISK

The Corporation includes many subsidiaries and joint ventures, so investment activities, budget management, cash flow ... generate risks in the context of fluctuations factors of the exchange rate, interest rate. Economic predictions and using of financial instruments effectively to handle financial risks is a significant challenge for PV Drilling's BOD. Financial risk management solutions that are implemented by PV Drilling include:

- » Managing costs and cash flow to ensure liquidity and financial safety; Centralized and oriented 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;
- » Implement centralized budget management mechanism to coordinate cash flow to BUs timely, optimize cash flow, minimize opportunity costs and improve profit from financial activities;
- » Applying derivative financial instruments such as Cross Currency Swap, Repo contract, Option Contract ... to secure and proactively currency source.

## COMPLIANCE RISK

PV Drilling's business and production activities are governed by many systems of Vietnamese legal documents, policies and regulations of the Vietnam Oil and Gas Group, State Securities Commission and Ho Chi Minh city Stock Exchange... In addition, the Corporation also applies international standards and practices in enterprise management. Therefore, PV Drilling's BOD always concerns deeply about compliance risks as well as internal regulations and has action plans to ensure the compliance at PV Drilling such as:

- » Regularly update changes in policies and regulations that affect PV Drilling's business. Periodically dissemination for all employees, consulting and supporting BUs/Departments in compliance with the law;
- » Assessing the legal risks related to business, finance, accounting, taxation, etc. to provide appropriate corrective or preventive actions;
- » Regularly assessing the compliance with State regulations and internal regulations of the Corporation, and assess the management of the BUs to ensure effective and efficient operation.

## RISK OF HUMAN RESOURCE MANAGEMENT

In the difficult context of the oil and gas industry, the management of human resource at PV Drilling is facing a great challenge when the employees' income decreases, welfare and subsidies are unstable, but still must ensure operation with the highest quality of service, maintaining a professional working style. Recognizing this problem, the BOD has improved human resources in a more streamlined and efficient manner, through the following solutions:

- » Develop and apply policies to attract and preserve talents at PV Drilling;
- » Complete the capacity framework for all levels from workers, engineers, experts to managers;

- » Develop the career roadmap for employees with high qualifications, technical skills and training of successors;
- » Develop a specific mechanism of nomination and encouragement, thereby identifying the objects for training programs, along with the salary and bonus program and commitment to employees.

## RISKS OF HEALTH, SAFETY, ENVIRONMENT AND QUALITY

Oil and gas drilling, a technically distinctive industry, is always operating in harsh weather and fierce geographical conditions in offshore or at desert, which may negatively affect operational conditions such as machinery damage and labor injuries. Besides, with its sustainable growth strategy, in PV Drilling's activities, environmental aspects are always identified, assessed the level of impact to develop appropriate management measures. Therefore, to ensure the effectiveness of health, safety, quality and environmental management, PV Drilling has implemented risk management solutions as follows:

- » Maintaining the application of HSEQ management system in accordance with international standards on the characteristics of the oil and gas industry which has been certified by prestigious organizations in the world; applying quality management standard in accordance with ISO 9001: 2015, environment management standard in accordance with ISO 14001:2015, occupational health and safety management standard in accordance with ISO 45001:2018; participating and complying with regulations of the International Association of Drilling Contractors (IADC);
- » Managing supplies, inventories and maintenance work by Maximo software 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;
- » Implementing insurance policy for PV Drilling's rig and human resources.

Ensuring safety in operation and always focusing on risk management of HSEQ have helped PV Drilling to maintain Zero LTI achievements for the owned rigs for many consecutive years as well as remaining its operating efficiency at a very high level (>99%) that is certified by IADC, affirming its prestige and enhancing competitive advantages for PV Drilling to continue to "Affirming the position - Firmly reaching out".



SUBSIDIARIES

PVDrilling



ADDRESS



CORE BUSINESS



CHARTERED CAPITAL



OWNERSHIP

PVD  
DRILLING DIVISION

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

Manage and operate the  
rig fleet of  
PV Drilling Corporation  
(PV DRILLING I, II, III, 11)  
and the leased rigs.

—  
billion VND

100%

PVD  
INVEST

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

Provide manpower,  
logistic services; drilling  
support services such  
as Solid control, Mud  
cooler, Side scan sonar,  
Heavy-duty equipment,  
Workshop pre-fabric and  
GTS for WHP, rigs...

—  
billion VND

100%

PVD  
OFFSHORE

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

Supply drilling manpower  
service, Inspection,  
maintenance and  
workshop service and Oil  
spill response service and  
other support services.

130  
billion VND

100%

PVD  
LOGGING

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

Provide Mud Logging,  
Slick-line and Cased  
hole logging, Well  
testing and Provision of  
Geological Specialists;  
storage and  
transportation of  
industrial explosives.

80  
billion VND

100%

PVD  
WELL SERVICES

Unit 13, 12A Floor,  
Vincom Center, 47 Ly  
Tu Trong Street, Ben  
Nghe Ward, District 1,  
Ho Chi Minh City.

Provide tool rental (DTRS),  
tubular running (CTRS),  
manage pressure drilling  
(MPD), Expandable  
liner, WBCU, SafeVision  
software.

80  
billion VND

100%

PVD  
DEEPWATER

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

Manage and operate the  
advanced  
technology Semi-  
Submersible Tender Assist  
Drilling Rig (TAD); Provide  
equipment and materials for  
the oil and gas industry and  
other related industries;  
research and develop  
scientific and technical  
experiments; consultancy  
on technology on the oil and  
gas industry.

764  
billion VND

100%

PVD  
TECH

10<sup>th</sup> Floor, Phuoc Thanh  
Building, 199 Dien Bien Phu,  
Ward 15, Binh Thanh District,  
Ho Chi Minh City.

Well technical  
services; Engineering  
manufacturing skid;  
Trading, maintenance  
and logistic services.

450  
billion VND

97%

PVD  
TRAINING

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

Training,  
certification for  
petroleum,  
manpower supply  
and other technical  
services.

28.9  
billion VND

52%

PVD  
BAKER HUGHES

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.

Supplying a wide range of  
services such as directional  
drilling and logging while  
drilling, drill bits, casing  
exit, line hanger, intelligent  
well completion, electric  
logging, liner core sampling,  
production enhancement  
service, cementing,  
well completion, well  
intervention, coil tubing  
services...

20  
million US  
dollars

51%

PVD  
OVERSEAS

9 Temasek Boulevard  
#31-00 Suntec Tower 2,  
Novena Suite,  
Singapore 038989

Investing and  
operating the jack up  
PV DRILLING VI rig.

66.7  
million US  
dollars

82%

PVD  
TUBULARS MANAGEMENT

Room 1105, 11th Floor, Citilight  
Building, 45 Vo Thi Sau Street,  
Da Kao Ward, 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).

3.5  
million US  
dollars

51%

PVD  
EXPRO

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 and subsea  
lubricator, surface PVT  
sampling and bottom hole  
sampling, sand control at  
surface for exploration  
and production and early  
production services.

6.4  
million US  
dollars

51%

VIETUBES

Street 11, Dong Xuyen Industrial  
Zone, Rach Dua Ward, Ba Ria  
Vung Tau Province

Threading, processing,  
repairing, restoring  
casing tubes, drilling  
collars, drilling pipes,  
conducting pipes  
and accessories...  
for oil and gas  
exploration drilling and  
exploitation.

3.7  
million US  
dollars

51%

PVD  
OSI

Street 11, Dong Xuyen Industrial  
Zone, Rach Dua Ward, Ba Ria  
Vung Tau Province

Manufacturing,  
supplying and  
threading of API  
and proprietary  
connectors.

5  
million US  
dollars

51%

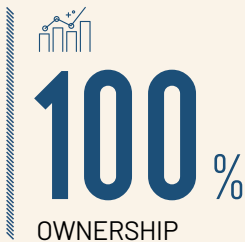
# SUBSIDIARIES (continued)

## 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.*

”



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



Manage and operate the owned rig fleet of PV Drilling and the leased rigs.

When time went by, we realized that 2020 was only the start of difficult period due to Covid-19 outbreak and 2021 was indeed the year of detrimental double effects. The downturn in oil and gas industry was going along with the pandemic outbreak which not only had no sign to end but also being more complicated. At that time, PV Drilling’s Board of Management demonstrated their considerable flexibility and acumen in ensuring the success of business strategy and rig operations as well as looking for the new contracts.

Through combining many short-term contracts properly, PVD Drilling Division not only optimized its cash flow but also helped to restrain other negative effects of ceasing operations. Therefore, all jack-up rigs have steadily operated at average of 9 months per year. The revenue of jack-up in 2021 was VND 1.329 billion, which was at modest rate of 88% in comparison with that in 2020 (VND 1.507 billion). However, from the point of cash flow, 2021 was 1.3 times as high as the corresponding period of last year.

All arrangements for reactivating PV DRILLING V and PV DRILLING 11 were deployed in parallel with aforementioned actions. As the result, PV DRILLING 11 operated again in 8/2021 regardless of the complication of pandemic in Algeria. Besides, PV DRILLING V completed reactivating phase at the end of 2021 and being was ready for the long-term contract with Brunei Shell Petroleum in territorial water of Brunei.

Together with managing PV Drilling’s owned rigs effectively, PVD Drilling Division maintained to provide supporting management services for partner’s rigs in order to utilize all available resources and enhance the customer relationships. Thanks to that, EBITDA of PVD Drilling Division increased to VND 143 billion compared to 2020 of VND 95 billion.

Success in putting PV DRILLING 11 and PV DRILLING V into operation together with taking PV DRILLING III back to Malaysia market of at end of 2021 has opened up the bright year ahead. Looking back to the period from 2015 until now, PV Drilling conquered many overseas markets as Myanmar, Thailand, Cambodia, Malaysia and Algeria. In 2022, PV Drilling plans to expand their market share of drilling and well services to neighboring countries as Indonesia, Brunei.... For the time being, PV Drilling has become a reputable and familiar brand name in its field both at home and abroad.

The above satisfactory performance of 2021 was the result of all employees’ constant efforts in being cost-effective, minimizing adverse effects of Covid-19, maintaining smooth and efficient operations. This result also proves the obvious evidence that PV Drilling has the enormous potentiality in its business line as well as competence in dealing with possible contingencies in current extremely hard time. It is said that Covid-19 pandemic has brought big challenges to most of us; however, it is also the opportunity for PV Drilling to show to the world its sustainable development.





SUBSIDIARIES (continued)

PVD INVEST

“ Established in 2010, PVD Invest has operated about 11 years in the oil and gas industry. Starting with the provision of manpower, PVD Invest has affirmed its service quality and credibility as well, thereby enhancing the provision of technical services serving for E&P drilling programs, oil and gas field development and exploitation programs in Vietnam and Southeast Asia. ”



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

Icon of a briefcase: Supply drilling manpower service, Inspection, maintenance and workshop service and Oil spill response service and other support services.



In 2021, the domestic industry faced many challenges and turbulences with unprecedented Covid-19 pandemic and inevitable depletion of natural oil and gas reserves due to the constant production of resources over the years, as well as difficulties in development of newly discovered fields leading to the delay of potential projects. Subsequently, among the main focus to promote efficiency to maintain a strong balance sheet, PVD Invest has performed several improvements through internal reinforcement, retained and out-performed the on-going contractual projects to secure a successful delivery of the assigned 2021 annual work program.,

With the mission of “Affirming the position – Reaching further heights”, PVD Invest aims to maximize its competitiveness and quality control by maintaining its

business efficiency. Internal human resources have been utilized to focus on business operation, upskilled technical staff, encouraged innovative ideas, boosted morale and responsibility so that our employees are competent and able to manage offshore technical services.

May the path ahead lie challenges indispensable from the on-going fluctuation of the global oil and gas industry, PVD Invest will take timely response measures to tackle difficulties and deploy latest solutions in order to enhance service quality, expand business market, and at the same time ensure HSEQ code of conducts and performance, meeting the goals of entity positioning for new opportunities.



# SUBSIDIARIES (continued)

## PVD OFFSHORE

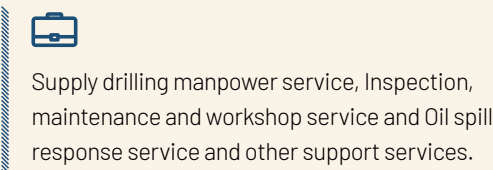
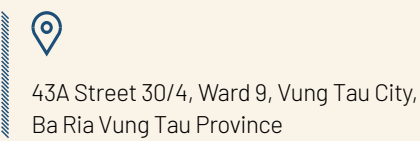
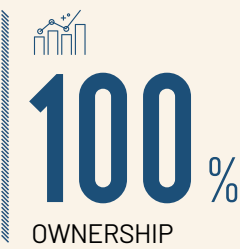
“  
Founded in 2007, PVD Offshore have effectively invested and supplied its core businesses including Manpower, Inspection – repair – maintenance workshop, and Oil spill response services. Over the past years, PVD Offshore has affirmed its reputation and competency in service provision, especially offering the variety of package solutions to clients in Vietnam.  
”

Crude oil prices showed many signs of recovery at the end of 2020, expecting a busy coming year for the oil and gas industry. In contrast, the global oil and gas industry continued to be seriously affected with the appearance of the Delta coronavirus variant. Drilling campaigns were not only suspended but also cancelled due to the disrupted supply chains; shift change and personnel mobilization were unable to carry out because of social distancing and medical isolation orders from the Government. PVD Offshore was not an exception while the Company had to face so many challenges and turbulence in business operation. With the best efforts, PVD Offshore gained a sufficient result of revenue VND 517 billion for the fiscal year of 2021.

**Manpower supply service:** Despite facing a lot of difficulties and challenges caused by the prolonged and widespread Covid-19 pandemic, manpower provision

service for drilling rigs was carried out efficiently, ensuring jobs and income for the labor force. To respond to the pandemic, the Company has re-arranged working shift in accordance with “5K” policy, other local authorities’ requirements related to social distancing and medical isolation measures of rig owners. Therefore, personnel provided to clients were protected safely during the pandemic outbreak. As a result, PVD Offshore has supplied personnel for a total of 5 drilling rigs in 2021.

**Inspection, maintenance, repair and workshop service:** Resulting from negative effects of the pandemic, Service center was not as busy as previous years with workload only about 40-50% of its capacity. However, the Company has tried to re-arrange and manage the Service center to ensure jobs and incomes for the employees. In the 2nd quarter of 2021, PVD Offshore implemented “3 on-site” policy at the working site to comply with local authorities’



regulations without any confirmed case during the outbreak. In Q4/2021, the Service center performed the first order from GE for providing Rope access services to inspect/check wind power engines in Ninh Thuan Province. This is among the first orders relating to wind power field, opening new opportunities to provide services to other fields rather than the oil and gas industry.

**Oil spill response service:** Oil spill response has been considered the service with least negative impact of Covid-19 pandemic since its first appearance in early 2020. However, it started to suffer significantly in Q2/2021, such as longer shift rotation, incurring unexpected additional costs including PCR test, medical quarantine.... Regardless of challenges during the year, PVD Offshore has tried its best to arrange personnel, planned working shift to maintain its service provision stably and safely for all clients.

In 2021, PVD Offshore proved its competence to overcome all turbulences during the challenging and difficult period. 2022 is forecasted to be better despite the unpredictable fluctuations. PVD Offshore commits to continuing its best efforts to complete the assigned business plan.



- Service development orientations:**
- » Maintaining traditional services.
  - » Finding more chances to provide services to other industries and abroad.
  - » Seeking and approaching opportunities to expand services to new fields such as wind power energy, solar power, and recycled energy.



## SUBSIDIARIES (continued)

### PVD LOGGING

“

*Petroleum Well Logging Services Company (PVD Logging) is a wholly-owned subsidiary of PV Drilling.*

”



80

Billion VND

CHARTERED CAPITAL



100%

OWNERSHIP



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



Provide Mud Logging, Slick-line and Cased hole logging, Well testing and Provision of Geological Specialists; storage and transportation of industrial explosives.

Petroleum Well Logging Services Company (PVD Logging) is a wholly-owned subsidiary of PV Drilling. PVD Logging specializes in providing advanced technical services for operations of drilling and production, such as mud logging, slick-line, cased-hole logging, well testing, geologist consultants...

The world witnessed a year of 2021 with extreme difficulties due to Covid-19 pandemic outbreak with a new variant, Delta strain: the whole world continued to face supply chain disruptions, border closures, social distancing in long period. PVD Logging has made great efforts to overcome many difficulties and achieved impressive business results with the total revenue reaching VND 257.2 billion.

Slick-line and Cased-hole Logging services continued to affirm their position, bringing in more than VND 193.6 billion, accounting for 75% of the company's total revenue. In addition, mud logging services had an effective year with gross profit exceeding 400% of the year plan.

In the overall picture at the beginning of year with alternating light and dark colors, PVD Logging orients the development path in 2022 and the following years to the trend of consolidation and development, specifically as follows:

- » Preparing human resource plans in each stage, ensuring quality and suitable personnel for the development of new services, new contracts and new markets.



- » Reviving internal training courses and workshops that were interrupted in 2021 due to the pandemic impact. Ensuring a strong PVD Logging team is ready for the upcoming acceleration phase.
- » Focusing resources on services for P&A campaigns in domestic market, affirming the brand to introduce services to international markets. Prioritizing the work with partners who have joint contracts in Vietnam such as Baker Hughes, Haliburton...
- » Continuing the momentum in 2021, revitalizing the Mud Logging services, strengthening in the domestic market and seeking opportunities in Malaysia, Brunei, Papua New Guinea, Kuwait through channels of ONE PVD, regional partners of Obouy Well Solutions (Malaysia), United Oil Projects (Middle East)...
- » Working with new partners to develop new services; assessing risk and potential opportunity of the ESP services (Electric Submersible Pump) from the BORETS that works on lifting operation of enhanced field production.





# SUBSIDIARIES (continued)

## PVD WELL SERVICES

“ Officially established in 2007, PVD Well Services has specialized in providing well technical services to clients such as Drilling Tool Rental Services (DTRS), Casing and Tubing Running Services (CTRS), Managed Pressure Drilling Services (MPD), Expandable Liner Services, Well Bore Clean Up (WBCU), SafeVision® services... ”



80

Billion VND

CHARTERED CAPITAL



100%

OWNERSHIP



Unit 13, 12A Floor, Vincom Center, 47 Ly Tu Trong Street, Ben Nghe Ward, District 1, Ho Chi Minh City.



Specializes in providing well technical services such as Drilling Tool Rental Services (DTRS), Casing and Tubing Running Services (CTRS), Managed Pressure Drilling Services (MPD), Expandable Liner Services, Well Bore Clean Up (WBCU), SafeVision® services...

In 2021, PVD Well Services has not an exception while operating under challenges and turbulences of the oil and gas industry, leading to production and exploration drilling activities in Vietnam remaining low, scary workload and fierce competition from both foreign competitors as well as local private ones. To be worse, the Delta coronavirus variant has caused many obstacles and negative consequences in Company's business operation.

In order to response to market situation, the Board of Management has endeavored to look for effective solutions to maintain business operation and job for the workforce such as researching and applying new technical services in order to offer more solutions to clients, expanding services to overseas market as well as optimizing warehouse and base systems. Up to present, the Company has affirmed its position as the market leader in traditional services and achieved remarkable



- achievements in 2021 as follows:
- » Maintaining 100% domestic market share for CTRS as the core service and the leading position in DTRS; attending the bidding and successfully self-providing CTRS and DTRS for the new market for the first time;
  - » Expanding and developing new services such as leasing oil and gas equipment, repairing drilling tools, wining new contracts with new clients;
  - » For the first time wining contract of to MPD provision in Vietnam;
  - » Continuing service provision to overseas markets such as leasing of CTRS equipment in Pakistan; supplying equipment to Japan, Malaysia/Brunei markets as well as providing personnel for Japanese market;
  - » Completing the investment in Cable Pusher Arm equipment; commencing the investment project in high-tech casing running tool (CRTi) which is expected to complete and put into service within Q2/2022.

maintenance team in order to improve their skills and master high-tech equipment. In 2021, the Company managed to organize 15 professional training courses in various types and 18 internal self-training courses under the pandemic outbreak. Accordingly, its effectiveness has been proved by quality of service provision to clients.

Besides, the Company has always reinforced the awareness and application of cost saving by reducing unnecessary expenses, strengthening debt collection as well as postponing unneeded investment projects and focusing on internal training... to sustain a healthy financial statement and stable production and business activities. With efforts of the Board of Management and all employees, PVD Well Services has achieved the positive results with total revenue of VND 305 billion in 2021. This has been the encouraged achievement for the Company to continue its effort to win the targets in the following years.

Beside business operation, Safety - Health - Environment - Quality (HSEQ) activity has also recorded the achievement of over 3.4 million hours of Zero LTI since 2007. PVD Well Services has continued to sustain the management system certification of Safety, Health, Environment and Quality Management System in accordance with international standards API Q2, ISO 9001, ISO 14001 and ISO 45001 with remarkable achievement in renewing the Quality Management System Certification in accordance with API Q2 standard. In addition, the Company has cooperated with PV Drilling Corporation to well implement the prevention measures against Covid-19 pandemic to ensure stable and continuous business operation as well as minimize negative impacts caused by Covid-19 prevention policy of the government, Ho Chi Minh City and Vung Tau province. Together with many achievements in safety activities, the Company has got excellent results in HSEQ activities awarded by PV Drilling Corporation.

Additionally, PVD Well Services has always focused on personnel training, especially for offshore crew and

2022 is forecasted to be an unstable year for the oil and gas market. Oil prices continue to fluctuate unpredictably and Covid-19 pandemic can't fully controlled due to new variants appear, which will bring difficulties to PVD Well Services' operation and business activities such as fierce competition, bad debt that will affect financial statement, together with of high-quality personnel shortage to expand services; challenges in service provision to overseas markets caused by barriers from local protection policies of the host countries... In that context, PVD Well Services has committed to continue its best effort to maintain domestic market share, enhancing marketing and developing new services to foreign markets, strengthening debt collection, reinforcing internal resources and training high-quality workforce to master high technologies and maintain best service quality for current contracts, ensuring safety in all operation and business activities, constantly expand the services/markets with flexible service prices; in the meantime, increase financial control and save costs as well as effectively invest in important projects. PVD Well Services believes these solutions will help to achieve all target set for 2022.





# SUBSIDIARIES (continued)

## PVD DEEPWATER

“ PVD Deepwater was established in July, 2020 with the mission to provide deep-water rigs for oil and gas research, exploration and production activities; providing materials, equipment and machineries for oil and gas and relevant industry; research and experimental development in science and technology; technical consultancy in oil and gas industry.

764 Billion VND  
CHARTERED CAPITAL

100%  
OWNERSHIP

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

Providing deep-water rigs for oil and gas research and exploration activities; providing material, equipment and machineries for oil and gas and related industries; research and experimental development in science and technology; technical consultancy in oil and gas industry.

In 2021, PVD Deepwater mainly conducted the transferring and supporting the reactivation of PV DRILLING V in order to serve for the drilling campaign in Brunei of Brunei Shell Petroleum (BSP) as per the signed contract in 9/2019. Besides, Company also maintains management and maintenance of materials, equipment and assets of the PV DRILLING V rig as well as strengthens implementation of cost saving and optimizes inventories.

After many efforts to overcome difficulties due to negative impact of Covid-19 pandemic, leading to a shortage of personnel, supplies and equipment, especially blockade and isolation policies in Vietnam as well as in Singapore which have significantly increased

various cost, travel time as well as difficulties caused by bad weather, PV DRILLING V commenced its drilling campaign for BSP on January 28, 2022, marking initial success in implementation a long-term drilling contract in Brunei with a large and professional contractor, BSP. With valuable experience in deep-water rig operation of PV Drilling's Management and technical crew for BIENDONG POC's drilling campaign in the period 2011 - 2016, PVD Deepwater believes the PV DRILLING V will be operated safely and effectively, successfully implementing BSP's drilling campaign, contributing to affirming service provision competence as well as enhancing PV Drilling's brand name in international drilling markets.







# SUBSIDIARIES (continued)


## PVD TECH

“ PVD Tech is a subsidiary of PV Drilling, established in 2006 with the charter capital of VND 450 billion. PVD Tech's scope of business consists of the following main segments: Oilfield services; Engineering Fabricating and High Precision Machining services; Maintenance services; Trading and Logistics services.

  
**450** Billion VND  
CHARTERED CAPITAL

  
**97** %  
OWNERSHIP

  
10<sup>th</sup> Floor, Phuoc Thanh Building, 199 Dien Bien Phu,  
Ward 15, Binh Thanh District, Ho Chi Minh City.

  
Oilfield services; EPC packages of Engineering,  
Fabricating and High Precision Machining services;  
Maintenance services; Trading and Logistic services.

In 2021, the oil and gas industry was widely affected by Covid-19 pandemic. Similarly, domestic oil and gas activities suffered numerous difficulties because of social distancing measures of the Government, added to the delayed/ withdrawn drilling projects. It is; however, with all of the best efforts by optimizing business operation and cost minimizing, PVD Tech had overcome such difficulties and successfully obtained some achievements as follows: Developing maintenance service to become one of the main core services with orders not only from clients in the oil and gas field but also in the gas – electricity – fertilizer field. Successfully implementing Hydraulic Work-over Unit (HWU) service to Cuu Long JOC ahead of schedule with safety and high quality performance.

Remaining market shares of conductor provision service; carrying out many domestic projects and export

processing overseas on engineering and fabricating services.

Especially, in 2021, the essential investment project in a new drilling equipment system (DES) for PV DRILLING V rig in Singapore experienced numerous difficulties since Singapore Government strictly implemented prevention measures. The Company's Board of Directors has overcome such difficulties by applying effective measures; especially the Directing Manager spent more than 03 months at the working site in Singapore to perform supervision and direction. With the best efforts of the project team, the new DES was completely integrated into PV DRILLING V rig on 15/9/ 2021. As a result, PVD Tech excellently completed its business plans with total revenue of VND 721 billion. Heading to 2022, PVD Tech plans to gradually restructure its scope of services, details are follows:



- » Offering services to clients in production field instead of exploration field;
- » Developing the service of leasing and operating wellhead equipment, focusing on Hydraulic Work-over Unit (HWU) service and Well Abandonment service;
- » Manufacturing and mechanical services: heading towards export process on fabricating and manufacturing services for oil-gas and other industries in Australia, USA and Northern Europe; speeding up the establishment of Fabricating and Manufacturing Workshop to perform repair and maintenance services for PV Drilling's drilling campaign in Brunei, in order to provide services for oil and gas projects at this market;
- » Expanding the market from up-stream to mid-stream, down-stream and non-oil and gas markets;
- » Gradually shifting from fossil energy to renewable energy, PVD Tech has established the Board of Project Research and Development, orienting to invest in a number of solar power projects as well as participating in the supply chain of materials, equipment and services for domestic wind power projects.

With young, enthusiastic, creative, qualified workforce, together with experienced management, strategic development vision of the Board of Directors, PVD Tech strongly believes the Company will continue to cultivate, achieve new horizon of success, build PVD Tech's brand name in particular and contribute to affirm PV Drilling's brand name in international market in general.





SUBSIDIARIES (continued)

PVD TRAINING

“ PVD Technical Training Joint Stock Company (PVD Training) was established in 2007 and is a leading service provider specializing in training and certification, manpower supply and technical services.

28.9 Billion VND CHARTERED CAPITAL

52% OWNERSHIP

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

Training, certification for petroleum, manpower supply and other technical services.



Through many difficulties, challenges and development, training programs of PVD Training have been standardized and certified by international organizations such as GWO (Global Wind Organization), API (American Petroleum Institute), OPITO (Offshore Petroleum International Training Organization), IWCF (International Well Control Forum), LEEA (Lifting Equipment Engineers Association), IRATA (Industrial Rope Access Trade Association)... As a result, training and certification service has significantly contributed to improve labor quality so that Vietnamese labor force can both work domestically and internationally.

Following previous achievements and experiences in challenge overcoming in 2020, PVD Training is no exception of market challenges and turbulences in 2021. During the year, all main core services of the Company were directly affected by the Covid-19 pandemic. However, PVD Training has timely adjusted strategies and changed methods of service provision to ensure the least negative impact. Operating under such situation, the Company still managed to maximize its internal resources, maintained and promoted researches, actively accelerated the certification progress of international organizations for training programs. By the end of 2021, PVD Training has been certified by the Global Wind Organization (GWO) for the safety training programs in wind power industry. Until now, PVD Training

has been the first and only training center in Vietnam and Southeast Asia to achieve this certification. This is a crucial breakthrough in difficulty for PVD Training to secure opportunities to provide its services to contractors who are implementing wind power projects in Vietnam and over the world.

Continuing to implement orientations and strategies suitable with the current context, the Company's management is always proactive, creative and flexible in approaching, grasping the needs and general development trends in order to have effective changes and solutions in line with the general trend for development. Continuous innovation and pioneering in new service areas in order to limit competition and risks in the market conditions and economic environment with many fluctuations, fierce competition both domestically and internationally. This also is a strategy and key to certain successes and sustainable development of the company in recent years.

In 2021, PVD Training still maintained stability and ensured the efficiency of business operation with steadily increasing growth, ensuring service quality, improving income and living standards for employees so that a solid foundation will be created for further successes!





# SUBSIDIARIES (continued)

## PVD BAKER HUGHES

Established in 2011 with the total chartered capital of USD 20 million, PVD Baker Hughes is a Joint venture between PV Drilling and Baker Hughes, in which PV Drilling contributed 51% of chartered capital.



20  
MILLION US DOLLARS  
CHARTERED CAPITAL



51%  
OWNERSHIP



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.



Supplying a wide range of services such as directional drilling and logging while drilling, drill bits, casing exit, line hanger, intelligent well completion, electric logging, liner core sampling, production enhancement service, cementing, well completion, well intervention, coil tubing services...



challenging period of drilling market from 2016 up to present, the Joint Venture has actively proposed various response solutions against market turbulence so that they can maintain its business performance and stability. Specifically, PVD Baker Hughes reached its revenue up to VND 850 billion.

In Vietnam, the Joint Venture has affirmed its position as a contractor providing top oil and gas technical services and always been the first and reliable choice of clients. Beside service quality, the Joint Venture has always focused on safety in operation. Since its first day of establishment, PVD Baker Hughes has operated with Zero LTI (Lost time incident), largely contributing to its service quality and its competency in service provision.

The Joint Venture has always orientated its development strategy based on such core values as "GROW, LEAD, COLLABORATE AND CARE", in which integrity, safety, environment protection and collaboration are the background for the Joint Venture to develop and lead the market.

For the years to come, the Joint Venture has concentrated on supporting clients to further improve the oil recovery coefficient in order to provide the best interests of the country, In addition, the Joint Venture will continue to enhance advanced technology and improve its service quality to reduce costs for clients.



PVD Baker Hughes, established in 2011, has marked a new breakthrough in PV Drilling's strategy of localizing hi-tech drilling services at Vietnam market. This Joint venture truly helps PV Drilling to complete the last puzzle piece in its competency in provision of all technical drilling services to clients.

After 10 years of operation, PVD Baker Hughes has made its best efforts to develop and affirm its service quality with the proud imprints of the multinational workforce. The world's most advanced techniques have quickly been transferred and mastered in Vietnam. Vietnamese staff of the Joint Venture has gradually mastered the most advanced technology instead of depending on international experts before. Moreover, the Joint Venture has successfully provided manpower together with machinery services at overseas markets, bringing about 7% annual revenue. Especially, during the most

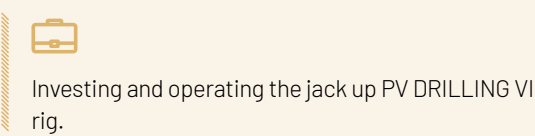
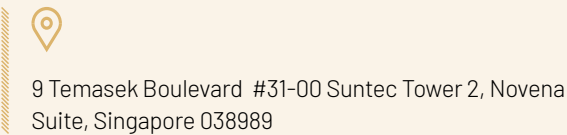
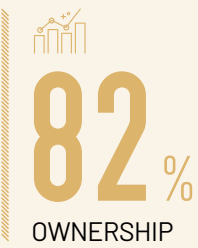




# SUBSIDIARIES (continued)

## PVD OVERSEAS

Established in Singapore on the 04/4/2013, PVD Overseas undertakes the strategic mission of investing in modern drilling rigs and delivering quality drilling services to clients in regional market as well as on a global scale.



PVD Overseas is currently the owner of PV DRILLING VI, which is the most modern jack-up rig of PV Drilling's rig fleet. Since its first operation on the 04/3/2015, PV DRILLING VI now has over six years of drilling experience with an outstanding record in terms of operation and safety performance for many clients in Vietnam and Malaysia. Average rig efficiency remains consistently high at approximately 99%. In March 2022, the Rig reached the milestone of a 7-year operation with Zero Lost-time Incident (LTI) and received the acknowledgment 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.

2021 remained a challenging year for the oil and gas market due to Covid-19 pandemic. Even though the pandemic has been kept under control by vaccination rollout since Q4/2021, PV DRILLING VI still met numerous obstacles in drilling operation due to unfavorable weather conditions and changing of drilling schedule by clients. For 2021 PVD Overseas recorded rig utilization at 58.7%, considerably lower than the previous 90.6% in 2020. Despite such challenges, PVD Overseas still exerted consistent efforts and commitments to operate the rig PV DRILLING VI for the drilling campaigns of ENI Vietnam B.V. at Block 114 and of Thang Long JOC at Block 15-2/01 in Vietnam. All of these drilling programs have been successfully executed with an excellent safety record and free from Non-productive time (NPT) due to

Covid-19 infection on board of the Rig. Accordingly, PVD Overseas has achieved a positive business performance for 2021, earning VND 305 billion in revenue.


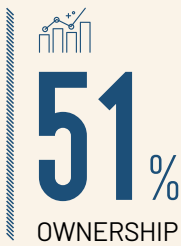
At the moment, the market outlook continues to look positive with strong recovery of oil prices since the beginning of 2022. Such oil prices would provide solid premises for oil companies to accelerate their exploration and production projects in the upcoming time. At present, PV DRILLING VI has signed two contracts to drill for Eni Vietnam B.V ("Eni") and Premier Oil until the end of Q4/2022, and is also participating in several different tenders of clients in Vietnam and Southeast Asia. To ensure reaching the business targets of 2022, PVD Overseas established 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 long-term rig contracts, and particularly, engaging in 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 2022 and the years ahead, as well as contributing to the overall success of PV Drilling.


# 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. ”



Unit 1204, 12<sup>th</sup> Floor, CJ Building, 6 Le Thanh Ton Street, District 1, Ho Chi Minh City.



Total Tubular Management Service (TTM Service), tubulars, drilling pipes, line pipes.

Global economies witnessed a year of 2021 with full of difficulties and fluctuations due to Covid-19 pandemic outbreak. Domestic economy in general and the oil and gas industry in particular have suffered a very difficult period to deal with negative pandemic impacts. In such a challenging situation, PVD Tubulars has utilized various flexible strategies to ensure planned targets and stabilizes business operation in compliance with regulations related to pandemic prevention.

With the efforts of the Board of Directors as well as all staff, business results in 2021 recorded an improvement in both revenue and profit, with revenue of VND 516 billion.

Maintaining growth in such harsh market conditions is the result of steadfastly pursuing the criterion of "Confirming position - Firmly reaching out" in which PVD Tubulars

focuses on continuing to develop business activities with current and potential clients. Actually, self-sufficiency in material resources combined with support from its investors has contributed to stable business operations, meeting the needs of domestic oil and gas contractors.

Additionally, to ensure the safety of its employees during the pandemic peak, PVD Tubulars has drastically implemented many pandemic prevention measures at the workplace to ensure stable working conditions and jobs for the employees. This was one of PVD Tubulars' successes in such a fluctuating year.

Continuing to stand firm, PVD Tubulars has outlined its own business development strategies in order to promptly adapt to complicated and unpredictable developments in 2022. The Company has confidently

set goals to maintain and develop production and business activities by finding and expanding new markets, diversifying new products and services, promoting sales and services, improving customer care activities to maintain current markets, securing more oil and gas clients, keeping abreast of market fluctuations to produce flexible and effective business

plans, seeking and implementing bidding tenders to ensure the highest profit rate, and strictly complying with the general policies and business strategies of investment partners to get the best support from the Mother 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.

6.4 MILLION US DOLLARS  
CHARTERED CAPITAL

51%  
OWNERSHIP

65A, Street 30/4, Thang Nhat Ward, Vung Tau City, Ba Ria Vung Tau Province

Scope of services: Provision of exploration well testing, production well clean-up, subsea test tree and subsea lubricator, surface PVT sampling and bottom hole sampling, sand control at surface for exploration and production and early production services.



The year 2021 is very challenge year, decisive for the existence of PVD-Expro, the 1<sup>st</sup> local company specializing in providing worldwide standard well testing services, because the exploration drilling activities in the domestic market decreased up to 50 % compared to 2020, while revenue from tool rental and manpower services for overseas markets almost froze due to severe social distancing policies caused by the global spreading coronavirus pandemic. In addition, escalating input costs such as supply base rental, spare parts - materials, inspection and logistic fees... added much more difficulties into the Company's business operation.

Although the revenue in 2021 did not match with our expected plan, our Company managed to maintain business operation stably in parallel with ensuring income for employees by implementing various flexible response options such as cost optimization and reduction, implementation of small and short-term contracts. Entering 2022 with positive signals about the recovery of the drilling activities as crude oil sustaining at higher price, the Board of Directors commits to stand together with all employees to work with the motto of safe - efficient - economical service provider while maintaining the trust of clients, continuing to improve service quality at competitive prices to maximize revenue and profit and ensure benefits for employees, completing 2000 business plan and contributing to the sustainable development of PV Drilling.



# SUBSIDIARIES (continued)

## VIETUBES

Vietubes was established in February, 1995 with official investment from PV Drilling in 2012, equivalent of 51% of contributed capital. Vietubes is a joint venture between PV Drilling with 51% contributed capital and Citra Sumit Valind Investments (CSV) with 49% contributed capital. CSV is a consortium consisting of Vallourec (France), PT Citra Tubindo Tbk (Indonesia), Sumitomo Corporation (Japan), Nippon Steel Corporation (Japan), Marubeni-Itochu (Japan). The scope of business is new thread processing, repairing, restoring threads of casing tubes, drilling collars, drilling pipes, conducting pipes, manufacturing of threaded connectors and accessories for oil and gas exploration and exploitation drilling and marine engineering.

3.7 MILLION US DOLLARS  
CHARTERED CAPITAL:

51%  
OWNERSHIP

Road No.11, Dong Xuyen Industrial Zone, Rach Dua Ward, Vung Tau City

Threading, processing, repairing, restoring casing tubes, drilling collars, drilling pipes, conducting pipes and accessories... for oil and gas exploration drilling and exploitation.

Over 27 years of continuous operations and development, Vietubes is proud to be the only high-tech oil country tubular goods threading factory (OCTG) in Vietnam with full licenses of common thread types such as API (API 5CT, API Spec. 7-1, API Spec. 6A) and premium connections of major licenses in the world such as VAM, JFE, Hunting, NOV and possessing critical management certifications such as quality management certificate - ISO 9001, environmental management certificate - ISO 14001, occupational health and safety management certificate - ISO 45001.

Overcoming various difficulties such as shortage of skilled and technically competent personnel, negative impact of regional financial crisis in the period 1997-1999, Vietubes has constantly evolved with determination to respond and provide services and products with highest quality at competitive prices, gradually gaining the trust of domestic and international customers, and strong support from shareholders; as a result, Vietubes has steadily increased business results.

Covid-19 pandemic, which broke out from early 2020 until now, has affected Vietubes' production and

business activities, especially increasing input costs. During the pandemic, Vietubes has successfully implemented the "Three on-site" production and fulfilled customers' delivery requirements and exceeded the revenue plan (115%) in 2021.

Under the close guidance of the Members' Council and Board of Directors, Vietubes employees have united, made great efforts to overcome difficulties, actively carried out business development, maintained business and production activities, implemented wide ranging cost saving measures and ensured continual employment for all staff.

Businesses entering 2022 are expected to face ongoing uncertainties and risks while Covid-19 pandemic hasn't completely been controlled; however, Vietubes will continue implementing "Consolidating internal resources", maintaining the policy of streamlining management and production costs and further develop export business with partners and shareholders. Vietubes employees committed to work together, striving to accomplish the committed goals and plans, contributing to strengthen PV Drilling's plan of "Confirming the Position- Firmly reaching out".





# SUBSIDIARIES (continued)

PVD  
OSI

“

PVD Tech – Oil States Industries Joint Venture Co., Ltd (PVD – OSI) was established in 2011, PVD – OSI is a Joint Venture Company between PVD Tech (51%) – a subsidiary of PV Drilling Corporation) and Oil States Industries (Asia) Pte., Ltd. (49%) with a total capital contribution of USD 5 million.

”



5

MILLION US DOLLARS  
CHARTERED CAPITAL



51%

OWNERSHIP



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.



2021 is a year full of difficulties and challenges for the global economy in general and Vietnam in particular due to the outbreak and spread of Covid-19 pandemic. As a company specializing in manufacturing, threading, turning, repairing and maintaining all kinds of connectors in oil and gas industry, PVD – OSI has also been negatively affected by market fluctuation in 2021. In addition, logistics costs in 2021 dramatically increased, adding more input costs of the Company. The cost of container shipping also increased from 100% to 300%, sometimes up to 400%. As a Company that mainly imports raw material for production and then exports finished products, PVD –OSI has encountered with the biggest crisis since its establishment.

Facing a serious decrease in workload of domestic and abroad market, PVD – OSI continued to maintain the policy of minimizing management costs, service costs.... Though conducting cost reduction, the Company still committed to maintain the product quality through the extension of API Q1 and ISO

9001:2015 certification. The certification is a huge opportunity for PVD – OSI to uphold its competitive advantages for the partners, domestic and international contractors, not only in threading connectors but also in other products in oil and gas and other industries.

To respond the upcoming difficult period, PVD – OSI's Board of Directors will continue to improve management and operation process, especially reviewing, re-evaluating fixed and administrative costs. At the same time, PVD – OSI will continue to work with Mother Company and customers in order to have more orders. PVD – OSI plans to be positively profitable in 2022; at the same time, informing all employees of the Company's difficulties as well as encouraging employees to unite and supporting the Company to overcome this difficult period. PVD – OSI believes the Company will overcome this challenging period and harvest success in the future, contributing to the overall success for PV Drilling.





# 04

## REACHING OUT STEADILY

Reaching Out Steadily

Oil and Gas Market and Plan for 2022

PV DRILLING V Rig: Back to Work

The Provision of Deep Water Drilling Campaigns in Brunei

Market Expansion

Service Orientation

Manpower Training and Development

Restructuring

Unity Power To Overcome All Challenges



# REACHING OUT STEADILY



“

One of PV Drilling’s most remarkable milestones was in 2007 when the Corporation marked the first time of owning, managing and operating one state-of-art offshore jack-up rig – PV DRILLING I and one land rig – PV DRILLING 11. While PV DRILLING I aims to serve domestic drilling programs at this time, PV DRILLING 11 has immediately been exported to Algeria. The conquest of conquering overseas drilling markets officially started with numerous difficulties and challenges for PV Drilling, but the achievements are also full of glory. Looking back, they are extremely unique and memorable experiences with over 30 Vietnamese experts who were carefully selected and sent to Algeria to conquer the very first overseas drilling campaign.

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## THE SPIRIT OF PV DRILLING’S DRILLERS ON FLAMING SAHARA DESERT

Over 30 Vietnamese experts together with the technical crew from PV Drilling were officially selected to send to Algeria for conducting the first drilling campaign in 7/2007. This is the first time PV Drilling has operated its owned drilling land rig, especially in a foreign country where the Corporation has had little experience. At that time, Algeria was in a deep political crisis; in addition, weather at Sahara desert was extremely harsh, together with differences of religions, languages, customs, etc., which promised to cause more obstacles for the drilling project management board here. In reality, everything was as much difficult as thousand times of what we had expected. Simple stuff like moving to and fro or buying gasoline is all hard to achieve in Algeria. For instance, in order for foreigners to travel outside the range of 50 km, we need to ask for permission prior to 72 hours. Moreover, we must wait to be escorted by an army squad fully equipped with guns for security ensuring. For gasoline purchase, its price is bottom cheap, even cheaper than water but we need to rent a tank truck to the factory, about 1,000 km far away. Other logistic activities like setting up living quarters, kitchens and food supply, etc. also faced many difficulties and needed the military support. In addition to drilling in the flaming desert, even up to 60 degrees Celsius, the whole technical team had to work and accommodate in hot containers. This is an unforgettable experience for anyone who has ever participated in the first drilling campaign in Algeria.

Logistic is such. That does not mention rig/equipment moves yet, especially drilling operation which is much more difficult. For the first time to move the land rig to the drilling field, we need about 150 truckloads to move absolutely huge equipment stations from the port to the drilling field. Unfortunately, due to the disastrous sandstorm, the container carrying VFD system, a central part of the

rigs which is regarded as the rig brain, has slipped and fallen to the bottom of the ravine, breaking into peaces, making the entire control system look like a wreck. It took us almost a month to complete all the repair work. Actually, it seemed to be a miracle when we managed to fix the VFD system and related equipment. The land rig was finally moved to the drilling field and started the first drills. On 18/9/2007, the drilling well MOM 3 was open, which helped to relieve considerable pressure on the drilling project management board. This is also the first step to conquer many later impressive achievements of PV DRILLING 11 land rig such as the Rig with the deepest drill bit and the fastest drilling speed.

Over 15 years of operation, PV DRILLING 11 has successfully implemented many drilling campaigns with safely record and efficiency rate for such clients as PVEP, GBRS, Cepsa, PIDC, OC BMS Cepsa. Our performance in term of competency in service provision and service quality has been highly recognized by the clients. The PV DRILLING 11 currently stands in Algeria like a symbol of success, a pioneer in the oil and gas industry of a young Vietnamese drilling contractor. This success also plays an important foundation for PV Drilling to continue to cross the sea, supply drilling and other well technical services at overseas markets.

## DEVELOPING AND ENHANCING DRILLING SERVICE AT OVERSEAS MARKETS

The competency in service provision of PV Drilling has been increasingly confirmed with many drilling campaigns conducted safely and efficiently, shown by Zero LTI (without lost time incident) of the owned rig fleet during years of operation. This is our large competitive advantage while participating in tendering. Achievements from years of operation and efforts to affirm solid position in the drilling industry are awards and accolades acknowledged from the Government, ministries as well as prestigious international organizations. Specifically, PV Drilling has been honored “The best oil and gas drilling contractor in Asia” by World Finance (2012, 2013 and 2015) for 3 times; PV Drilling is the only subsidiary in the Vietnam Oil and Gas Group to be honored with the award “The most admired ASEAN enterprise in 2013” for its outstanding growth in large-scale enterprise; 4 times was honored by Forbes Vietnam with ranking “Top 50 best listed companies in Vietnam (2013, 2014, 2015 and 2021”. Starting as a fledgling oil and gas drilling contractor, PV Drilling has steadily confirmed







its competency in service provision, accounting for almost 70% of domestic drilling market share, establishing many joint ventures with internationally prestigious partners in order to be able to provide high-tech services; simultaneously focusing on HSEQ improvements, enhancing training activities to improve manpower quality, improving risk control project as well as conducting marketing to expand to overseas markets.

The year 2016 was a perfect storm for the oil and gas industry while continuing to face the quietness of the domestic drilling industry with many cancelled/ delayed drilling programs due to the plunging effect of crude oil price. Actually, during the period of 2015 – 2019, the global oil and gas industry entered into a severe crisis when crude oil price dropped to the bottom and remained at a low price as the balance between demand and supply couldn't be reached. The crude oil price from over 100 USD/barrel in Q2/2014 suddenly dropped to 27.76 USD/barrel in Q1/2016, leading to the sharp decrease of day rate, workload and service prices about 50% - 70%. At that time, more than 40 jack up rigs became redundant in Southeast Asia. The global oil and gas industry witnessed the disappearance of many worldwide brand names resulting from dramatic loss, restructuring and conducting M&A projects.

Well-prepared with internal resources, PV Drilling is ready to enter into the regional drilling market to catch more opportunities. First of all, PV Drilling has affirmed its competence in service provision by signing and successfully implementing the first drilling contract for provision of the jack up PV DRILLING I rig to Total Myanmar under the volatile context of the regional oil and gas industry with unfavorable business conditions. Surpassing over 30 other competitors from 10 international drilling contractors, PV DRILLING I rig was awarded the contract by Total Myanmar. It is our HSEQ performance with high efficiency rate, regarded as our competitive advantages that satisfied Total Myanmar so that they decided to choose PV Drilling, a young drilling contractor compared to other in line competitors with long history of operation over the world. This contract marked a glorious achievement to realize our strategy in expanding drilling services to overseas markets, especially when PV Drilling completed this drilling program with safety achievements, exceeding the time schedule and highly appreciated by clients. This remarkable achievement also helped PV Drilling to affirm its service quality as well as its inherent professionalism of Vietnam's drillers while operating overseas. Then, PV Drilling has won the biddings and completed many drilling programs at overseas such as in Thailand, Malaysia, Cambodia, Algeria and Indonesia (2022).

List of drilling campaigns at overseas markets

Rig	Client	Year	Country
PV DRILLING I	Total Myanmar	2016 – 2017	Myanmar
	KrisEnergy	2017 -2018	Thailand
	Sea Hibicus	2019	Malaysia
	PCSB	2019 – 2020	Malaysia
	Sea Hibicus	2020	Malaysia
PV DRILLING II	Sapura E&P	2019	Malaysia
PV DRILLING III	Petronas	2017 - 2018	Malaysia
	Repsol	2018 - 2020	Malaysia
	KrisEnergy	2020	Cambodia
	Repsol	2021	Malaysia
PV DRILLING VI	IPC	2017 - 2018	Malaysia
	Sapura	2019 - 2020	Malaysia

PV Drilling has gradually solved numerous challenges and turbulences, optimizing manpower, reducing operating cost in order to conduct the commitment of delivering services with best quality, high efficiency rate (over 98%), Zero LTI achievements, ahead of time, bringing

more operating /profit effects to clients. The whole rig fleet of PV Drilling has always been highly appreciated by the clients, especially those with high technical requirements.



## AFFIRMING THE COMPETENCY IN PROVISION OF DEEPWATER DRILLING SERVICE

Another remarkable milestone came when PV Drilling successfully entered into Brunei drilling market, bringing more impressive and arduous victory. End of 2016, the TAD – PV DRILLING V completed its drilling program for BIENDONG POC while the deep water drilling market in Vietnam turned to be “frozen” resulted from negative effect of bottom crude oil price. Since then, PV DRILLING V has been maintained in the “cold stack” mode. The only deep water drilling program in Vietnam at that time was indefinitely delayed, which made PV Drilling to boost up marketing in overseas markets to search for very few available job opportunities for the rig. In early 2019, information of Brunei deepwater drilling program suitable for the TAD – PV DRILLING V leaked out, PV Drilling immediately prepared for the bidding. After about 7 months, PV Drilling has worked hard to prepare for the

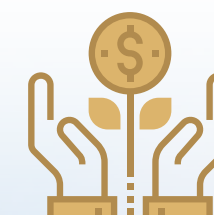
bidding package as well as offer technical solutions such as using a new drilling equipment system with sufficient load to meet the requirements of BSP while ensuring PV Drilling’s performance. On 24/9/2019, PV Drilling officially surpassed many “heavyweight” opponents to sign the drilling contract for provision of the TAD – PV DRILLING V for BSP’s deepwater drilling campaign in Brunei.

2020 – 2021 is the time when PV Drilling focused on investing in a new drilling equipment system (DES) and integrating it into PV DRILLING V’s body as well as re-activating the deepwater rig to serve BSP’s drilling campaign in Brunei, expected to start from fourth quarter 2021. At this time, the Covid-19 pandemic is raging around the world with new coronavirus variants that have far-reaching effects on the global supply chain. Therefore, all activities related to the integration and reactivation faced many difficulties due to the regulations on border blockade and social

distancing applied by the Vietnamese and Singaporean governments. After completing the reactivation, PV DRILLING V was towed to Singapore to integrate with the new DES in 4/2021 while the pandemic broke out strongly here. The whole technical team had to stay and work continuously on the rig for nearly 8 months without stepping out until the rig completed all the preparations and moved to Brunei. With constant efforts, PV DRILLING V rig started to drill for BSP in 01/2022 with initial achievements and was highly appreciated by clients for both the professionalism and competency in service provision of PV Drilling.

From the starting point of owning no drilling rig, during 20 years of operation, PV Drilling today has made great progress in term of scale and manpower resources, together with an owned state – of – art rig fleet and a system of advanced machinery and equipment in order to be able to supply various well technical services.

Looking back on a 20-year journey of establishment and development, PV Drilling has gradually reached out and crossed the sea, conquering the most demanding drilling markets. With 15 years of experience in providing land drilling services in Algeria, 6 years of providing jack-up drilling services in the region and initial achievements in providing deep water drilling services in Brunei, PV Drilling is proud to have realized its strategy of being a world-class Vietnamese drilling contractor. The journey of dreams and aspirations has reaped sweet fruits from the efforts, enthusiasm, solidarity and consensus of the Management and all staff of “the Pioneers of Vietnam drillers”. We will continue to conduct the strategy of “Going further” to conquer new drilling markets, recording new achievements, and affirming the competency of Vietnamese personnel in the international drilling market.



**Facing numerous challenges and turbulences, PV Drilling has persistently resolved all obstacles.**





# OIL AND GAS MARKET AND PLAN FOR 2022

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**In consideration of current situation and such potential of the drilling market, PV Drilling must maintain the efficient and safe operation of the fleet in 2022, creating the necessary initiatives for the development and investment strategy implementation to capture opportunities from the market.**

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2021 witnessed Brent crude oil price increasing significantly regardless of the Covid-19 impacts and reaching the average of USD 71/barrel as its highest level over the past three years. 2022 is expected as an accelerating period for global economic recovery. However, with recent worldwide events in early 2022, the global economy has flashed a signal of recession due to various downside risks including the appearance of new coronavirus variants, soaring inflationary pressure in large economies and the lingering bottlenecks in global supply chain... Inevitably, the World Bank has slashed its forecast for global growth down to 4.1% in 2022 and 3.2% in 2023, anticipating a sharp deceleration from the estimated growth of 5.5% in 2021.

However, the outlook of the oil and gas industry might have significant differences from global economic prospects. According to International Energy Agency's (IEA) forecast, the average Brent crude oil prices are estimated to reach USD 82.87/barrel. On a more positive note, Goldman Sachs nailed average Brent crude oil prices at USD 90 – 95/barrel in the first and second quarter of 2022 respectively and USD 100/barrel in the last two quarters. In fact, Brent prices have reached and even soared above USD 100/barrel in late February 2022. OPEC made the global oil demand forecast with a growth of 4.2 million barrels per day in 2022, increasing by 4.3% compared to the total

of 96.65 million barrels per day in 2021. The lift of movement and trade restrictions is being regarded by governments as a general trend moving forward. Energy demand for all aspects of life, ranging from industry, services, air transport, tourism, etc., will definitely bounce back. This will create premises to support the significant recovery of crude oil prices as well as E&P activities of the oil and gas industry.

In the drilling market, as per statistics from Westwood Energy, the global demand for jack-up rigs will remain at an average of 350 units from 2022 through 2025. Areas busy with E&P activities like Southeast Asia, the Middle East, and the Gulf of Mexico will continue to account for a large proportion of the global demand for jack-ups. The current jack-up rig supply stands at 503 units. However, only about 415 jack-up rigs are in a "ready-to-use" condition. Over the next few years, rig supply will slightly decrease due to the number of newly-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 from 2022 to 2025. Accordingly, by 2025, the rig utilization rate will recover and head for the range of over 80%.

In Vietnam, the productivity in 2021 reached 9.1 million tons of crude oil and 7.46 billion cubic meters of gas, accounting for 94% and 81% of the productivity in 2020 respectively. The decline in production at primary oil and gas fields posed a real critical concern for the country, given the context that the number of new discoveries 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. With the positive prospects of the market and the rise in oil prices, the drilling demand in Vietnam market is poised for substantial growth in 2022. In the mid-term, the domestic market would need around 6 – 8 offshore rigs for a period of 2022 – 2025. In Southeast Asia, rig demand is expected to escalate i.e. 11 – 22 units in Malaysia, 8 – 12 units in Thailand and 8 – 16 units in Indonesia. In other smaller markets such as Cambodia and Myanmar, rig numbers will also increase in correspondence with the implementation of the E&P activities over the next period. Currently, according to IHS's statistics of the Southeast Asia market, 30/42 jack-up rigs are being contracted, raising the rig utilization rate to 71%. Such utilization is expected to continue to thrive amid the execution of drilling programs since Q2/2022. As a result, the day rate for jack-up rigs in the regional market will see a decent improvement, anticipated to swing within the range of USD 65,000 – 75,000/day in 2022.

In consideration of current situation and such potential of the drilling market, to ensure meeting market demand, PV Drilling must maintain the efficient and safe

operation of the fleet in 2022, creating the necessary initiatives for the development and investment strategy implementation to capture opportunities from the market. PV Drilling will actively continue exploring drilling opportunities in the Southeast Asia market in order to sustain the stable and long-term work for the fleet. As planned, PV Drilling will keep up the continuous operation of jack-up rigs to serve the domestic drilling demand of Vietnam in 2022. For overseas markets, aside from the semi-submersible TAD - PV DRILLING V that was officially put into operation in January 2022, PV Drilling will continue to maintain at least 1 – 2 drilling units to work regularly in regional markets to strengthen its market share and gain more development opportunities.

Throughout the years, with relentless efforts, PV Drilling has successfully managed to confront market challenges. With the positive outlook for offshore drilling market as well as the oil & gas industry, PV Drilling will continue stepping forward to uphold and strengthen its spirit as "The Pioneer of Vietnam Drillers" and mark more significant milestones and achievements in the development journey of the Corporation.





# PV DRILLING V RIG: BACK TO WORK

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In January 2022, PV Drilling V began drilling plans for Brunei Shell Petroleum Company Sdn Bhd (BSP) customers in Brunei, which opened a new chapter in PV Drilling's journey to the big sea. The 2021 annual report revisits the return journey of the PV Drilling V deepwater rig after five years of stopping drilling because of the double crisis.

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## THE PV DRILLING V RIG'S MIRACLE

The PV DRILLING V rig first entered Brunei, carrying out a drilling campaign for BSP customers. This is an opportunity to look back on the achievements of this state of the TAD rig. For five years, from 2011-2015, the PV DRILLING V rig carried out drilling campaigns for BIEN DONG POC at Hai Thach - Moc Tinh fields. To date, this is Petrovietnam's most offshore and largest offshore oil and gas project in the East Sea.

Hai Thach - Moc Tinh fields are located in blocks 05-2 and 05-3 in Nam Con Son basin, offshore Vietnam, with a depth below sea level of 118-145m. This is a cluster of mines with a geological structure of the most complex type, mine zones with high temperatures and high pressure. The deepest well drilled in Hai Thach mine has a vertical depth of more than 4,600m. The temperature at the bottom of the well is up to 1900C and the pressure exceeds the threshold of 8900C.

In 2009, no drilling rig in Vietnam could meet the drilling work in the Hai Thach - Moc Tinh field. PV Drilling proposed two options of either renting a foreign drilling rig or building a new one. After carefully considering options, those who were responsible for the project decided to build a new TAD rig. This was the best solution as it saved half of the cost of renting a foreign oil rig or renovating an existing one. Drilling President & CEO Nguyen Xuan Cuong, recalled: Petrovietnam and PV Drilling decided to invest in TAD rig - PV Drilling V because it will be used in other projects such as Ca Rong Do, Ca Voi Xanh. This is also the main reason for this rig's being born.



The PV Drilling V is the most modern generation of TAD rigs in the world, using many new equipment and technologies. For this reason, the operation of the rig became a special challenge for PV Drilling's experts and engineers. However, with experience in successfully operating jack-up rigs and land rig, "The Pioneer of Vietnam's oil and gas drilling industry" continues to successfully operate TAD rig.

Mr. Nguyen Van Tho, Director of PVD Deepwater Drilling project manager, said that the initial drilling time was difficult, but from the second year onwards, when people got used to PV Drilling V rig technology equipment, as well as the coordination of work, it operated smoothly. For 4 consecutive years after that, PV Drilling V rig operators operated absolutely safely with very high drilling efficiency, reaching over 96%. Petrovietnam's Vice President Pham Tien Dung (former Chairman - President & CEO of PV Drilling) once shared a very expensive detail: Before the TAD rig conducts drilling for the Hai Thach - Moc Tinh, BIENDONG POC customers have requested PV Drilling to sign a commitment. If the drilling fails, compensation must be made. Drilling here is too challenging. If PV Drilling fails, it will slow down the project progress, first gas progress, etc. It has a significant impact on the partners. Therefore, it is understandable that BIEN DONG POC requires such a commitment in the contract.

During the five-years drilling campaign at Hai Thach - Moc Tinh mine, the PV DRILLING V rig completed 16 wells ahead of schedule, allowing BIEN DONG POC to save time and money. In particular, over the course of the project's five years of deployment, the PV DRILLING V truss has consistently run safely and effectively, with an operational efficiency of over 96%. This project is highly valued for its financial efficiency and the application of high technology and management capacity to operate the first semi-submersible Tender Assist Drilling rig in Vietnam.

Five years of drilling campaign for BIENDONG POC to develop Vietnam's largest gas, with a generation of PV Drilling professionals and drilling engineers with high technological competency. This success partly created a new turning point in the field of deepwater drilling, enhancing the brand of PV Drilling.

A generation of PV Drilling professionals and drilling engineers with high technological competency has been trained over the course of five years to perform

the largest gas field drilling campaign in Vietnam for BIENDONG POC. As a result of this breakthrough, PV Drilling's reputation was enhanced and a new turning point in the field of deepwater drilling was partially constructed.

#### PV DRILLING V RIG ON RETURN

PV DRILLING V rig stopped drilling for 5 years (end of 2016 - 2021) due to the impact of the deep oil price crisis and the COVID-19 pandemic. At this stage, the domestic drilling market almost froze. The world's drilling market is scarce. However, PV Drilling persistently pursued its strategy of expanding its overseas market and this is the bright spot in the period 2016 - 2021. In particular, on September 24, 2009, after nearly 9 months of bidding, intense negotiations, and overcoming strong drilling contractors in the region, PV Drilling signed a contract to supply PV DRILLING V rigs to BSP in the fastidious Brunei market. The contract has a fixed term of 6 years and an extension of 3 years for BSP's drilling campaign in Brunei. This is the longest drilling contract of PV Drilling, laying the foundation for the corporation to penetrate deeply into the Brunei market.

On February 25, 2020, the Board of Directors of PV Drilling issued Resolution No. 02/02/2020/NQ-HĐQT on the establishment of a branch of PV Drilling in Brunei to prepare to launch the PV DRILLING V deepwater drilling rig put into operation in Brunei as well as support to develop other services in this market. To implement this project, PV Drilling has to carry out two major projects: invest in building a new Drilling Equipment Set (DES) with a load that is suitable for customers' requirements and restart PV DRILLING V. On September 17, 2019, PVD Tech's General Meeting of Shareholders (a subsidiary of PV Drilling) approved the policy of PVD Tech as the investor in building a new drilling equipment set (DES) and leasing it to PV Drilling. From October 2019 to June 2020, PVD Tech completed the basic design, detailed design (basic FEED), equipment procurement, capital mobilization, construction, and installation of DES.

In 2020, PV Drilling completed the inspection and testing of equipment on the PV DRILLING V rig and promoted work related to restarting the rig. In 2021, PV Drilling will overhaul the rig and prepare personnel to operate it. Recalling the period of rebuilding the DES and preparing to restart the deepwater drilling rig, PV Drilling had to carry out the work through countless difficulties, obstacles, and challenges in the context



of the COVID-19 epidemic. Most countries all over the world have applied blockade or social distancing orders, while the specificity of the oil and gas drilling industry is the use of machines, technology, and human resources in high globalization.

Overcoming all difficulties and challenges, on April 16, 2021 at PTSC downstream port, Vung Tau city, PV Drilling held the ceremony to restart and launch PV DRILLING V. At the ceremony, President & CEO of PV Drilling Nguyen Xuan Cuong, affirmed: "The project of restarting the PV DRILLING V rig and building a new DES for BSP's drilling campaign under the signed contract is extremely important to maintain employment of engineers and employees as well as the development of Corporation PV Drilling. In particular, bringing PV DRILLING V to BSP in Brunei is an opportunity for PV Drilling to continue affirming capacity and position in the international market, affirming brand as well as the mission of "The Pioneer of Vietnam's oil and gas drilling industry".

A month later, on May 9, 2021, PV Drilling officially towed the PV DRILLING V rig to sea, preparing for the integration work with DES in Singapore to service the client's drilling campaign.

Directly on the rig, more than 3,6 million safe working hours have been performed. Underwater tests instead of on-board testing (UWILD) have been completed and certified by the Vietnam Register, Vietnam Maritime Administration, as well as certifications from other international registry organizations.

At the end of December 2021, the tasks that need to be implemented to promptly put the PV DRILLING V rig into service for BSP customers include: investing in building a new drilling equipment set (DES) with a load suitable for customer's request and ensuring PV DRILLING V restart is completed; ensuring the contract implementation schedule with BSP. On January 28, 2022, BSP signed a document to receive a PV DRILLING V rig and began drilling of the first well.

Since then, PV DRILLING V has come into stable operation and is drilling gas wells for BSP and will continue to drill other wells as planned.

PV Drilling believes that PV DRILLING V will successfully complete the first drilling campaign in Brunei, paving the way to access and provide other technical services in this potential and difficult market. This longest drilling contract continues to affirm PV Drilling's bravery in deepwater drilling, not only in the country but also in the world.



**"The PV DRILLING V deepwater rig is considered the pinnacle of PV Drilling's achievement because it is the first deepwater rig owned by a Vietnamese company and the most modern rig in all technological and technical aspects, equipment... With the achievement of completing 16 wells developed at high temperature and high pressure at Hai Thach - Moc Tinh field, the easternmost sea region of the country, the PV DRILLING V rig is also a solid symbol marking Vietnam's sovereignty over the sea and islands." Mr. Nguyen Vu Truong Son, Member of the Board of Directors of PVN, affirmed at the restarting ceremony of PV DRILLING V.**



# THE PROVISION OF DEEP WATER DRILLING CAMPAIGNS IN BRUNEI

On 24/9/2019, PV Drilling signed contract No. C190015/TW with Brunei Shell Petroleum Company Sdn Bhd (BSP) for provision of the TAD - PV DRILLING V. The contract has a firm duration of 6 year and two 2-year options. The signing of this contract was a hard-earned success by PV Drilling resulting from months of qualifying, tendering, clarification, and negotiation with BSP while competing against other major experienced drilling contractors in Brunei and in the region.

BSP is the largest oil and gas company in Brunei contributing to 90% of national oil and gas revenue, equivalent to over 50% of Brunei's GDP. The contract entrusted by BSP has not only provided employment for PV DRILLING V rig but also to date the contract with the longest duration for PV Drilling. This has created a foundation for PV Drilling to enter into Brunei's market and opens up opportunities to provide long-term services to BSP as well as potential clients in the future.

PV DRILLING V is the first semi-submersible tender assist drilling rig (TAD) in Vietnam and the 8th of its type in the world. Equipped with an enhanced design and state-of-the-art technology, the rig is the most valuable asset of PV Drilling. In the past, PV DRILLING V successfully drilled for BIENDONG POC from 2011 - 2015 with high efficiency, safety records and was well acknowledged by the client. Already armed with such expertise and experience, PV Drilling still realizes the importance of the contract with BSP. The biggest challenges to the project are the investment of a new drilling equipment system (DES) to meet the contract's technical requirements and the reactivation of the rig which was cold-stacked in Vung Tau Anchorage since 2016. As soon as the contract with BSP was signed, PV Drilling started to liaise with subcontractors to carry out the design, equipment supply, manufacturing and integration of the DES. The precise and high-tech requirements necessitated the components of DES need to be sourced from China, the US, Dubai, etc. then

transported to Singapore for final integration. This further posed a difficult challenge in terms of supply chain management when most countries in the world were still in lock-down due to Covid-19.

Particularly, the restrictions and policies implemented by Singapore against Covid-19 have severely affected the schedule of building and integration of the new DES by subcontractors, leading to a delay in the commencement of the BSP contract. In face of such challenges, PV Drilling and its subsidiaries have further dedicated their resources and efforts to minimize the delay to the project, such as giving more supervision to the project, sending more manpower, stretching work hours... The DES was finally completed and integration into PV DRILLING V in Singapore before being mobilized to Brunei in 10/2021 for certification and acceptance by BSP. At the end of 01/2021, the rig officially started drilling for BSP. Throughout the preparation phase leading up to the execution of the contract, PV Drilling has received immense support and cooperation from BSP to overcome numerous difficulties so that PV DRILLING V rig could commence drilling at the soonest.

As the first time ever operating in Brunei, PV Drilling need to ensure operations to fully comply with local regulations, and therefore was tasked to go through a large number of procedures and administration processes, such as establishment of Brunei branch, recruiting local personnel, application for a number of import/export and work permits, rental of bases, signing of service provision contracts, or other necessary work as required by the contract. Covid-19 crisis has added more hindrance of cost and time while we tried to conduct such procedures.

In accordance with the signed contract with BSP, PV Drilling needs to fulfill the Local Business Development (LBD) KPI as per the Directives of Brunei Government. Accordingly, PV Drilling has to employ, train and develop local personnel at a required percentage level that

increases over time. In addition, PV Drilling has to contribute to Local Content through subcontracting to local Bruneian companies for the procurement of goods and services related to drilling. In order to register for and meet the requirement of LBD, PV Drilling has to individually employ and sign contracts with each personnel, instead of using an employment agency like in other foreign markets. This means PV Drilling has to be efficient in recruitment and know employment regulations thoroughly. Up to date, PV Drilling has met the LBD target set out in the contract with the number of locals amounting up to 75 personnel. In the following years, PV Drilling will continue building plans and road maps for employment, as well as develop current local personnel, to meet rising LBD targets.

Another important commitment under the contract is the In-country value (ICV) Project that PV Drilling

needs to realize by establishing bases in Brunei for the provision of maintenance, inspection of oil and gas equipment. The market size in Brunei is quite small with 2 - 3 drilling rigs in operation. Meanwhile, most of the services related to oil and gas have already been provided for by local or foreign companies. PV Drilling will continue to look for joint venture or tender opportunities for oil and gas services and studies a strategy to realize the ICV project that is appropriate and efficient in terms of investment and market size.

At the moment, the PV DRILLING V rig has been operating stably. With the confidence of being "the Pioneer of Vietnam Drillers", PV Drilling looks forward to the success of the BSP drilling campaign, further providing other technical services and tapping into the Brunei market, as well as contributing to the revenue of Petrovietnam in the future.



Right after signing the contract with BSP, PV Drilling has immediately conducted the negotiation and signing contracts with sub-contractors to implement the engineering, equipment provision, manufacturing and integrating the new DES into the TAD-PV DRILLING V.

# MARKET EXPANSION

Over the past years, in addition to maintaining market share in Vietnam, PV Drilling has also built its strong position with the image of “Pioneer of Vietnam Drillers” in the South East Asian market. Since 2016, PV Drilling's rigs have completed numerous successful drilling campaigns for clients in Myanmar, Thailand, Malaysia, Cambodia and Brunei. PV Drilling's management has always focused on market expansion in our business strategy and will continue to maintain such focus, especially in the current context while oil and gas activities are strongly recovering.

In 2021, in addition to mobilizing PV DRILLING III jack-up rig for Repsol in Malaysia, PV DRILLING 11 land rig for GBRS in Algeria and PV DRILLING V - TAD rig for Brunei Shell Petroleum in Brunei, PV Drilling has notably achieved tendering success in Indonesia. In detail, PV Drilling has participated in a number of tenders and secured the opportunity for provision of PV DRILLING II jack-up rig for Premier Oil Natuna Sea B.V starting from 7/2022.

Indonesia is the largest economy in South East Asia and the 7<sup>th</sup> largest worldwide in term of GDP (PPP). In 2021, despite the impact of Covid-19, Indonesia's economy reached 3.69% growth. In fact, prior to the pandemic outbreak, the country's economy averaged a steady 5% of annual growth. With 276 million people, ranking No. 4 by population over the world, Indonesia has a high demand for energy in general and crude oil in particular. Despite having oil and gas potential, the country has continued to be a net importer of oil since 2004. The special task force for upstream oil and gas business activities in Indonesia (SKK Migas) has implemented a number of strategies aiming at the goal of crude oil production of 1 million bbl/day and natural gas of 12 billion ft3/day in 2030. The policies of Indonesia will focus on (i) maintaining production, (ii) bringing known oil fields into production, (iii) increasing oil retrieval and (iv) increase of exploration activities. From these facts, Indonesia is evidently a market full of opportunities for oil and gas drilling contractors in the near future.

Since 2015, PV Drilling has carried out preliminary steps to study the oil and gas market in Indonesia, including partnering up with local agencies to participate in a number of pre-qualifications and tendering for Medco Energi, Pertamina, PGN Saka, etc. However, at that time the Government of Indonesia remained strict protectionism policies that prioritize Indonesian rigs. Only when local rigs are not ready would foreign rigs be considered for drilling campaigns. Additionally, the percentage of local content of each project amounts up to 35%, which poses a significant barrier to PV Drilling. Because of these factors, PV Drilling could not achieve results in this market in the past years.

Despite such challenges above, PV Drilling continues its effort and persists with the goal of expanding into Indonesia. In 2021, as the Covid-19 started to come under control, most countries started to drop restrictions and restarted their trade and business activities for economic recovery. Demand for crude oil and drilling rig has started to increase since Q2/2021. Operators in Malaysia and Thailand quickly rolled out tenders for long-term campaigns, focusing on rigs with high technical specifications and currently in operation. Therefore, this leads to a shortage of rigs in countries like Indonesia and Vietnam. Taking this opportunity, PV Drilling has

actively contacted clients in Indonesia with proposals of suitable rigs, as well as participated in closed tenders, to further increase the chance of gaining employment. After rounds of tendering and negotiation, PV Drilling successfully secured the tender to provide PV DRILLING for Premier Oil Natuna Sea B.V's drilling campaign in 2022. For the near future, PV Drilling has also set out the goal of having a jack-up rig working long term in Indonesia. This will further bring a challenge to the Corporation. However, with the foundation laid by the Premier Oil 2022 campaign, a body of highly experienced manpower and upgrading capability of rigs, PV Drilling is confident in achieving further success in Indonesia.

In addition to the South East Asian market, PV Drilling is trying to expand into the Middle East market. The goal for 2022-2023 is to establish a representative office of a joint venture in this region to enable the provision of drilling rigs and technical well services to clients such as Saudi Aramco, ADNOC and Qatargas. The Middle East has a great influence on the world's energy security with the biggest reserves of oil and gas, 48.4% of global oil reserves and 38.5% of global oil export. The Middle East is undoubtedly a market full of opportunities for any capable oil and gas drilling contractors.



**Market expansion is among essential business development strategies which PV Drilling has focused on for many previous years and will continue to boost up for the upcoming years, especially at the recovery period of the oil and gas industry.**





## SERVICE ORIENTATION

Over the past few years, PV Drilling has relentlessly invested to strengthen expertise in provision of drilling and well technical services. A rig fleet of 4 jack-up rigs, 1 TAD rig, 1 land rig as well as infrastructure for technical services allow PV Drilling to secure a sizable market share and compete against drilling and technical service contractors, both locally and internationally.

In terms of provision of drilling services, our rig fleet has built a strong reputation among operators thanks to high rig utilization rate and impressive safety records. In 2021, the jack-up rigs of PV Drilling successfully completed a number of drilling campaigns, with rig utilization at 99% and perfect safety records.

Based on the positive market outlook in the upcoming time, PV Drilling is exploring plans to upgrade the capability of its rigs to meet market demand. Currently, the rig PV DRILLING I has already surpassed the 15-year operation milestone, and PV DRILLING II and PV DRILLING III rigs will also soon pass such a milestone. This fact will lead to difficulties for PV Drilling to compete against other newly-built rigs in the future. The Corporation plans to maintain about 2 – 3 rigs for the domestic market while continuing to look for work in the region. To maintain a stable market share, PV Drilling has been actively working with potential partners to seek out opportunities to invest in new rigs. This is the focal target in the medium and long-term business strategy that PV Drilling will pursue in upcoming years.

Beside the provision of drilling services, PV Drilling also offers a number of well technical services, capable of meeting various demands of drilling campaigns. In 2021, such services contributed to 53% of PV Drilling's



Well technical services covered about 53% revenue of PV Drilling in 2021.

revenue. In particular, PV Drilling and its subsidiaries have successfully supplied well services at overseas markets such as tubular running, manpower for drilling... for international clients in Malaysia, Thailand, Japan and Saudi Arabia.

For future business strategy, well service development will also be among our focuses. The potential opportunity for this market is vast; however, it requires high investment and building of infrastructure, skilled manpower and management procedures, which helps to adapt to different regions. Therefore, PV Drilling will start with Southeast Asia and Middle East regions, by establishing a branch or local entity to further market and connect with clients in high oil-and-gas business potential countries such as Indonesia, Dubai, and Saudi Arabia. Additionally, PV Drilling is also exploring to collaborate with local companies to offer services in high demand such as hydraulic towers for well repair, enhanced Karota measure instruments, tubular running using high technology, etc.

Utilizing the combined expertise of subsidiaries and joint ventures, PV Drilling can currently provide bundled services to fully complete a drilling program. Firstly implemented in 2010, PV Drilling has since then successfully completed a number of complicated drilling programs with bundled services for Hoang Long – Hoan Vu JOC, Thang Long JOC, BHP Billiton, ENI and Premier Oil. Thanks to such full drilling programs, the clients can get substantial benefits including high rig efficiency, cost-saving and risk minimizing.

In addition to drilling rigs and well services, PV Drilling and its subsidiaries are also looking into the possibility of offering services outside the traditional oil and gas industry. The current trend of renewable energy shows great opportunities for business, therefore PV Drilling,

in particular, is in discussion with its subsidiaries to take part in the supply chain of onshore and offshore wind projects. Several potential services to be supplied include the supply of materials for the building of wind turbine legs, manufacture of the instrument, supply of manpower for wind power facility maintenance, etc.

With a strong foundation in infrastructure, skilled manpower and management system, PV Drilling will continue to improve upon its existing expertise in drilling services, as well as build a framework that can adapt to other new technical services to meet changing demands and trends of the oil and gas market in particular and the whole energy market in general.



## MANPOWER TRAINING AND DEVELOPMENT

With an aim to foster continuous and self-learning which focuses on practical learning while working, in 2021, the Corporation continued to develop the training - development management system that is capable of providing individual competency model, development discussion process in order to create the mechanism and tools to help the staff proactively in self-learning and develop themselves. As such, in 2022, the Corporation shall continue to enhance the training and development employee's competency in accordance with individual competency model. Bright spots of such model include the progressive training need identified by the open, direct two-way communication between employees and their direct manager to clearly define their career path and training needs, which helps to improve the proactiveness of employees in learning and improving competency.

In order to develop the latest progressive training management system, PV Drilling has also identified clearly and adopted the suitable training and development model that on the one hand accommodate the development of employee competency and optimize the Corporation's resources on the other hand. According to this model, on the job training accounts for as much as 70% of all training activities while formal training events accounts for only 30%. This is an updated model applied by many multinational companies. The application of this model not only demonstrates the positive mindset change in the field of manpower development but also helps boost self-learning and training effectiveness.

Putting the model in practice shall require extensive efforts from each employee of PV Drilling. However, with the strong determination tested through historical successes, PV Drilling believes that the effort in the field of manpower training and development will be rewarded and that training and developing activities shall be one of the Corporation's cultural characteristics.

In 2022, in addition to continuing to implement the annual training plan, focusing on mandatory training in accordance with the Corporation's policy, the Corporation's Human Resources - Training Division will instruct employees to conduct discussion and development activities in accordance with individual competency model promulgated by the Corporation. The implementation of this development discussion is expected to create a culture of active learning through diverse forms, thereby, improving the quality of training planning, enhancing the role of on the job training as well as the role of managers in discussing, exchanging, planning and supporting employees while working and developing their career path.





# RESTRUCTURING

## RESULTS OF WASTE PREVENTION PRACTICE IN 2021

Facing the difficulties of complicated situation of the Covid-19 pandemic, PV Drilling has implemented many solutions including cutting costs and maximize resources in accordance with the policy and guidance of Petrovietnam. In addition, PV Drilling encourages innovation in business operation to ensure the performance, meet the targets in 2021 and improve operational efficiency. The result of these practices in 2021 is saving 78 billion VND, equivalent to 143% of the total savings plan assigned by Petrovietnam. Some practical have solutions to save money and prevent waste have been applied by PV Drilling as follows:

- » Strengthening control and strictly managing expenses in accordance with the approved plan and current regulations of PV Drilling;
- » Saving regular costs; minimizing conferences/ workshops expenditure and other management costs. Regularly review, evaluate and analyze the effectiveness of investment projects and business activities;
- » Allocating resources for prioritized production and business activities; Evaluate timelines of the project and the impact from late implementation. Identify specific responsibility of all related parties;
- » Implement solutions to optimize production and business processes, improve operating efficiency of drilling rigs and machines, improve repair efficiency and optimize material and spare parts. There is close coordination between units in effective managing inventory;
- » Enhance technological innovation; develop new services;
- » Actively implement debt recovery measures to minimize overdue debts, bad debts and irrecoverable debts; effectively use capital on the basis of balancing cash flow and existing capital sources to develop an appropriate loan/ disbursement plan;

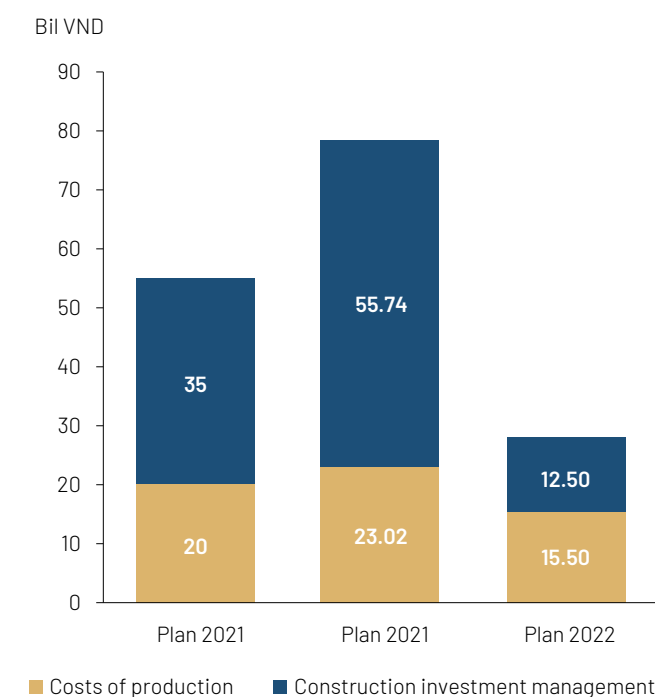
- » Promoting initiatives and technical improvements; develop regulations on waste prevention in investment project and operation activities;
- » Continue to apply online meetings in operational activities, minimizing conventional meetings to save costs of travel and accommodation;
- » Promptly reward to individuals who have solutions to save costs.

In the context of Covid-19 pandemic, all employees of PV Drilling have complied with the solutions of pandemic prevention and response measure following to the instructions of the authorities and the Corporation to minimize the impact of the pandemic on business, especially the impact on revenue and expenses. In 2022, there are still many difficulties and challenges, PV Drilling's Board of Directors and Board of Management continue to focus on some main tasks such as strengthening of financial management, cost reduction, optimizing resources, reorganizing human resources in order to achieve the registered plan of Annual General Meeting. Futhermore, PV Drilling continued to implement solutions to optimize costs of production and business activities, maximizing the efficiency of cost saving approaches and encourage initiatives in production and business. Specifically:

- » Accelerate restructuring and rearrangement of resources from the Corporation to all subsidiaries and providing solution to inefficient projects.
- » Continue to review and adjust the appropriate level of cost, expenditure in order to provide the best competitiveness in the context of fierce competition of the market.
- » Continue to promote research, apply science and technology to production, business; applying advanced management solutions in management and administration.
- » Use economically, effectively in management, exploitation and use of natural resources, handle environmental pollution.

- » Actively accelerate the digital transformation process and attach transformation goals into anti-waste in the period of 2021 - 2025.
- » Raise awareness from management level to each employee in directing, operating and practicing waste prevention.
- » Strengthen the dissemination, propaganda, inspection and supervision on practicing waste prevention in association with timely reward and discipline.

## COST SAVING





# UNITY POWER TO OVERCOME ALL CHALLENGES



In the past years, when the business was in its prime period, PV Drilling allocated from VND40 billion to VND50 billion for social programs such as hunger elimination and poverty reduction, school and commune medical center building throughout Vietnam. The declined oil price plus the Covid 19 pandemic, which has caused negative impact on the Company's business, has enabled the Company, apart from addressing the business challenges, to shift its focus towards the well-being of the workforce instead.

In 2021, when the Covid 19 pandemic was still in its peak, PV Drilling was once again a pioneer in exercising preventive measures to protect employees against the pandemic. Realizing the importance of medical equipment in protecting employees from the virus, the Board of Directors tasked the Trade Union with the purchase of various medical equipment such as SP02 device, medical Oxygen bottles, Oxygen concentrators and thousands of face masks valued more than VND300 million. The equipment aimed at assisting PV Drilling employees and their family members in case they are infected by the virus. In addition, 17 tons of rice, valued at USD700 million, was

funded and purchased by the Trade Union to deliver to the company Union members as a symbolic gift. The gift was directly delivered to the hand of each employee working at various worksites and offices amidst strict social distance regulations. In response to the call by the Government, Vietnam General Confederation of Labor and the PVN Trade Union, PV Drilling Trade Union had, together with various functional departments, called for the donation of a-day salary within the workforce for the vaccine fund and the pandemic fighting team. The donation amounted to nearly VND2 billion in which VND400 million was presented to the pandemic fighting teams in the cities of HCM and Vung Tau.

Through such programs, we have received tremendous meaning of fulfilment than what we have given to our community: that is the strengthened relationships and engagement among PV Drilling's employees after each social event or charity trip and the care of the company leaders for those who were unfortunately infected with the virus. The social activities towards the community have inarguably played its part in highlighting PV Drilling's cultural characteristics in its path towards global integration.



PV Drilling is always accompanied with its staff and places where PV Drilling is operating to cope with Covid-19 pandemic.



# 05

## DEVELOPING SUSTAINABLY

Overview of The Sustainable Development Report in 2021

Sustainable Development Strategy Management

Structure of Sustainable Development

Sustainable Business Model

Stakeholders Engagement & Assessment of Key Business Sectors

PV Drilling's Commitments On Safety - Health - Environment -

Quality (HSEQ) in Business Activities

Relationships with the State and legal compliance activities

Investor Relations



# OVERVIEW OF THE SUSTAINABLE DEVELOPMENT REPORT IN 2021

## 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

In just one year we have seen many ups and downs, PV Drilling follows its business strategy associated with VISION for sustainable development despite the great impacts of the Covid-19 pandemic on the entire economy.

PV Drilling's sustainability is associated with 17 United Nations Sustainable Development Goals (SDGs), which are being pursued by governments, organizations and corporations around the world, PV Drilling has implemented the business plans associated with many factors including financial, social, environmental and legal with the aim of bringing the brand image of PV Drilling and Petrovietnam to the international market, At the same time, with the awareness and responsibility of PV Drilling and PetroVietnam. As a large enterprise, PV Drilling always strives to create benefits to stakeholders including the community, employees, partners and shareholders.

In 2021, although the oil price has shown positive signals, the drilling market still faces many difficulties when the rig demand and the day rate are still at low. Affected by the Covid-19 pandemic, PV Drilling continue to work closely with stakeholders to understand and support each other to overcome difficult times, especially in terms of some issues related to health and safety protection for employees, communities, customers and partners. In addition, PV Drilling also strictly comply with regulations on environmental protection and climate change through business activities.

PV Drilling clearly understands the affirmation of the brand and reputation of an international drilling contractor not only by providing the best quality of service to customers but also by building the best working environment for employees. In addition, raising awareness about environmental protection and building plans to respond to the impacts of climate change are important goals in the sustainable development 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 during the period 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 sustainability.

## Some sustainable development goals for the year 2021 have been implemented:

- » Contributing in the development of nation
- » Maximize efforts to create profit, contributing to State budget;
- » Fully fulfilling tax obligations, contributing to the vaccine fund Covid-19...
- » Ensuring national energy security, participating in all possible drilling programs in Viet Nam;
- » Securing jobs for workers in pandemic conditions;
- » Raise awareness about epidemics and public health;
- » Actively participate in social and financial security and educational aid activities;
- » Training and raising the awareness of shared interests and experiences in communities;
- » Raise awareness to limit the plastic use;
- » Raise awareness of climate change.

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 2021 of PV Drilling is described all sustainable development activities which are implemented in 2021 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:

## 17 SUSTAINABLE DEVELOPMENT GOALS OF UNITED NATIONS (SDGS):



1. End poverty in all its forms, everywhere.
2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.
3. Ensure healthy lives and promote well-being for all, at all ages.
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
5. Achieve gender equality and empower all women and girls.
6. Ensure availability and sustainable management of water and sanitation for all.
7. Ensure access to affordable, reliable, sustainable, and modern energy for all.
8. Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.
9. Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.
10. Reduce inequality within and among countries.
11. Make cities and human settlements inclusive, safe, resilient, and sustainable.
12. Ensure sustainable consumption and production patterns.
13. Take urgent action to combat climate change and its impacts.
14. Conserve and sustainably use the oceans, seas, and marine resources for sustainable development.
15. Protect, restore, and promote sustainable use of terrestrial ecosystems, manage forests, combat desertification and biodiversity loss, and halt and reverse land degradation.
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions.
17. Strengthen the means of implementation and revitalize the global partnership for sustainable development.





# OVERVIEW OF THE SUSTAINABLE DEVELOPMENT REPORT IN 2021 (continued)

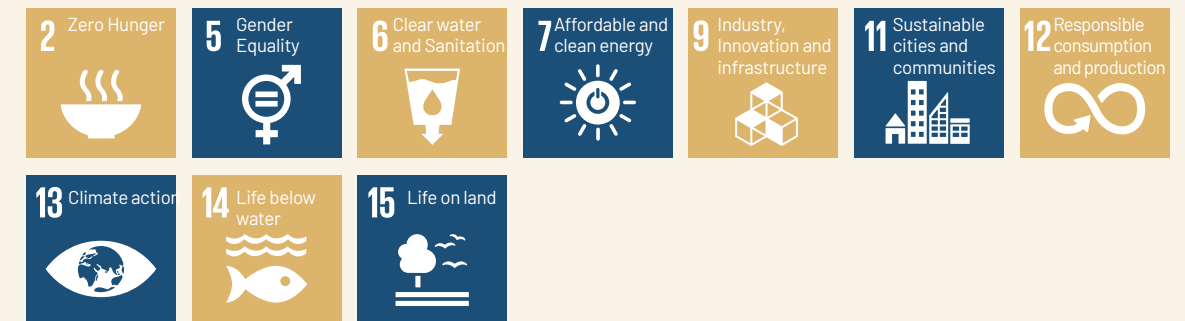


## FOCAL AREA 1 Investing in People



**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

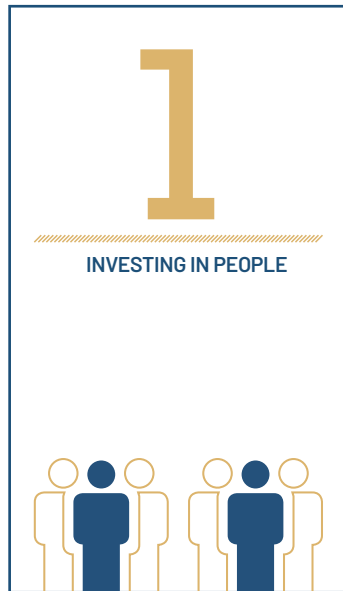


**VISION:** Strengthening governance and adherence to the rule of law, ensuring respect for and the protection of human rights and freedom from discrimination, and moving towards a more just and inclusive society.



# OVERVIEW OF THE SUSTAINABLE DEVELOPMENT REPORT IN 2021 (continued)

## Sustainable Development Goals - SDG



**1**  
INVESTING IN PEOPLE

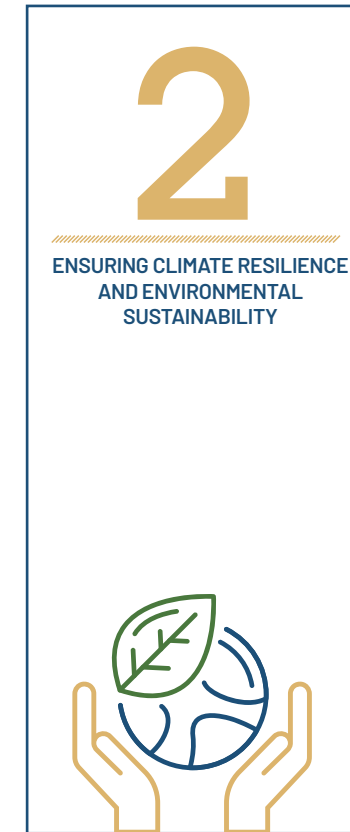
### Medium term and long term visions

- » 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



**2**  
ENSURING CLIMATE RESILIENCE AND ENVIRONMENTAL SUSTAINABILITY

### Medium term and long term visions

- » 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



**3**  
FOSTERING PROSPERITY AND PARTNERSHIP

### Medium term and long term visions

- » 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



**4**  
PROMOTING JUSTICE, PEACE AND INCLUSIVE GOVERNANCE

### Medium term and long term visions

- » Contributing to State budget;
- » Maintaining responsibility to pay the tax;
- » Contributing to Vietnam's national COVID-19 vaccine fund;
- » 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.

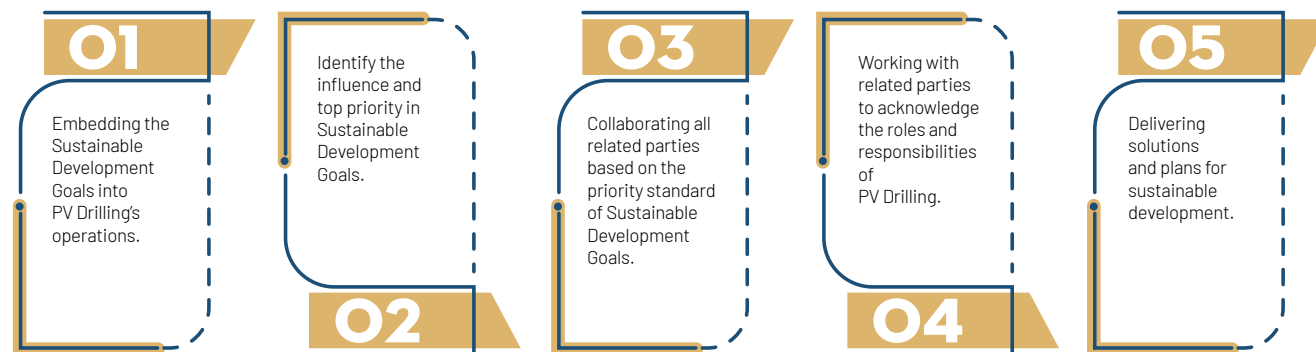


# SUSTAINABLE DEVELOPMENT STRATEGY

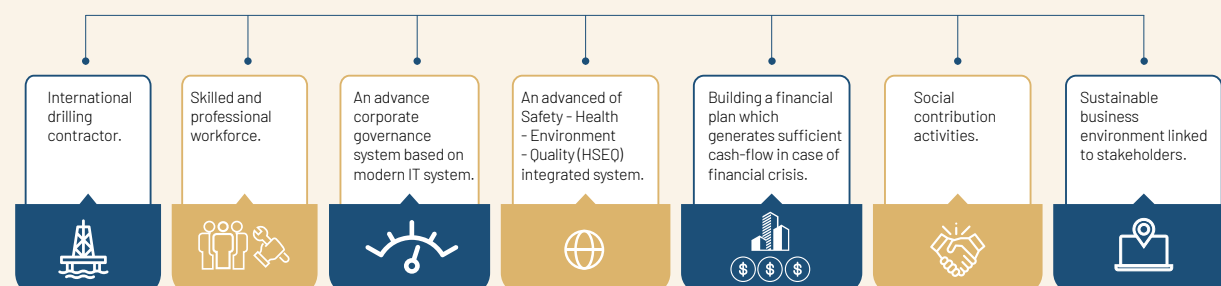
## SUSTAINABLE DEVELOPMENT STRATEGY TO 2025



## APPROACH METHOD FOR SUSTAINABLE STRATEGY








## SUSTAINABLE DEVELOPMENT GOALS 2021 - 2025





# SUSTAINABLE DEVELOPMENT STRATEGY (continued)

Targets	Strategies and solutions	Results
<div>1</div> <div>  </div> <div>International drilling contractor</div>	<ul style="list-style-type: none"> <li>» Optimizing operation procedures and implementing well maintenance program of rig fleet;</li> <li>» Providing high quality services;</li> <li>» Investing more drilling rigs and equipment of drilling related services;</li> <li>» Encouraging creativity and R&amp;D to develop new services;</li> <li>» Expanding international market share;</li> <li>» Reducing the impact of Covid-19 pandemic on drilling activities.</li> </ul>	<ul style="list-style-type: none"> <li>» Meeting the registered AGM's target of revenue and net profit;</li> <li>» Minimizing the impact of disease COVID-19;</li> <li>» Seizing 70-80% market share of drilling and drilling related services;</li> <li>» Ensuring operating utilization of 95%;</li> <li>» Operate all rigs safely with Zero LTI;</li> <li>» Ensuring the best quality services, customer satisfaction with the competitive price;</li> <li>» Implementing R&amp;D of investing more rigs to enhancing competitive advantage;</li> <li>» Providing rigs to international markets.</li> </ul>
<div>2</div> <div>  </div> <div>An advance corporate governance system based on modern IT system</div>	<ul style="list-style-type: none"> <li>» Applying ERP Oracle system - phase III (Intelligent Management Reporting System and online budgeting);</li> <li>» Synchronizing IT into HSEQ system;</li> <li>» Applying ISO 55001 into asset management system in accordance with the strategy of maximizing value and minimizing cost.</li> </ul>	<ul style="list-style-type: none"> <li>» Accomplished ERP Phase III which support for preparing management reports;</li> <li>» Quickly analyzing and evaluating the opportunities and resources which supporting the Board of Management to make decisions in business operation;</li> <li>» Effective managing cash flow and optimizing cost of capital.</li> </ul>
<div>3</div> <div>  </div> <div>Skilled and professional workforce</div>	<ul style="list-style-type: none"> <li>» Developing human resources especially senior team and skilled labor;</li> <li>» Enhancing training programs and increasing professional development for employees;</li> <li>» Developing training programs in accordance with competency based training;</li> <li>» Providing training leadership programs for management team;</li> <li>» Building compensation and benefit system to attract talent.</li> </ul>	<ul style="list-style-type: none"> <li>» Apply Code of Conduct for the Corporation;</li> <li>» Making sure that all employees have been paid based on their ability and contribution to the development of the company;</li> <li>» Accomplishing all training plans such as training pro-grams for experts, leadership programs and insourcing training programs.</li> <li>» Accomplishing all required training programs of rig training matrix at least 95% in a year.</li> <li>» Building compensation and benefit in accordance with Resolution 05/07/2019/NQ-HDQT dated 31/7/2019.</li> </ul>
<div>4</div> <div>  </div> <div>An advanced of Safety - Health - Environment - Quality (HSEQ) integrated system</div>	<ul style="list-style-type: none"> <li>» Efficient and safe operation with zero LTI;</li> <li>» Ensuring occupational health and safety management;</li> <li>» Strictly following all related regulation of safety management and environment;</li> <li>» Improving workplace environment and preventing potential factors which impacting to worker's health;</li> <li>» Monitoring and measuring KPIs, reviewing and building new relevant KPIs in operational activities and PV Drilling's culture.</li> </ul>	<ul style="list-style-type: none"> <li>» Zero LTI TRIFR &lt;0.15% (Total Recordable Incident Rate);</li> <li>» No violation of environmental regulations;</li> <li>» No serious oil spill incidences;</li> <li>» All wasted materials have been collected and treated following to the regulation and the laws;</li> <li>» No case of occupational disease, preventing disease COVID-19;</li> <li>» Not allowing the employees working in COVID-19-affected areas;</li> <li>» Responding to emergency in workplace and weekly preparing the rehearsal on the rigs;</li> <li>» The top management's visit/inspection in the drilling rigs (from rig manager) illustrates care and commitment of the corporation: 1 time/quarter.</li> </ul>
<div>5</div> <div>  </div> <div>Sustainable business environment linked to stakeholder</div>	<ul style="list-style-type: none"> <li>» 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;</li> <li>» Contributing and developing related government policies.</li> </ul>	<ul style="list-style-type: none"> <li>» Allocating budget into education, medicine and other social welfare activities;</li> <li>» Actively contributing to tax, financial policies when authorizations survey.</li> </ul>



# 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) IN 2021

### 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;
- » Participating in charity activities called by the authorities.

### 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 all.

- » 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, Algeria, Cambodia and Brunei.

### 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.

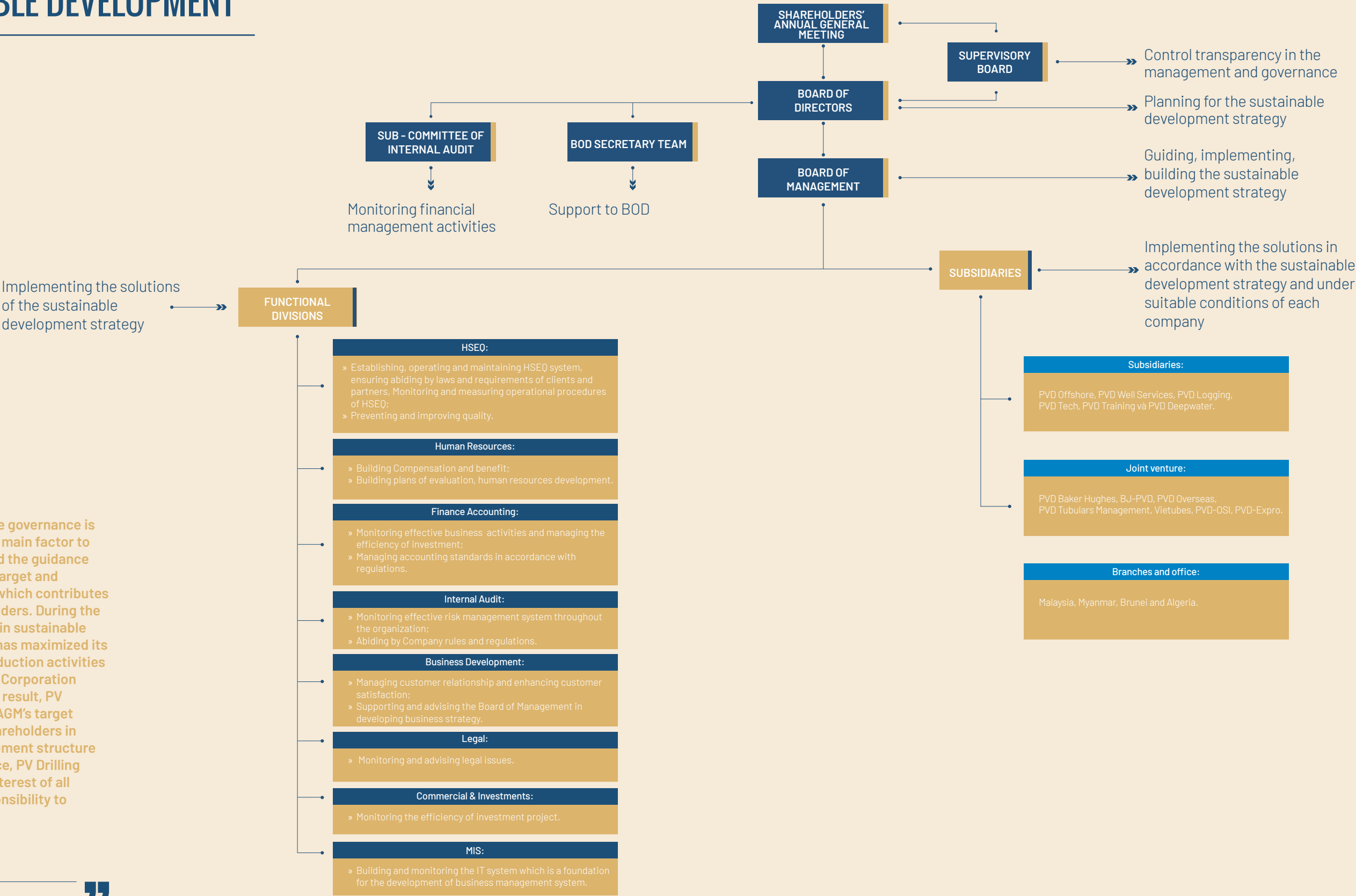
- » Raise awareness and make commitments to protect human rights.
- » PV Drilling continues to update the human rights requirements of Vietnam law and the host country/territories where PV Drilling operates as well as cooperates with partners and customers to analyze and evaluate to avoid negative impacts 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



“

At PV Drilling, corporate governance is the top priority and the main factor to help PV Drilling followed the guidance to achieve the growth target and operational efficiency which contributes to interests of shareholders. During the pandemic with uncertain sustainable development strategy has maximized its value. Guidance on production activities was delivered from the Corporation to its subsidiaries. As a result, PV Drilling basically meet AGM's target which registered to shareholders in 2021. Based on management structure of corporate governance, PV Drilling continue to maintain interest of all stakeholders and responsibility to society.

”

# SUSTAINABLE BUSINESS MODEL



**2,000**  
EMPLOYEES

PROFESSIONS AND  
INTERNATIONAL CRTIFICATIONS:  
- BOSIET  
- IWCF LEVEL 3, 4  
- IADC  
- H2S



RELIABLE  
PARTNERS

- BAKER HUGHES  
- BJ  
- EXPRO  
- MARUBENI ITOCHU  
- CITRA SUMIT  
- OIL STATES  
- FALCON ENERGY

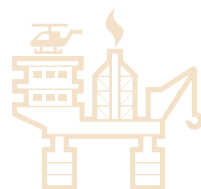


RELIABLE  
SUPPLIERS

- NOV  
- KEPPEL FELS  
- ARNO  
""



A REPUTABLE  
AND RELIABLE  
DRILLING  
CONTRACTOR



DRILLING  
MANAGEMENT  
SYSTEM

- HSEQ
- MAXIMO  
MAXIMO MIN-MAX MODULE
- IDENTIFYING RISKS AND HAZARDS  
(IADC HSE CASES)
- RCM (RELIABILITY  
CENTERED MAINTENANCE)
- SUPPLY CHAIN MANAGEMENT



ERP  
ORACLE  
SYSTEM

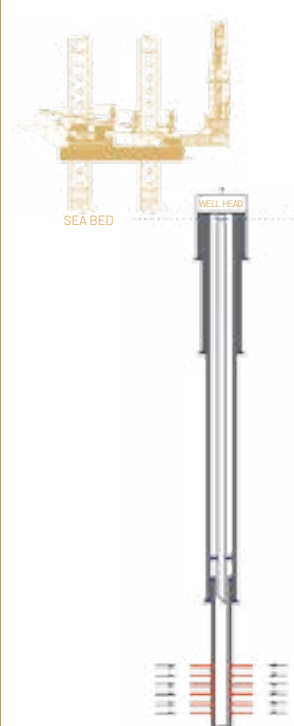
- ORACLE APPLICATIONS  
FINANCIAL  
INVENTORY  
PROJECT  
PURCHASING  
HUMAN RESOURCE
- BUSINESS INTELLIGENCE  
ENTERPRISE PLANNING & BUDGETING  
IN PROGRESS
- ORACLE APPLICATIONS  
ORACLE APPLICATIONS SERVER  
ORACLE DATABASE

## 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

### CEMENTING SERVICE

BJ - PVD

### CONDUCTOR/CASING/TUBING

PVD Tubulars Management  
PVD-OSI  
PVD Well Services  
Vietubes

### WELL DESIGN & PLANING

PVD Baker Hughes

### DIRECTIONAL DRILLING

### MEASUREMENT WHILE DRILLING

### LOGGING WHILE DRILLING

PVD Baker Hughes

### 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

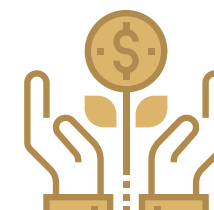
H2S Safety Service (PVD Invest)  
OCTG (PVD Tubulars Management)  
Inspection & Repair (PVD Offshore)

CREATING SUR-  
PLUS VALUE FOR  
CUSTOMERS



OPTIMIZING  
SHAREHOLDER'S  
BENEFIT

CONTRIBUTING  
TO NATIONAL  
ECONOMIC



ENHANCING  
SAFETY AND  
REDUCING  
ENVIRONMENTAL  
IMPACT

CREATING JOBS



## STRATEGY

Expanding to regional markets.



## CORE VALUES

Human;  
Integrity;  
Professionalism.



# STAKEHOLDERS ENGAGEMENT & ASSESSMENT OF KEY BUSINESS SECTORS

## STAKEHOLDERS ENGAGEMENT

With vision "To be an internationally reputable and reliable drilling contractor and drilling-related services provider in the oil and gas industry", PV Drilling builds and develops sustainable relationships with all stakeholders. In the company's strategy, all feedbacks of stakeholders are reviewed to bring the best and long-term benefits to stakeholders.

In 2021, 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.





### Steps of identifying and evaluating all Stakeholders:

STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Identify and assess stakeholder priorities	Develop methods for engaging with each stakeholder	Select, analyze and evaluate previously received information from stakeholders	Implement stakeholder engagement plan	Monitor, update and evaluate the results of the implementation of the plan



# 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 2022
<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 pandemic 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. Building relationship with suppliers. Building an effective supply chain.	Promote search and evaluation of suppliers in order to increase the stability of PV Drilling's service supply chain. Looking replaced suppliers in order to prepare for back up plan in context of uncertain period.
<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. Building relationships with suppliers around the world.	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; Identify the latest industry trend.	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)

The process of evaluating key sectors is a strategic tool for business in a sustainable development strategy which is classified by topics including business operation, corporate governance, laws compliance and social responsibility.

In 2021, amidst the uncertainty from Covid-19 pandemic, PV Drilling focused on finding jobs in the domestic market in the context of restrictions among countries, focusing on employees' health and safety by fully providing vaccination and seeking job opportunities abroad. By fully acknowledging the market and allocating resources to priority areas, PV Drilling has completed its business plan in 2021 and brought benefits to shareholders and stakeholders.

## Assessment of key business sectors

Step 1: Understand the purpose and scope of assessment for key areas.

Step 2: Identify critical areas.

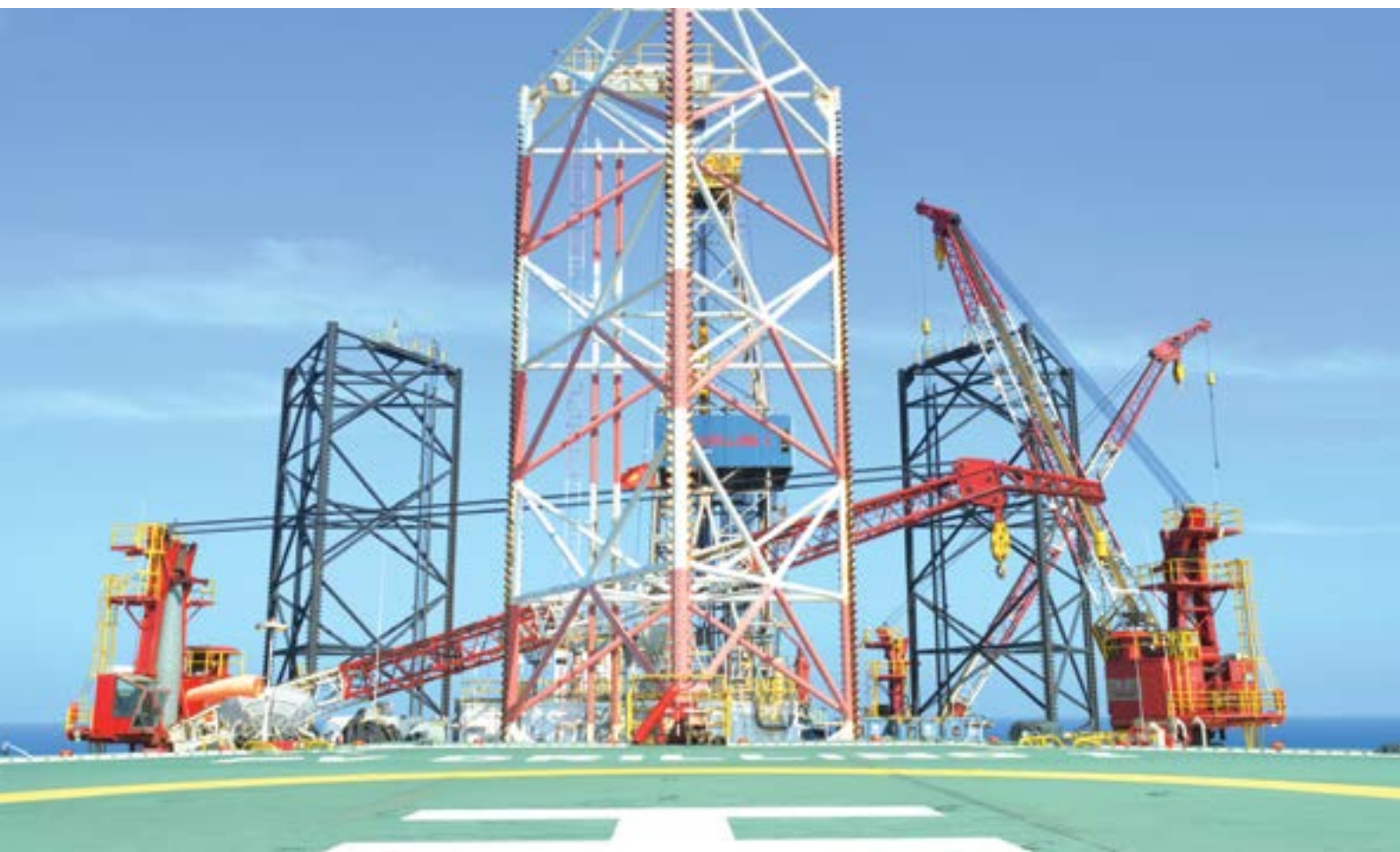
Step 3: Classify critical areas.

Step 4: Collect key business, stakeholder, social, economic and environmental information in the most critical areas.

Step 5: Classify priority areas.

Step 6: Analyze and collect feedback from the Board of Management.

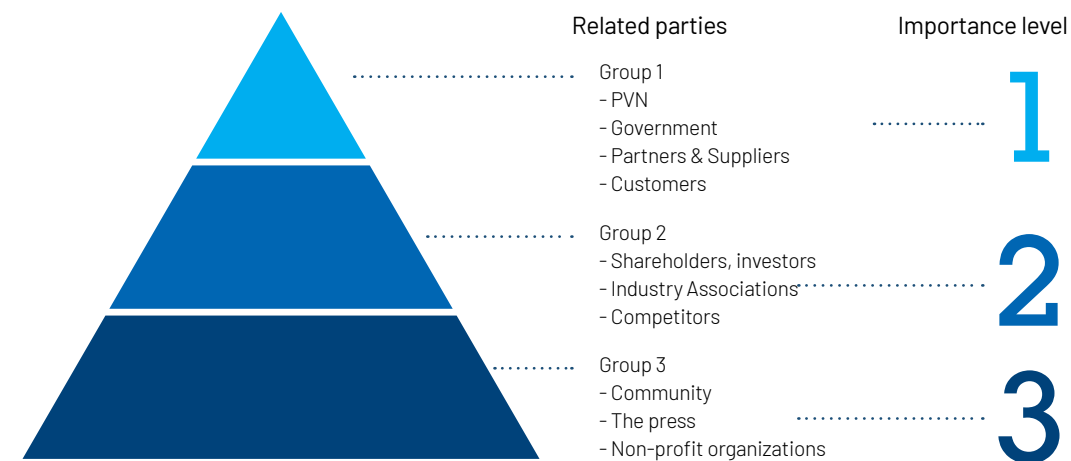
Step 7: Analyze and collect feedback from stakeholders.



STEP 1	Understand the purpose and scope of assessment for key areas.	<ul style="list-style-type: none"> <li>» Identify risks and opportunities related to environment, society and corporate governance;</li> <li>» Review and update PV Drilling's mission and vision;</li> <li>» Connect critical areas to internal and external personnel;</li> <li>» Identify future trends that impact business operations;</li> <li>» Identify all targets in order to improve business performance and sustainable development.</li> </ul>
STEP 2	Identify critical areas.	<ul style="list-style-type: none"> <li>» 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;</li> <li>» 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;</li> <li>» Evaluate opportunities from improving business operations including reducing costs and improving energy efficiency;</li> <li>» Assess systemic risks by industry sector;</li> <li>» Assigning responsibilities to specialized functional departments who giving opinions on key areas that are the factors affecting PV Drilling's activities.</li> </ul>
STEP 3	Classify critical areas.	<ul style="list-style-type: none"> <li>» Identify stakeholders by social, economic and environmental topics;</li> <li>» Assess the social, economic and environmental impacts related to production and business activities and the possibilities that may occur in the future.</li> </ul>
STEP 4	Collect key business, stakeholder, social, economic and environmental information in the most critical areas.	<ul style="list-style-type: none"> <li>» Consider relevant stakeholders for each topic;</li> <li>» Develop a method of scoring criteria for each field;</li> <li>» Evaluate the importance of each area related to the business according to factors such as current and future risks, market opportunities.</li> </ul>
STEP 5	Classify priority areas.	<ul style="list-style-type: none"> <li>» Identify functional areas where internal stakeholders are located and put relevant personnel to participate in the evaluation of critical areas;</li> <li>» Evaluating the socio-environmental factors in PV Drilling's risk management activities.</li> </ul>
STEP 6	Analyze and collect feedback from the Board of Management.	<ul style="list-style-type: none"> <li>» Select internal people including leaders and management personnel who play an important role in PV Drilling's operations.</li> </ul>
STEP 7	Analyze and collect feedback from stakeholders.	<ul style="list-style-type: none"> <li>» 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.</li> </ul>

# STAKEHOLDERS ENGAGEMENT & ASSESSMENT OF KEY BUSINESS SECTORS (continued)

In the assessment of key business sectors, PV Drilling reviewed all contents in the report to ensure accurate, complete and transparent approaches, PV Drilling assesses and categorizes 3 groups of stakeholders that affect or are affected by PV Drilling's production and business activities. Based on evaluation which focusing on unachievable targets, PV Drilling records and builds appropriate plans and solutions to improve business activities for the purpose of sustainable development for the coming periods.



## The classification of important level is as follows:

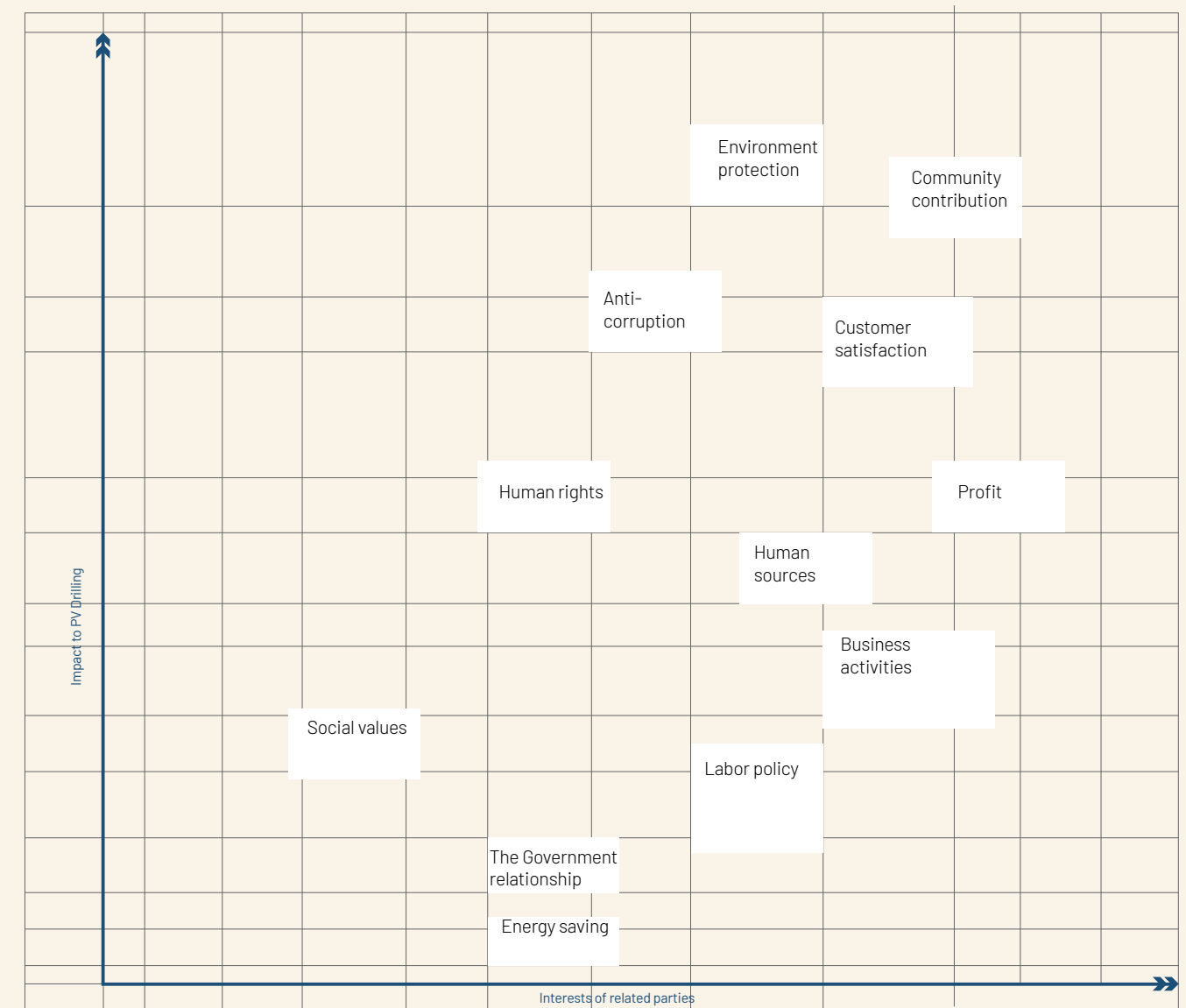
**Group 1:** Have impacts on PV Drilling business activities and vice versa.

**Group 2:** Stakeholders have possibly impacting on PV Drilling's success while PV Drilling has less impact in terms of direct and indirect approaches on these related parties than stakeholders in the first group. In 2021, PV Drilling joined many meetings and conferences to discuss with experts in the oil and gas industry and investors. Based on valued conversation, PV Drilling analyzed and evaluated key subjects, thereby improving the quality of business activities and building brand names.

**Group 3:** Stakeholders have the least direct impact on these related parties.

PV Drilling classifies key business sectors based on 03 criteria: Economics, environment and society. The combination of economics objective and a balance between society and environment is a long term development strategy, towards to sustainability of PV Drilling.

## MATRIX OF KEY BUSINESS SECTOR





# PV DRILLING'S COMMITMENTS ON SAFETY - HEALTH - ENVIRONMENT - QUALITY (HSEQ) IN BUSINESS ACTIVITIES

“

In 2021, PV Drilling continued to maintain the effectiveness and efficiency of the Integrated Management System of Safety – Health – Environment – Quality (HSEQ). Accordingly, the HSEQ risks in production and business activities of PV Drilling were well managed and controlled. As a result, PV Drilling successfully achieved No Lost Time Incident (Zero LTI) in all its activities from offshore rigs to onshore facilities, greatly contributed to enhance PV Drilling's competitive advantage in drilling and well service provision in the world market.

”



## I. HSEQ ACTIVITIES

Covid-19 pandemic with its largest outbreak to date in Vietnam and around the world, along with rig oversupply added to increasingly fierce competition in drilling service provision... has caused PV Drilling so many difficulties in providing core services. These above factors together with increasingly strict requirements from clients, especially for HSEQ, forced PV Drilling to continuously improve and maintain the effectiveness of the HSEQ Integrated Management System which is currently applied effectively at all PV Drilling's facilities including offshore rigs, land rig, production workshop/ base and offices of all the subsidiaries and joint ventures.

In 2021, due to the strong outbreak of Covid-19 pandemic in Vietnam, PV Drilling had to apply the “Three on-site” policy, letting employees to work and stay at the working site or on offshore drilling rigs during the serious closure and lockdown. Thanks to good preparation and application of many appropriate HSEQ measures in operation and business activities, PV Drilling has achieved the HSE objectives set out at the beginning of the year such as safe operation, Zero LTI, no environment incident. Besides, the operating efficiency of drilling rigs was always maintained at a high level of over 99%.

### 1.1. Improvement of service quality

PV Drilling always considers client satisfaction the heart in service provision. In addition to meeting client requirements as stipulated in the contracts, PV Drilling always does the best to bring added values to clients such as completing drilling campaigns ahead of schedule, offering improvement measures, technical solutions etc. All of these have significantly contributed to cost cutting and saving for the clients. In addition, according to the ISO 9001 - Quality Management System (QMS) regarding to client satisfaction survey, this requirement is fully carried out by the Corporation and its subsidiaries for each type of service and product. The survey results are then collected, aggregated and analyzed. The client satisfaction survey results in 2021 showed that 98% of those questioned rated PV Drilling's service quality as very good and good.

### 1.2 Occupational Health and Safety (OH&S) Management

#### Hazard Identification and Risk Assessment:

As requirement of PV Drilling, hazard identification - risk assessment and environmental aspect assessment must be reviewed and completed before carrying out any

job. This is a prerequisite and mandatory requirement applied for all aspects of PV Drilling's production and business activities.

In 2021, risk assessment and OH&S management at PV Drilling were continuously well maintained and seriously carried out and be highly appreciated by valued clients, even with the most fastidious ones.

#### Safety Supervision:

Observation and supervision on workplace safety are continuously maintained at onshore and offshore facilities. During 2021, although the progress of the Covid-19 pandemic was very complicated, the HSEQ Division of PV Drilling conducted one HSE Unannounced visit and one HSE Walkabout on facilities throughout the Corporation. As a result, all units received over 90% of the maximum total score. Through these inspections, beside the chances for employees and supervisors to communicate with each other and shared the strengths, 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 on workplaces. In addition to proposing solutions for improvement or identifying potential risks, PVD Observation Report Programme acknowledges positive acts, good practices performed by employees, contributing to enhance safety culture at the Corporation. The aim of this program is to help PV Drilling's employees maintain a sense of safety of their own and their co-workers; at the same time, focus on environment protection. Thanks to this program, the HSE performance in all aspects is always observed, recorded and disseminated to employees in a timely way. There were total of 62,062 PVD Observation Report cards submitted in 2021.

Also in 2021, the PVD Card Management Application - Online Reporting Channel was officially put into operation in the entire Corporation in order to effectively manage and analyze PVD Card data, thereby offering appropriate solutions to improve the Corporation's HSEQ management system, in line with current trend of computerization in business management.

#### Safety Campaign:

PVD Drilling Division, a subsidiary with its core business is managing and operating the rig fleet owned by



# PV DRILLING'S COMMITMENTS ON SAFETY - HEALTH - ENVIRONMENT - QUALITY (HSEQ) IN BUSINESS ACTIVITIES (continued)

PV Drilling, always focuses on launching quarterly Safety campaigns in order to raise employees' awareness while onboard of potential hazards that may cause incidents. During each campaign, many hazards and best practices related to the specific theme of the campaign were showed, explained and shared to the working crew in various forms of video clips, posters, safety alerts, presentations and discussions at safety meetings. In 2021, four Safety campaigns were launched with themes as follows: Hand and figure injury, Confined space, Line of Fire and Dropped objects.

## Health Check-up Program:

In 2021, PV Drilling implemented the Annual Health Check-ups Program for all employees of the whole Corporation in both Ho Chi Minh City and Ba Ria - Vung Tau province in order to achieve the aims of providing employees good health cares with highest medical services (on reasonably applicable conditions) including early screening for critical illnesses. The checklist of Annual Health Check-ups is determined by PV Drilling based on various requirements for different groups of employees, specifically as follows:

- » White collars working in offices, workers onshore workshops, facilities;
- » Employees working on offshore facilities;
- » Drivers.

## 1.4. HSE Statistics of the rig fleet in 2021

### 1.4.1 Overall HSE statistics of the fleet.

No.	Accident/Incident	2020	2021
1	Near miss	2	1
2	Property Damage	2	9
3	Oil/Chemical Spill	1	1
4	First Aid Case	1	2
5	Medical Treatment Case/RWTC	1	2
6	Lost Time Incident (LTI)	0	0
<b>Total</b>		<b>7</b>	<b>15</b>

### 1.3. Protection against severe acute respiratory infections caused by SARS-CoV-2

Facing the extremely complicated, serious and unpredictable developments of the Covid-19 pandemic in 2021, the Corporation issued guiding documents in line with current pandemic situation in order to effectively respond to the pandemic and ensure the stable business operation. In addition to propagating, disseminating and instructing employees to strictly comply with 5K requirements, the Corporation also actively approached many different vaccine sources from Petrovietnam to local authorities so that employees could receive full doses of vaccine as required. At the same time, PV Drilling strictly applied the highest pandemic prevention measures for the employees working on offshore facilities such as organizing a "buffer zone" of concentrated isolation, RT-PCR testing before travelling to the rig.

By proactively applying pandemic prevention and control measures and strictly following instructions of the Ministry of Health as well as the directions of Petrovietnam, PV Drilling has minimized the number of Covid-19 cases and has not recognized any serious cases as well as managed to maintain rig operation.



### 1.4.2. Incident frequency rates of PV Drilling's rigs in comparison to statistics of IADC (International Association of Drilling Contractors)

#### a. Offshore drilling rigs

Incident rates	PV Drilling (Offshore)	IADC (Asia Pacific Water)
2020 LTIFR	0.00	0.17
2020 TRFR	0.47	0.89
2021 LTIFR	0.00	0.47
2021 TRFR	0.79	1.16

#### b. Land rigs

Incident rates	PV DRILLING 11 (Land Rig)	IADC (Africa Land Region)
2020 LTIFR	0.00	2.01
2020 TRFR	0.00	8.06
2021 LTIFR	0.00	1.82
2021 TRFR	0.00	6.86

#### Note:

1. LTIFR: Lost Time Incident Frequency Rate
2. TRFR: Total Recordable Frequency Rate

$$LLTIFR = \frac{\text{Total number of LTI} \times 1,000,000}{\text{Total man-hour}}$$

$$TRFR = \frac{\text{Total number of RI} \times 1,000,000}{\text{Total man-hour}}$$



## PV DRILLING'S COMMITMENTS ON SAFETY - HEALTH - ENVIRONMENT - QUALITY (HSEQ) IN BUSINESS ACTIVITIES (continued)



### 1.5 Environmental management

PV Drilling's core business is provision of drilling rigs, well technical services, manpower supply services in the oil and gas (both onshore and onshore), thus direct environmental impacts during operation is negligible. However, to achieve the goal of sustainable development, PV Drilling has built and applied HSEQ reporting online software. Through this software, the monitoring of the use of energy and natural resources as well as waste disposal is closely monitored. The software also helps to reduce the use of paper and ink compared to traditional paper reports.

The PV Drilling's environmental management system operates in accordance with ISO 14001:2015, with a risk-based management mindset: environmental aspects of PV Drilling's activities are identified and assessed impact levels 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, we conduct environmental risk assessments as soon as any changes affecting the environment and re-evaluate it annually.

At the same time, in order to maintain the effectiveness of the PV Drilling's environmental management system, the inspection and supervision of the Corporation at subsidiaries have been implemented thoroughly and closely through the regular / irregular inspections: walkabout, unannounced visit, internal audit...

#### 1.5.1. Consumption of materials, fuels and natural resources

As a company providing technical services in the oil and gas industry, PV Drilling does not use materials to produce products and does not carry out packaging for products, so there is no recycling.

PV Drilling's activities often use direct energy from burning DO or electricity to run generators, hydraulic compressors, air compressors, cranes, lifting equipment and other specialized equipment, machines. Therefore, the Corporation does not use indirect energy and energy consumption at PV Drilling cannot be calculated in accordance with product units like other manufacturing

industries. However, we understand that monitoring the use of energy and natural resources, applying technology to reduce negative impacts on environment and climate change is extremely necessary to help greening our business activities and protect the environment, the basic data on the amount of resources used is still recorded and there are specific guidelines to minimize resource usage.

Water source used at onshore facilities and offshore rigs is 100% surface water. Onshore facilities take water from water supply plants.

In order to control energy consumption during operation, PV Drilling has been monthly monitoring energy fuel consumption and emission through PVD HSEQ Reporting online software since 2018. The software contributes to improving data retrieval and HSEQ performance control as well as energy consumption, emissions to the environment.

**Table 1. Fuel, resource and energy consumption in 2021**

No.	Type	Unit	Consumption
1	Electricity	kWh	2,431,391
2	DO	ton	2,447
3	FO	ton	8
4	Water	m <sup>3</sup>	27,370

PV Drilling also pays great attention to saving fuel in all activities, especially spreading propaganda to raise employees' awareness everywhere: in the office area (using paper printed on two sides, 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 8.43% of Electricity consumption in 2021 (2,431,391 kWh) compared to 2020 (2,655,101 kWh). As a result, the electricity consumption rate per unit of working hour of PV Drilling in 2021 is 0.54, a decrease of 15.87% compared to 0.65 of 2020.

**Table 2. Electricity consumption rate per unit of man-hour in 2019, 2020 and 2021**

Year	Electricity (KwH)	Man-hour (H)	Electricity consumption rate per unit of man-hour in year (KwH/H)
2021	2,431,391	4,465,243	0.54
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)

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 4, a closed recirculation washing system to filter and reuse the drill pipe washing water has been installed and put into operation so that 5,400 m3 of water has been reused in 2021.

## 1.5.2. Waste management Solid waste

Waste management has always been focused on all the PV Drilling's activities from office to onshore facilities as well as all offshore rigs.

Waste classification is always strictly complied in accordance with regulations at all subsidiaries of PV Drilling. Waste from PV Drilling production and business activities includes 3 main types: domestic solid waste, industrial solid waste and hazardous waste.

Waste is classified and stored upon its forms of solid, liquid or mud at source. All subsidiaries have a waste classification process suitable to their activities and sign contracts with companies specialized in waste disposal in accordance with applicable laws.

Particularly for offshore rigs, waste is carefully classified before sending onshore, in accordance with the waste disposal regulations of Vietnam as well as those of the host countries where PV Drilling's rigs operate.

Table 3. The total amount of waste generated in 2021

No.	Type	Unit	Quantity of emissions
1	Non-hazardous solid waste	ton	228 (*)
2	Hazardous waste	ton	234

(\*) The amount of non-hazardous solid waste does not include 3,500 tons arising from the project of renovating yards and fences to compensate for settlement and reclaim ground at PVD Offshore's Oil Spill Base.

## Wastewater

At onshore production facilities, all PV Drilling's 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, in accordance with international conventions to which Vietnam is a party. The waste treatment system to the environment is always maintained periodically, ensuring its operation in the best conditions and always meeting the statutory standards / requirements.

Table 4. The amount of wastewater generated in 2021

No.	Type	Unit	Quantity of emissions
1	Domestic wastewater	m³	14,134
2	Industrial wastewater	m³	5,983

## Emission inventory

In all activities, PV Drilling always aims to reduce greenhouse gas emissions by applying very strict maintenance procedures for machinery and equipment: all machinery and equipment are maintained in accordance with the manufacturer's requirements and instructions; compliance with industry standards and international conventions. As a result, machinery

and equipment are always in good and safe operating conditions, reducing fuel consumption, contributing to reducing greenhouse gas emissions.

In order to monitor air pollution and control emission sources, PV Drilling has conducted an inventory of emissions arising from production and business activities since 2021.





# PV DRILLING'S COMMITMENTS ON SAFETY - HEALTH - ENVIRONMENT - QUALITY (HSEQ) IN BUSINESS ACTIVITIES (continued)



**Table 5. The amount of emissions in 2021**

No.	Type of fuel	Fuel consumption (ton)	CO2 (ton)	CH4 (ton)	N <sub>2</sub> O (ton)	NOx (ton)	CO (ton)	VOC (ton)	SOx (ton)
1	DO	2,447,47	7,831,9	4.41	0.54	145,38	38,43	4,89	0,98
2	FO	7,60	24,3	0.01	0.00	0,45	0,12	0,02	0,03
<b>Total</b>		<b>2,455,07</b>	<b>7,856,2</b>	<b>4.42</b>	<b>0.54</b>	<b>145,83</b>	<b>38,54</b>	<b>4,91</b>	<b>1,01</b>

## 1.5.3 Complying with environmental law requirements

The updating of environmental law requirements is strictly regulated in the legal and other requirements compliance procedure (PVD/HSEQ/007) and is carried out regularly and continuously via quarterly seminars, HSEQ newsletters...

In 2021, there were no claims or penalties against PV Drilling by the authorities regarding the environment.

Besides focusing on environmental protection in all activities, PV Drilling also focuses on assessing the environmental compliance and environmental impacts of its subcontractors and suppliers. This evaluation is conducted through annual evaluation of an HSEQ management system of subcontractors and suppliers. In 2021, PV Drilling assessed the HSEQ management system of suppliers: Odfjell Well Services, LDT Joint Stock Company, NOV Brandt, Scomi Oiltools, Duc Tung Mechanical Service & Trading Company Limited, CANDT Trading and Technical Services Company Limited, Caltek Electronic Joint Stock Company, Techmaster Electronics J.S.C... 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.

## II. OUTSTANDING ACHIEVEMENTS IN HEALTH – SAFETY – ENVIRONMENT – QUALITY ACTIVITIES IN 2021 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; Joint venture PVD - Baker Hughes applies the Global System of the Holding Company.

No 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 14 consecutive years of safe operation without Lost Time Incident (Zero LTI) on 10/3/2021.
- » PV DRILLING II got 12 consecutive years of safe operation with Zero LTI on 15/9/2021.
- » PV DRILLING III got 2 consecutive years of safe operation with Zero LTI on 07/12/2021.
- » PV DRILLING VI got 6 consecutive years of safe operation with Zero LTI on 28/02/2021.
- » PV DRILLING V got 9 consecutive years of safe operation with Zero LTI on 03/12/2021.
- » PV DRILLING 11 got 5 consecutive years of safe operation with Zero LTI on 01/7/2021.

It can be said that the above fantastic achievements have significantly contributed to enhancing the reputation and image of PV Drilling on the international market, creating a solid foundation for the Corporation to implement the strategy of providing drilling and drilling - related services to ASEAN countries and around the world.

## RELATIONSHIPS WITH THE STATE AND LEGAL COMPLIANCE ACTIVITIES

The relationship between the State, enterprises and people is a dialectical relationship, interacting with each other. In which, the State creates a convenient, transparent and open business environment. It also provides sanctions, examinations, supervision, orientation and the lead for operating Enterprises. On the basis of the State's orientation, effective production and business strategy is helpful in making jobs and making products and goods to promote economic growth. Citizens obey the law and fulfill their obligations and rights. Therefore, good relationship between the State, enterprises and citizens will create motivation for enterprises to effectively mobilize and use resources in production and business. Creating jobs and income for people contributes to improve people's quality of life caused them be excited to participate in production. The qualifications, skills and creativity of workers is more and more increasing that meets the requirements of enterprises. So, it will promote the country's development to be in progress of modernity. On the contrary, bad relationship between the State, enterprises and the people will not create the motivation to attract start-ups, even leading to mass bankruptcy, and the people will not be able to promote their capacity for dedication. This leads to a stagnant economy, no growth, and instability of social.

For PV Drilling, well obligations to the State is fulfilling social responsibilities and ensuring the interests of the State. Over the years, with the motto of obeying law, PV Drilling always takes its responsibility very seriously in all activities such as paying taxes, fees and charges and social insurance contribution. We aim to contribute to the development of the country.

### For government and state agencies:

PV Drilling has continued and developed these activities in 2022:

- » Regularly interface with relevant government agencies. 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.

- » Dialogue with state agencies to contribute and improve seminars, new policies that are about to be issued such as accounting policies, policies on depreciation of fixed assets, guidance on the Tax Administration Law, environmental protection tax policy, personal income tax...
- » 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.
- » Do not perform acts of bribery to gain special incentives and benefits from the government or state agencies.
- » 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.

The COVID-19 pandemic has very complicated and unpredictable developments. In Vietnam, the fourth outbreak of the disease caused by the fast-spreading Delta variant has had a great impact on all aspects of socio-economic life, production and business activities of enterprises and people. This pandemic spread out in the world including of most provinces and cities, especially in Ho Chi Minh City, Hanoi, Bac Giang, Bac Ninh, Binh Duong, Dong Nai which have been densely populated places, industrial parks, export processing zones and large enterprises. Most businesses that have to temporarily suspend business or work online from home are seriously affected. PV Drilling is also not one of the enterprises affected by Covid-19 pandemic. With all the efforts of the Board of Directors and all employees, although they have to work online from home, they still ensure the quality of work as well as the quality of services provided to customers. This has partly eased difficulties for PV

Drilling in 2021 when being completely locked down for 6 months because of Covid-19 pandemic.

Specifically in 2021, PV Drilling achieved 4,314 billion VND of revenue, equivalent to decreasing 24% compared to 2020. Net profit after taxes reached VND 37 million compared to the break-even plan assigned by the

General Meeting of Shareholders, down 80% compared to the same period last year. Tax payment to the state budget in 2021 is lower than in previous years, but this shows the great efforts of the whole Corporation in continuing to contribute to the state budget in the context of extremely difficult market conditions.

### Details of tax amount PV Drilling has contributed to the state budget in 2021:

Items	Paid in 2021	Paid in 2020	Inc/Dec %
Value Added Tax	109,773,028,545	142,661,670,975	-23%
Imported duties	28,520,937,835	21,430,394,529	33%
Corporate income tax	47,125,091,870	37,965,023,937	24%
Personal income tax	164,738,654,675	166,625,433,132	-1%
Others	92,727,523,105	305,234,475,255	-70%
<b>Total</b>	<b>442,885,236,030</b>	<b>673,916,997,828</b>	<b>-34%</b>

### Developing a sustainable relationship with the State:

Oil and gas are important industries for politics, economy (especially marine economy) and national security and defense that are general economic sectors. They are relevant to central and local that plays important roles in extensive international cooperation, industrial, financial - commercial production with high science and technology and service nature. Therefore, PV Drilling not only has made significant contributions to the business results of the Vietnam Oil and Gas Group, to the development of Vietnam's oil and gas industry, but has also been researching and applying policies, make contributions and recommendations to state agencies in order to improve policies applied to economic organizations as follows:

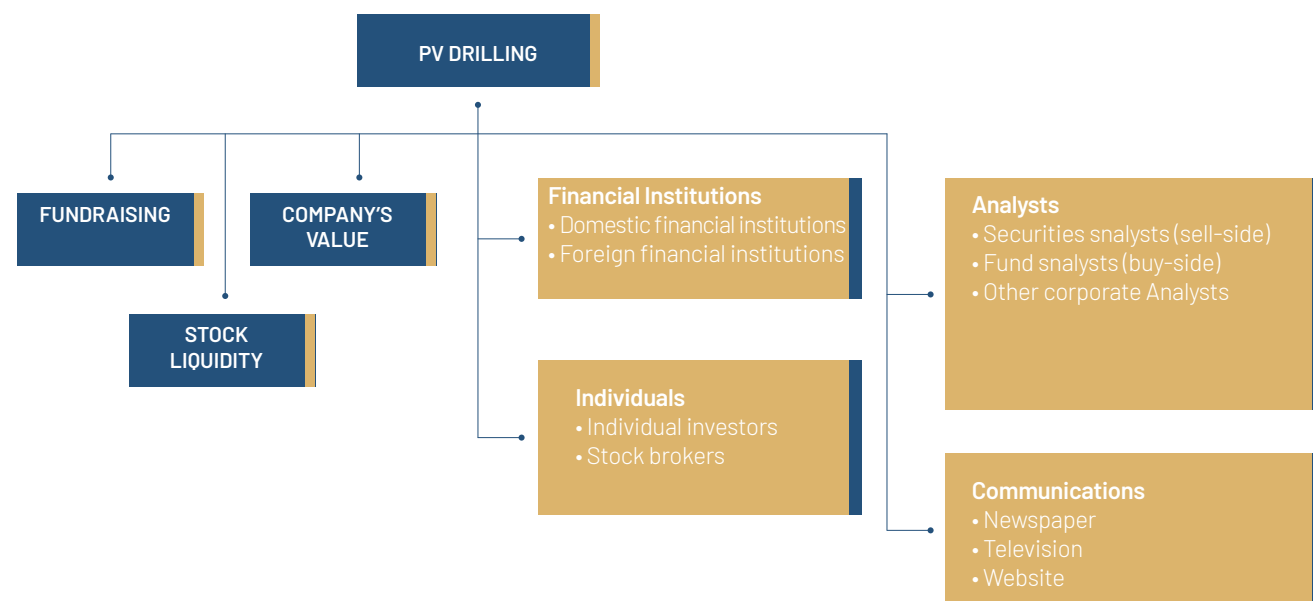
- » Recommend to the General Department of Customs on import and export policies, import and export, on-site transfer.
- » Contributed comments on draft Decrees and Circulars on policies that are about to be promulgated such as: fixed asset depreciation regime, Environmental protection tax policy, personal income tax, use tax non-agricultural land use...
- » Has been studying international practices, proposing and contributing preferential policies, increasing the localization rate like some countries in the region in order to support domestic oil and gas enterprises to improve their capabilities. competition in Vietnam.

- » 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.
- » Studying the road-map to apply IFRS standards under the Project "Applying International Financial Reporting Standards to Vietnam" of the Ministry of Finance to develop solutions and prepare a plan to convert financial statements according to IFRS at PV Drilling, expected time to apply 2025.

Entering 2022, the oil and gas market is forecast to face many difficulties when the balance of supply and demand has not been achieved. With the current bravery and enthusiasm, PV Drilling will continue to overcome difficulties and challenges in the future. In the current period, we have successfully completed the next goals and continued to make contributions and recommendations on policies to contribute to the overall socio-economic development of the whole country.



# INVESTOR RELATIONS



## INVESTOR RELATIONS POLICY

In recent years, Vietnam's stock market has witnessed a strong development, continuously setting new records in both index and trading value when market liquidity increased sharply to over 1 billion USD per day. In the context that Vietnam's capital market attracts the attention of domestic and foreign investors, PV Drilling receives a lot of attention from organizations and individuals who come to learn about the business. As a long-time listed large-cap company, PV Drilling understands the important role in building corporate image and building corporate brand value through professional investor relations activities. It has been 16 years since the first day listed on HOSE, 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. As a result, PV Drilling is evaluated by all related stakeholders as one of the most professional companies having effective investor relations activities. 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 2021

In 2021, in the context of the Covid-19 pandemic, 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 addition, in 2021, PV Drilling has participated in conducting surveys related to the topic of environment - governance - society (ESG) conducted by European investment funds. By discussion, Investor Relations team has been developing an investor relations strategy that integrates ESG policies to business activities, in order to provide a comprehensive story of PV Drilling's operations to stakeholders.

From the early 2021, PV focused on meeting online in order to deliver the information of financial statement, business result, business forecast in 2021, potential drilling 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 the different situations such as online meeting or conference calls. These events have 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 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 audited financial statement in the context of complying with regulations on information disclosure under Circular No.96/2020/TT-BTC.



# INVESTOR RELATIONS (continued)

## DIVIDEND PAYMENT PROCEDURE

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,

## INVESTOR RELATIONS ACTIVITIES IN 2022

In order to improve the efficiency and professionalism of investor relations activities, PV Drilling is implementing some tasks in 2022 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.
- » Prepare documents of Environmental, Social and Governance and integrate to Investor relations strategy
- » 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 (8/2019).

**Investor relations: Mr. Do Danh Rang (CFO)**

**Email: [IR@pvdrilling.com.vn](mailto:IR@pvdrilling.com.vn)**

**Contact: + 84-28-3914 2012**







# 06

## 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 2021.

### 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. Mai The Toan	Chairman (appointed on 04 August 2021)
Mr. Pham Tien Dung	Chairman (resigned on 04 August 2021)
Mr. Do Duc Chien	Vice Chairman
Mr. Nguyen Xuan Cuong	Member
Mr. Nguyen Van Toan	Member
Mr. Van Duc Tong	Member
Mr. Hoang Xuan Quoc	Member
Mr. Vu Thuy Tuong	Member (appointed on 04 August 2021)
Ms. Nguyen Thi Thuy	Member (resigned on 04 August 2021)

#### 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 (resigned on 22 December 2021)
Mr. Ho Vu Hai	Vice President
Mr. Do Danh Rang	Vice President
Mr. Nguyen Cong Doan	Vice President
Mr. Nguyen The Son	Vice President (appointed on 16 February 2022)

### 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 2021, which give a true and fair view of the consolidated financial position of the Company as at 31 December 2021, 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. 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**  
29 March 2022



# INDEPENDENT AUDITORS' REPORT

No.: 0553/VN1A-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 29 March 2022 as set out from page 5 to page 52 which comprise the consolidated balance sheet as at 31 December 2021, 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.

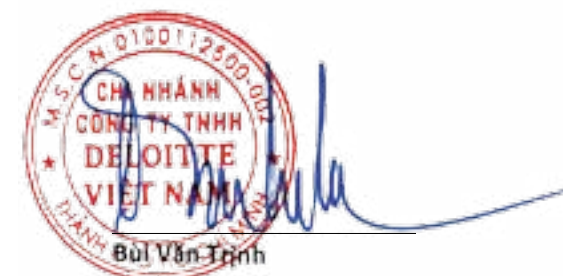
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## 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 2021 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.

## Other matter

The Company has prepared a set of consolidated financial statements for the year ended 31 December 2021 in United States Dollar which is its functional currency, in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting, on which we issued an independent auditors' report dated 29 March 2022 expressing an unqualified opinion.



**Bùi Văn Tĩnh**  
**Audit Partner**

Audit Practising Registration Certificate  
No. 1808-2018-001-1

**BRANCH OF DELOITTE VIETNAM COMPANY LIMITED**

29 March 2022

Hồ Chí Minh City, S.R. Vietnam



**Ton That Tien**  
**Auditor**

Audit Practising Registration Certificate  
No. 4326-2018-001-1

## CONSOLIDATED BALANCE SHEET

As at 31 December 2021

FORM B 01-DN/HN  
Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>5,428,797,240,960</b>	<b>5,107,391,677,605</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>1,130,703,090,240</b>	<b>925,196,651,735</b>
1. Cash	111		768,120,048,960	885,136,644,480
2. Cash equivalents	112		362,583,041,280	40,060,007,255
<b>II. Short-term financial investments</b>	<b>120</b>		<b>1,544,250,741,200</b>	<b>1,195,960,822,115</b>
1. Held-to-maturity investments	123	5	1,544,250,741,200	1,195,960,822,115
<b>III. Short-term receivables</b>	<b>130</b>		<b>1,935,799,443,760</b>	<b>1,949,493,904,595</b>
1. Short-term trade receivables	131	6	1,311,560,013,440	861,176,144,250
2. Short-term advances to suppliers	132		67,452,597,200	414,092,823,800
3. Other short-term receivables	136	7	644,155,136,480	768,235,447,650
4. Provision for short-term doubtful debts	137	6	(87,368,303,360)	(94,010,511,105)
<b>IV. Inventories</b>	<b>140</b>	<b>8</b>	<b>757,836,145,920</b>	<b>958,938,457,945</b>
1. Inventories	141		883,229,212,240	1,095,186,221,470
2. Provision for devaluation of inventories	149		(125,393,066,320)	(136,247,763,525)
<b>V. Other short-term assets</b>	<b>150</b>		<b>60,207,819,840</b>	<b>77,801,841,215</b>
1. Short-term prepayments	151		50,138,589,280	7,040,739,890
2. Value added tax deductibles	152		8,440,825,920	67,201,779,195
3. Taxes and other receivables from the State budget	153	16	1,628,404,640	3,559,322,130
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>15,332,405,243,200</b>	<b>15,748,798,528,055</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>50,362,046,080</b>	<b>14,494,405,190</b>
1. Other long-term receivables	216		50,362,046,080	14,494,405,190
<b>II. Fixed assets</b>	<b>220</b>		<b>12,961,890,042,800</b>	<b>13,496,287,352,850</b>
1. Tangible fixed assets	221	9	12,784,902,046,560	13,321,630,546,590
- Cost	222		23,187,118,919,200	23,360,545,984,345
- Accumulated depreciation	223		(10,402,216,872,640)	(10,038,915,437,755)
2. Intangible assets	227	10	176,987,996,240	174,656,806,260
- Cost	228		311,128,502,000	298,541,501,005
- Accumulated amortisation	229		(134,140,505,760)	(123,884,694,745)
<b>III. Long-term assets in progress</b>	<b>240</b>		<b>920,902,330,720</b>	<b>216,844,602,535</b>
1. Construction in progress	242	11	920,902,330,720	216,844,602,535
<b>IV. Long-term financial investments</b>	<b>250</b>		<b>601,847,655,280</b>	<b>1,788,950,711,940</b>
1. Investments in joint-ventures	252	12	601,847,655,280	698,717,775,625
2. Held-to-maturity investments	255	5	-	1,090,232,936,315
<b>V. Other long-term assets</b>	<b>260</b>		<b>797,403,168,320</b>	<b>232,221,455,540</b>
1. Long-term prepayments	261	13	633,264,730,480	84,137,525,825
2. Deferred tax assets	262	14	164,138,437,840	148,083,929,715
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>20,761,202,484,160</b>	<b>20,856,190,205,660</b>

## CONSOLIDATED BALANCE SHEET (continued)

As at 31 December 2021

FORM B 01-DN/HN  
Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
<b>C. LIABILITIES</b>	<b>300</b>		<b>6,929,622,017,040</b>	<b>6,814,172,858,945</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>3,030,445,254,960</b>	<b>2,798,539,771,775</b>
1. Short-term trade payables	311	15	779,809,714,880	696,166,257,780
2. Short-term advances from customers	312		15,608,219,760	22,505,678,735
3. Taxes and amounts payable to the State budget	313	16	88,263,285,200	48,300,732,435
4. Payables to employees	314		130,127,928,000	127,581,466,720
5. Short-term accrued expenses	315	17	497,363,489,280	283,662,572,560
6. Other current payables	319	18	369,553,580,320	333,345,957,835
7. Short-term loans	320	19	748,408,238,640	634,897,534,430
8. Short-term provisions	321	20	297,839,455,920	529,125,029,835
9. Bonus and welfare funds	322		103,471,342,960	122,954,541,445
<b>II. Long-term liabilities</b>	<b>330</b>		<b>3,899,176,762,080</b>	<b>4,015,633,087,170</b>
1. Other long-term payables	337	25	474,294,076,400	476,436,936,125
2. Long-term loans	338	21	3,205,703,464,640	3,230,533,923,335
3. Long-term provisions	342	22	127,557,472,960	154,424,129,185
4. Scientific and technological development fund	343	23	91,621,748,080	154,238,098,525
<b>D. EQUITY</b>	<b>400</b>		<b>13,831,580,467,120</b>	<b>14,042,017,346,715</b>
<b>I. Owners' equity</b>	<b>410</b>	<b>24</b>	<b>13,831,580,467,120</b>	<b>14,042,017,346,715</b>
1. Owners' 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		1,450,764,484,622	1,638,002,496,237
5. Investment and development fund	418		3,589,768,966,060	3,589,677,032,350
6. Retained earnings	421		1,922,901,754,595	1,937,943,722,530
- Retained earnings accumulated to the prior year end	421a		1,937,943,722,530	1,837,222,903,339
- (Loss)/retained earnings of the current year	421b		(15,041,967,935)	100,720,819,191
7. Non-controlling interests	429	25	239,549,557,030	247,798,390,785
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>20,761,202,484,160</b>	<b>20,856,190,205,660</b>



Nguyen Xuan Cuong  
President  
29 March 2022



Nguyen Ngoc Truong  
Chief Accountant



Tran Kim Hoang  
Preparer



## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

FORM B 02-DN/HN

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01		3,995,471,964,670	5,228,638,834,323
<b>2. Net revenue from goods sold and services rendered (10=01)</b>	<b>10</b>	<b>28</b>	<b>3,995,471,964,670</b>	<b>5,228,638,834,323</b>
3. Cost of sales	11	29	3,624,231,518,305	4,899,843,841,029
<b>4. Gross profit from goods sold and services rendered (20=10-11)</b>	<b>20</b>		<b>371,240,446,365</b>	<b>328,794,993,294</b>
5. Financial income	21	31	163,817,011,240	157,249,532,793
6. Financial expenses	22	32	170,854,507,055	201,037,635,156
- In which: Interest expense	23		109,283,560,320	118,896,544,398
7. Income from investments in joint ventures	24	12	103,585,930,965	216,407,722,962
8. Selling expenses	25		12,925,934,430	16,370,720,328
9. General and administration expenses	26	33	385,609,141,765	311,282,604,552
<b>10. Operating profit (30=20+(21-22)+(24-(25+26))</b>	<b>30</b>		<b>69,253,805,320</b>	<b>173,761,289,013</b>
11. Other income	31	34	51,561,635,515	79,717,991,343
12. Other expenses	32	35	58,316,160,010	49,836,555,774
<b>13. (Loss)/Profit from other activities (40=31-32)</b>	<b>40</b>		<b>(6,754,524,495)</b>	<b>29,881,435,569</b>
<b>14. Accounting profit before tax (50=30+40)</b>	<b>50</b>		<b>62,499,280,825</b>	<b>203,642,724,582</b>
15. Current corporate income tax expense	51	36	43,888,070,775	43,080,862,464
16. Deferred corporate tax income	52	14	(18,158,757,360)	(23,262,286,857)
<b>17. Net profit after corporate income tax (60=50-51-52)</b>	<b>60</b>		<b>36,769,967,410</b>	<b>183,824,148,975</b>
<b>Attributable to:</b>				
- The Company's shareholders	61		19,553,861,685	186,494,200,107
- Non-controlling interests/(loss) and Interests of partners in Business Cooperation Contract	62	25	17,216,105,725	(2,670,051,132)
<b>18. Basic (loss)/earnings per share</b>	<b>70</b>	<b>37</b>	<b>(36)</b>	<b>282</b>

Nguyen Xuan Cuong  
President  
29 March 2022

Nguyen Ngoc Truong  
Chief Accountant

Tran Kim Hoang  
Preparer

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2021

FORM B 03-DN/HN

Unit: VND

ITEMS	Codes	Current year	Prior year
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>1. Profit before tax</b>	<b>01</b>	<b>62,499,280,825</b>	<b>203,642,724,582</b>
<b>2. Adjustments for:</b>			
Depreciation and amortisation	02	534,408,144,380	488,324,043,000
Provisions	03	16,008,294,070	46,517,903,590
Foreign exchange gain arising from translating foreign currency items	04	(28,488,169,610)	(9,141,612,219)
Gain from investing activities	05	(226,232,807,305)	(325,276,157,049)
Interest expense	06	109,283,560,320	118,896,544,398
Other adjustments	07	(45,806,629,114)	(13,378,742,209)
<b>3. Operating profit before movements in working capital</b>	<b>08</b>	<b>421,671,673,566</b>	<b>509,584,704,093</b>
Changes in receivables	09	(289,168,031,115)	399,946,952,580
Changes in inventories	10	194,840,802,085	(147,449,482,983)
Changes in payables	11	271,446,221,480	(371,937,923,589)
Changes in prepaid expenses	12	(796,489,572,515)	(41,850,803,532)
Interest paid	14	(78,251,640,215)	(105,347,213,289)
Corporate income tax paid	15	(47,125,091,870)	(37,965,023,937)
Other cash outflows	17	(53,326,872,355)	(40,778,703,873)
<b>Net cash (used in)/generated by operating activities</b>	<b>20</b>	<b>(376,402,510,939)</b>	<b>164,202,505,470</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(608,266,399,100)	(578,666,769,075)
2. Proceeds from sale, disposal of fixed asset and other long-term assets	22	17,171,920	353,631,525
3. Cash outflow for buying debt instruments of other entities	23	(557,756,520,548)	(2,043,133,137,326)
4. Cash recovered from lending, selling debt instruments of other entities	24	1,299,307,601,463	1,213,619,128,859
5. Interest earned, dividends and profits received	27	323,723,460,225	152,354,346,447
<b>Net cash generated by/(used in) investing activities</b>	<b>30</b>	<b>457,025,313,960</b>	<b>(1,255,472,799,570)</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from borrowings	33	346,154,280,725	260,240,437,302
2. Repayment of borrowings	34	(192,159,813,240)	(130,686,376,356)
3. Dividends and profits paid	36	(2,792,342,000)	(2,792,342,000)
<b>Net cash generated by financing activities</b>	<b>40</b>	<b>151,202,125,485</b>	<b>126,761,718,946</b>
<b>Net decreases in cash (50=20+30+40)</b>	<b>50</b>	<b>231,824,928,506</b>	<b>(964,508,575,154)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>925,196,651,735</b>	<b>1,890,029,157,920</b>
Effects of changes in foreign exchange rates	61	4,312,047,225	(1,834,647,297)
Foreign exchange differences from translation	62	(30,630,537,226)	1,510,716,266
<b>Cash and cash equivalents at the end of the year (70=50+60+61)</b>	<b>70</b>	<b>1,130,703,090,240</b>	<b>925,196,651,735</b>

Nguyen Xuan Cuong  
President  
29 March 2022

Nguyen Ngoc Truong  
Chief Accountant

Tran Kim Hoang  
Preparer

www.pvdrilling.com.vn

# 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

## 1. 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 4 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/QĐ-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, PV DRILLING II and PV DRILLING III.
- » PVD Drilling Investment Division (“PVD Invest”) was established in accordance with the Decision No.06/12/QĐ-HĐQT dated 30 December 2009 issued by the Board of Directors 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/QĐ-HĐQT dated 2 March 2006 issued by the Board of Directors 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 11.
- » Myanmar Branch was established in accordance with the Decision No.01/03/2015/QĐ-HĐQT dated 4 March 2015 issued by the Board of Directors 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-HĐQT dated 17 October 2017 issued by the Board of Directors and Establishment Certificate No. 1461/CNDK-SCT dated 25 September 2017 issued by the Industry and Trade Department of Ho Chi Minh City. The Malaysia Branch’s registered office is located at 22.03, Level 22, Menara TA One, 22, Jalan P.Ramlee, 50250 Kuala Lumpur, Malaysia.
- » Brunei Branch was established in accordance with Decision No.02/02/2020/NQ-HĐQT dated 25 February 2020 issued by the Board of Directorss 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.

# 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**  
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The number of employees of the Company and its subsidiaries as at 31 December 2021 was 429 and 1,687 respectively (as at 31 December 2020: 404 and 1,607).

#### 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, Vietnam. PVD Offshore is principally engaged in providing manufacture repair, inspection and maintenance of equipment and facilities of oil and gas industry; manpower supply service related to drilling, oil and gas exploitation for domestic and foreign contractors; consultancy in environmental impact assessment, rescue plan for oil spills for 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, 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 at 4th Floor, PVFCCo Building, 43 Mac Dinh Chi Street, Da Kao Ward, District 1, Ho Chi Minh City, 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 latest Amended Business Registration Certificate No.0305124602 dated 25 February 2022 issued by DPI of Ho Chi Minh City. PVD Tech’s registered office is located at 10th Floor, Phuoc Thanh Building, 199 Dien Bien Phu Street, Ward 15, Binh Thanh District, Ho Chi Minh City, Vietnam. PVD Tech is principally engaged in providing materials and equipment for the oil and gas industry and other industries, services on installation, 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, 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 for lease.

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, 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 drilling rig: PV DRILLING V.



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

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 4 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 drilling rig: PV DRILLING VI.

Detailed information about capital contribution status and investment value in subsidiaries of the Company as at 31 December 2021 and 31 December 2020 are as follows:

Name of subsidiaries	Closing balance				Opening balance			
	Proportion of ownership interest/ voting power held	Registered charter capital	Contributed charter capital	Investment value	Proportion of ownership interest/ voting power held	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	450,000,000,000 VND	21,049,065
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
				131,304,629				131,304,629

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 Vietnam as a joint venture company under 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, 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 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 5th Floor, Cantavil An Phu Center, No 1 Song Hanh Street, An Phu Ward, Thu Duc City, Ho Chi Minh City, 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 completement 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 under the Investment Certificate No.492022000134 dated 7 October 2008 issued by the Board of Directors 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, 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

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

deep water regions in 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 in Vietnam under the Investment Certificate No.492022000111 dated 15 February 1995 issued by the Board of Directors 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, 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.

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’s registered office is located at 65A 30/4 Street, Thang Nhat Ward, Vung Tau City, Ba Ria - Vung Tau Province, 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 who have experience 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 Vietnam as a joint venture company under the Investment Certificate No.492022000217 dated 24 November 2011 issued by the Board of Directors of Industrial Zone of Ba Ria - Vung Tau Province. PVD-OSI’s registered office is located at Street 11, Phu My Industrial Zone, Tan Thanh District, Ba Ria - Vung Tau Province, 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 consolidated financial statements

Covid-19 pandemic has been causing an economic recession and bad effects for most businesses in many industries. The Board of Management assessed the impact of Covid-19 on the financial and operation performance of the Company, besides, following the Government’s supportive policies to take all appropriate plan in order to limit the negative impact of the pandemic on the Group’s operations in the financial year. The Board of Management also believes that Covid-19 will not affect the Group’s ability to continue as a going concern.

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 2020 (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 2020 (the “Prior year”).

# 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

## 2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

### Accounting convention

The Group uses United States Dollar (USD) as currency unit. The Board of Management believe that the use of USD as currency unit is necessary to reflect the economic substance of the underlying events and circumstances relevant to of the Group's business operations. Pursuant to prevailing accounting regulations in Vietnam, the Company converted its audited consolidated financial statements for the year ended 31 December 2021 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 2021 of 22,640 VND/USD (the remittance rate of the Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh Branch, where that the Company has frequent transactions during the period 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 22,835 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

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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.

### 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.



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### 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.

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 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

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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 that are 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 is amortised using the straight-line method over their estimated useful lives from three to 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, 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.

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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.

### Prepayments

Prepayments comprise tools, spare parts incurred, insurance premium 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 premium have been capitalized as prepayments and allocated to the consolidated 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 1 of 2022.

### Accrued expenses

Accrued expenses include accruals for operation of rigs 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 recognition

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

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

Revenue of a transaction involving the rendering of services is 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:

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

Interest income is recorded on accrual basis, by reference to the principal outstanding and at the applicable interest rate.

Dividend income from investments is recognised when the Group’s right to receive payment has been established.

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### 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 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 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 year, 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 arising on the translation of unallocated goodwill are charged to the Company and are presented in the “Foreign exchange reserve” item with code 417 under the “Owners’ Equity” section in the consolidated balance sheet.

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 income for the year. Taxable income differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or



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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 income 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.

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	4,455,497,890	5,691,994,570
Bank demand deposits	763,664,551,070	879,444,649,910
Cash equivalents	362,583,041,280	40,060,007,255
	1,130,703,090,240	925,196,651,735

Cash equivalents represent time deposits with the term of three months or less.

As at 31 December 2021, the Group had demand deposits and time deposits of less than 3 months of VND 11,811,381,880 (including USD 488,281 and VND 522,333,946) kept at Ocean Commercial One Member Limited Liability Bank (as at 31 December 2020: VND 20,433,541,284 including USD 488,281 and VND 9,185,997,202).

## 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	1,544,250,741,200	1,544,250,741,200	1,195,960,822,115	1,195,960,822,115
<b>b. Non-current</b>				
-Time deposits	-	-	1,090,232,936,315	1,090,232,936,315

Held-to-maturity investments as at 31 December 2021 represent time deposits by Viet Nam Dong at commercial banks which expire in more than 3 months and bear changeable interest rates notified by the banks at regular intervals.

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In respect of some of the above time deposit contracts, the Group had entered into Cross Currency Swap contracts with commercial banks to swap for USD 30,649,000 which was equivalent to VND 746,622,311,573 at maturity (as at 31 December 2020: USD 73,190,000 which was equivalent to VND 1,780,618,196,065).

As at 31 December 2021, the Group had over-three-month time deposits of USD 5,298,757, equivalent to VND 119,963,868,053, at Ocean Commercial One Member Limited Liability Bank (as at 31 December 2020: USD 4,832,352, equivalent to VND 111,313,225,791).

## 6. SHORT-TERM TRADE RECEIVABLES

	Closing balance	Opening balance
	VND	VND
Idemitsu Gas Production (Vietnam) Co., Ltd.	243,115,361,040	12,215,299,255
Cuu Long Joint Operating Company	162,520,696,640	7,460,437,590
Receivables from other customers	905,923,955,760	841,500,407,405
	1,311,560,013,440	861,176,144,250

Short-term trade receivables from related parties: see Note 41.

	Closing balance		Opening balance	
		VND		VND
	Overdue debt (Cost)	Provision	Overdue debt (Cost)	Provision
KrisEnergy (Apsara) Company Limited (*) PetroVietnam Domestic	89,187,110,400	(26,756,133,120)	-	-
Exploration Production Operating Company Limited	44,786,017,840	(22,555,937,680)	45,258,960,685	(45,253,224,970)
PetroVietnam Exploration Production Corporation	9,167,897,787	(9,167,886,880)	28,887,502,450	(28,185,879,385)
Destini Oil Services Sdn Bhd	25,732,940,960	(20,586,348,240)	16,246,078,730	(12,968,958,385)
Other customers	15,794,388,480	(8,301,997,440)	20,377,382,945	(7,602,448,365)
	184,668,355,467	(87,368,303,360)	110,769,924,810	(94,010,511,105)

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(\*) In 2020, the Company and KrisEnergy (Apsara) Company Limited (“KrisEnergy Apsara”) signed a drilling service contract of PV DRILLING III for phase 1A, Apsara field development campaign in Block A, Cambodia. The drilling campaign ended on 12 February 2021. The Apsara development campaign’s ownership structure including: (i) KrisEnergy Apsara (71.25%); (ii) KrisEnergy (Cambodia) Co.Ltd (23.75%) and the Government of Cambodia (5%), in which KrisEnergy Apsara is the operator of the project.

On 4 June 2021, KrisEnergy Limited, incorporated in Singapore - the Parent company of KrisEnergy Apsara and KrisEnergy (Cambodia) Ltd filed an application to the court in Cayman Island for the dissolution of the company due to difficult financial situation. In view of KrisEnergy Limited’s application for dissolution, on 8 June 2021, Borrelli Walsh Ltd was appointed by Keppel Corporation, KrisEnergy Apsara’s creditor, as receiver and management entity of the shares and assets of KrisEnergy Apsara. The balance of receivables with KrisEnergy Apsara as at 31 December 2021 is USD 3,939,360, equivalent to VND 89,187,110,400.

As at the date of these consolidated financial statements, the Group has been working with KrisEnergy Apsara and Borrelli Walsh Ltd to collect receivables, as well as contacting Kepple Corporation, the Cambodian Ministry of Mines and Energy, and the Vietnam Embassy in Cambodia for support. In order to ensure prudence principle and and financial safety regarding the receivables from KrisEnergy Apsara, the Board of Management decided to make provision for bad debts from KrisEnergy Apsara at 30% of the total receivables as at 31 December 2021.

## 7. OTHER SHORT-TERM RECEIVABLES

	Closing balance	Opening balance
	VND	VND
Interest income receivables	84,810,572,000	83,838,600,630
Receivables related to profits declared (see at Note 41)	73,301,392,160	86,700,008,330
Receivables from employees	288,184,560	1,004,625,455
Deposits	149,023,113,520	259,745,608,480
Advanced payment of withholding tax in Malaysia branch	292,553,989,440	293,561,357,040
Other receivables	44,177,884,800	43,385,247,715
	<b>644,155,136,480</b>	<b>768,235,447,650</b>

## 8. INVENTORIES

	Closing balance		Opening balance	
	VND	VND	VND	VND
	Cost	Provision	Cost	Provision
Goods in transit	8,949,727,840	-	53,863,062,990	-
Raw materials	713,374,830,960	(125,393,066,320)	694,859,781,685	(136,247,763,525)
Tools and supplies	111,318,231,120	-	125,945,751,370	-
Work in progress	29,849,708,000	-	30,393,369,505	-
Merchandise	19,736,714,320	-	187,141,085,210	-
Goods on consignment	-	-	2,983,170,710	-
	<b>883,229,212,240</b>	<b>(125,393,066,320)</b>	<b>1,095,186,221,470</b>	<b>(136,247,763,525)</b>

During the year ended 31 December 2021, the Group reverted provision for devaluation of inventories with the amount of VND 8,591,714,420, as a result of the Company’s reassessment on the current status and the economic benefit in the future of the inventories (2020: the Group made a provision of VND 19,720,212,245).

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## 9. 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	382,123,837,260	22,827,620,525,035	72,357,150,405	76,918,702,350	1,525,769,295	23,360,545,984,345
Additions	51,860,705,510	105,352,149,710	6,872,307,425	5,201,082,280	-	169,286,244,925
Disposals	-	(13,016,406,700)	(1,265,287,350)	(988,435,810)	-	(15,270,129,860)
Other decrease	-	(206,702,420)	-	-	-	(206,702,420)
Foreign exchange differences	(6,115,869,250)	(319,185,842,025)	(995,958,640)	(919,526,820)	(19,281,055)	(327,236,477,790)
Closing balance	427,868,673,520	22,600,563,723,600	76,968,211,840	80,211,822,000	1,506,488,240	23,187,118,919,200
<b>ACCUMULATED DEPRECIATION</b>						
Opening 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
Charge for the year	9,897,031,525	514,521,896,435	3,468,065,625	1,610,210,025	47,428,295	529,544,631,905
Disposals	-	(13,016,406,700)	(1,265,287,350)	(988,435,810)	-	(15,270,129,860)
Other decrease	-	(206,702,420)	-	-	-	(206,702,420)
Foreign exchange differences	(2,594,424,145)	(146,401,399,700)	(883,778,500)	(867,423,760)	(19,338,635)	(150,766,364,740)
Closing balance	196,281,102,400	10,065,578,863,840	66,229,856,080	72,795,456,080	1,331,594,240	10,402,216,872,640
<b>NET BOOK VALUE</b>						
Opening balance	<b>193,145,342,240</b>	<b>13,116,939,048,810</b>	<b>7,446,294,100</b>	<b>3,877,596,725</b>	<b>222,264,715</b>	<b>13,321,630,546,590</b>
Closing balance	<b>231,587,571,120</b>	<b>12,534,984,859,760</b>	<b>10,738,355,760</b>	<b>7,416,365,920</b>	<b>174,894,000</b>	<b>12,784,902,046,560</b>

As stated in Note 21, the Group has pledged some tangible fixed assets which are drilling rigs PV DRILLING V and PV DRILLING VI with the carrying amount of VND 6,713,260,910,000 as at 31 December 2021 (as at 31 December 2020: VND 6,908,696,705,025) as collaterals for the Group’s loans.

As at 31 December 2021, the original drilling equipment set of the drilling rig PV DRILLING V had been dismantled completely since 31 December 2020 for the reactivation of the drilling rig PV DRILLING V and assembly of new drilling equipment set built by PVD Tech. Meanwhile, the Group is seeking for new drilling contracts to use the existing drilling equipment set.

As at 31 December 2021, the cost of the Group’s tangible fixed assets which have been fully depreciated but are still in use is VND 1,762,031,461,479 (as at 31 December 2020: VND 1,508,389,203,220).

Depreciation charged for the year included VND 7,438,312,795 of depreciation of fixed assets constructed and purchased by Scientific and Technological Development Fund for the purpose of scientific and technological developmental researches (2020: VND 15,637,062,951).

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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## 10. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights	Computer software	Total
	VND	VND	VND
<b>COST</b>			
Opening balance	196,246,383,045	102,295,117,960	298,541,501,005
Additions	-	16,723,166,580	16,723,166,580
Disposal	-	(144,956,580)	(144,956,580)
Foreign exchange differences	(2,418,143,525)	(1,573,065,480)	(3,991,209,005)
Closing balance	193,828,239,520	117,300,262,480	311,128,502,000
<b>ACCUMULATED AMORTISATION</b>			
Opening balance	39,761,842,215	84,122,852,530	123,884,694,745
Charge for the year	4,110,825,205	8,255,743,065	12,366,568,270
Disposal	-	(144,956,580)	(144,956,580)
Foreign exchange differences	(553,925,340)	(1,411,875,335)	(1,965,800,675)
Closing balance	43,318,742,080	90,821,763,680	134,140,505,760
<b>NET BOOK VALUE</b>			
<b>Opening balance</b>	<b>156,484,540,830</b>	<b>18,172,265,430</b>	<b>174,656,806,260</b>
<b>Closing balance</b>	<b>150,509,497,440</b>	<b>26,478,498,800</b>	<b>176,987,996,240</b>

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 2021, the cost of the Group's intangible fixed assets which have been fully amortized but are still in use is VND 75,247,126,285 (as at 31 December 2020: VND 74,572,219,040).

## 11. CONSTRUCTION IN PROGRESS

	Closing balance	Opening balance
	VND	VND
New drilling equipment set (DES)	815,954,723,920	188,408,516,980
Other construction works	104,947,606,800	28,436,085,555
	<b>920,902,330,720</b>	<b>216,844,602,535</b>

As mentioned in Note 21, 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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## 12. 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	81,269,155,280	80,267,069,950
PVD-Expro	58,733,344,560	68,762,861,145
PVD Tubulars	51,907,112,880	50,252,096,390
PVD-Baker Hughes	265,719,725,680	348,996,420,570
Vietubes	96,695,666,400	90,321,824,415
PVD-OSI	47,522,650,480	60,117,503,155
	<b>601,847,655,280</b>	<b>698,717,775,625</b>

The movement of the investments in joint ventures 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	80,267,069,950	2,398,976,595	-	(1,396,891,265)	81,269,155,280
PVD-Expro	68,762,861,145	364,218,250	(10,393,738,445)	3,610	58,733,344,560
PVD Tubulars	50,252,096,390	2,538,407,105	-	(883,390,615)	51,907,112,880
PVD-Baker Hughes	348,996,420,570	96,397,198,945	(174,355,089,720)	(5,318,804,115)	265,719,725,680
Vietubes	90,321,824,415	7,810,688,915	-	(1,436,846,930)	96,695,666,400
PVD-OSI	60,117,503,155	(5,923,558,845)	(6,671,313,755)	19,925	47,522,650,480
	<b>698,717,775,625</b>	<b>103,585,930,965</b>	<b>(191,420,141,920)</b>	<b>(9,035,909,390)</b>	<b>601,847,655,280</b>

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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 Resolution No.01/08/2018/NQ-HĐQT dated 6 August 2018 and the Resolution No.05/12/2018/NQ-HĐQT 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 2021, BJ-PVD is conducting the dissolution procedures.

The significant transactions and balances between the Group and its joint ventures: see Note 41.

## 13. LONG-TERM PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
Prepaid expenses for drilling campaign in Brunei (*)	577,493,354,480	54,610,709,985
Others	55,771,376,000	29,526,815,840
	<b>633,264,730,480</b>	<b>84,137,525,825</b>

(\*) Prepaid expenses for the drilling campaign in Brunei were related to reactivation and preparation works of the drilling rig PV DRILLING V to serve the drilling campaign of Brunei Shell Petroleum Company Sdn Bhd (BSP), commenced from January 2022.

## 14. DEFERRED TAX ASSETS

Deferred tax assets as at 31 December 2021 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	125,624,623,920	(253,880,720)	125,370,743,200
Charge to the consolidated 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>Prior year's closing balance</b>	<b>147,881,106,540</b>	<b>202,823,175</b>	<b>148,083,929,715</b>
Charge to the consolidated income statement for the year	18,158,757,360	-	18,158,757,360
Foreign exchange differences from translation	(2,011,909,260)	(92,339,975)	(2,104,249,235)
<b>Current year's closing balance</b>	<b>164,027,954,640</b>	<b>110,483,200</b>	<b>164,138,437,840</b>

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## 15. SHORT-TERM TRADE PAYABLES

	Closing balance		Opening balance	
	Amount	VND Amount able to be paid off	Amount	VND Amount able to be paid off
Oil States Industries (Asia) Pte.	13,947,938,000	13,947,938,000	181,901,981,775	181,901,981,775
Japan Drilling Co.,Ltd.	70,749,750,960	70,749,750,960	9,577,533,970	9,577,533,970
Other suppliers	695,112,025,920	695,112,025,920	504,686,742,035	504,686,742,035
	<b>779,809,714,880</b>	<b>779,809,714,880</b>	<b>696,166,257,780</b>	<b>696,166,257,780</b>

Short-term trade payables to related parties: see Note 41.

## 16. 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	1,794,564,710	95,323,451,575	78,009,155,350	(199,072,615)	18,909,788,320
Value added tax of imported goods	-	31,771,728,435	31,763,873,195	(89,720)	7,765,520
Corporate income tax	16,496,377,040	43,888,070,775	47,125,091,870	(26,502,345)	13,232,853,600
Personal income tax	9,581,200,935	182,217,317,230	164,738,654,675	(260,555,890)	26,799,307,600
Import, export tax	-	28,520,937,835	28,520,937,835	-	-
Others	16,869,267,620	103,877,237,060	92,727,523,105	(333,816,055)	27,685,165,520
	<b>44,741,410,305</b>	<b>485,598,742,910</b>	<b>442,885,236,030</b>	<b>(820,036,625)</b>	<b>86,634,880,560</b>
In which:					
Tax receivables from the State budget	(3,559,322,130)				(1,628,404,640)
Tax payables to the State budget	48,300,732,435				88,263,285,200



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### 17. SHORT-TERM ACCRUED EXPENSES

	Closing balance	Opening balance
	VND	VND
Accrued expenses for operation of drilling rigs	209,709,678,800	86,513,816,425
Accrued expenses related to supply of goods and services	135,975,160,800	75,884,684,235
Accrued interest expenses	76,318,851,360	46,346,673,385
Accrued currency swap contract	27,011,784,000	26,523,074,875
Other expenses	48,348,014,320	48,394,323,640
	<b>497,363,489,280</b>	<b>283,662,572,560</b>

### 18. OTHER CURRENT PAYABLES

	Closing balance	Opening balance
	VND	VND
Profit shared to partners in Business Cooperation Contract ("BCC")	300,293,699,840	278,798,501,960
Other payables	69,259,880,480	54,547,455,875
	<b>369,553,580,320</b>	<b>333,345,957,835</b>

### 19. SHORT-TERM LOANS

	Opening balance		In the year		Closing balance
	VND	VND	VND	VND	VND
	Amount	Increases	Decreases	Foreign exchange differences	Amount
Short-term loans	37,551,173,265	38,655,156,505	(76,499,784,685)	293,454,915	-
Current portion of long-term loans (see Note 21)	597,346,361,165	301,210,410,890	(138,454,245,245)	(11,694,288,170)	748,408,238,640
	<b>634,897,534,430</b>	<b>339,865,567,395</b>	<b>(214,954,029,930)</b>	<b>(11,400,833,255)</b>	<b>748,408,238,640</b>

The Group's short-term loan balance as at 31 December 2021 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 16,874,673 (equivalent to VND 386,767,496,221), interest of USD 2,217,345 (equivalent to VND 51,321,998,764) and late payment interest of USD 1,000,243 (equivalent to VND 23,118,216,776) (as at 31 December 2020: the due but unpaid amounts are of USD 16,885,473 (equivalent to VND 391,996,246,641) for the loan principal, USD 1,678,857 (equivalent to VND 38,979,861,597) for loan interest and USD 649,277 (equivalent to VND 15,074,081,098) for late payment interest).

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In the financial year 2021, 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.

Besides, the Group's short-term loan balance as at 31 December 2021 includes the current portion of long-term loans of PVD Oversea for the purpose of financing the construction of PV DRILLING VI Rig, which has been due but has not been paid by PVD Oversea, with the principal amount of USD 2,200,000 (equivalent to VND 49,808,000,000), interest of USD 902,698 (equivalent to VND 20,437,082,720). Overdue loan principals and interest have been extended for payment in 2022 by commercial banks.

### 20. SHORT-TERM PROVISIONS

	Provision for overhaul cost of fixed assets	Warranty for goods sold	Provision for severance allowance	Total
	VND	VND	VND	VND
Opening balance	<b>504,793,504,860</b>	-	<b>24,331,524,975</b>	<b>529,125,029,835</b>
Use during the year	(283,147,583,365)	-	(558,612,605)	(283,706,195,970)
Reclassify from long-term provision	83,392,004,230	-	-	83,392,004,230
Reverse provision in the year	(84,413,573,625)	-	(1,950,771,215)	(86,364,344,840)
Charge for the year	44,349,611,795	11,337,303,480	1,386,107,335	57,073,022,610
Foreign exchange differences	(1,323,534,215)	(138,653,880)	(217,871,850)	(1,680,059,945)
Closing balance	<b>263,650,429,680</b>	<b>11,198,649,600</b>	<b>22,990,376,640</b>	<b>297,839,455,920</b>

### 21. LONG-TERM LOANS

	Closing balance	Opening balance
	VND	VND
Long-term loans	3,954,111,703,280	3,827,880,284,500
Current portion of long-term loans (Note 19)	(748,408,238,640)	(597,346,361,165)
	<b>3,205,703,464,640</b>	<b>3,230,533,923,335</b>

	Opening balance		During the year		Closing balance
	VND	VND	VND	VND	VND
	Amount	Increases	Decreases	Foreign exchange differences	Amount
Long-term loans	3,230,533,923,335	330,293,340,910	(301,210,410,890)	(53,913,388,715)	3,205,703,464,640
	<b>3,230,533,923,335</b>	<b>330,293,340,910</b>	<b>(301,210,410,890)</b>	<b>(53,913,388,715)</b>	<b>3,205,703,464,640</b>

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Details of the long-term loans are as follows:

	Closing balance	Opening balance
	VND	VND
Commercial Joint Stock Bank for Foreign Trade of Vietnam ("Vietcombank")	49,023,659,840	50,127,730,425
Military Commercial Joint Stock Bank ("MBBank"), and Vietnam Commercial Joint Stock Bank for Industry and Trade ("Vietinbank")	246,073,526,080	250,387,202,065
Military Commercial Joint Stock Bank ("MBBank") and Ocean Commercial One Member Limited Liability Bank ("OceanBank")	86,945,433,440	88,441,938,065
Southeast Asia Commercial Joint Stock Bank ("Seabank") and Commercial Joint Stock Bank for Foreign Trade of Vietnam ("Vietcombank")	3,026,131,814,240	3,214,374,548,345
Military Commercial Joint Stock Bank ("MBBank")	-	3,877,366,375
Tien Phong Commercial Joint Stock Bank ("TPBank")	545,937,269,680	220,671,499,225
	<b>3,954,111,703,280</b>	<b>3,827,880,284,500</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	2,165,356	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	10,868,972	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	3,840,346	USD
Seabank and Vietcombank	PV DRILLING VI	LIBOR 3 months + 3%	Guaranteed by value of PV DRILLING VI with corresponding loan proportion	133,663,066	USD
TPBank	Purchasing fixed asset	LIBOR 3 months +3.8%/per annum, minimum of 4.8%/ per annum	Fixed asset formed in the future	24,113,837	USD

Long-term loans are repayable as follows:

	Closing balance	Opening balance
	VND	VND
Within one year	748,408,238,640	597,346,361,165
In the second year	293,372,176,400	234,418,879,365
In the third to fifth year inclusive	861,098,951,840	692,660,538,095
After five years	2,051,232,336,400	2,303,454,505,875
	<b>3,954,111,703,280</b>	<b>3,827,880,284,500</b>
Less: Amount due for settlement within 12 months (shown under current liabilities)	(748,408,238,640)	(597,346,361,165)
<b>Amount due for settlement after 12 months</b>	<b>3,205,703,464,640</b>	<b>3,230,533,923,335</b>

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### 22. LONG-TERM PROVISIONS

	Provision for overhaul cost of fixed assets
	VND
<b>Opening balance</b>	<b>154,424,129,185</b>
Charge for the year	58,964,788,185
Reclassify to short-term provision	(83,392,004,230)
Foreign exchange differences	(2,439,440,180)
<b>Closing balance</b>	<b>127,557,472,960</b>

### 23. 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 not exceeding 10% of taxable income for development of scientific and technological activities.

Movement of fund appropriation and usage during the year is as follows:

	Scientific and Technological Development Fund		
			VND
	Available	The carrying value of assets formed from the fund	Total
<b>Prior 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)
- 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 opening balance</b>	<b>87,974,878,332</b>	<b>66,263,220,193</b>	<b>154,238,098,525</b>
Increase in the year	2,859,195,244	4,886,698,278	7,745,893,522
- Provision	2,859,195,244	-	2,859,195,244
- Forming fixed assets	-	4,886,698,278	4,886,698,278
Decrease in the year	(54,030,373,636)	(7,438,312,795)	(61,468,686,431)
- Fund usage	(5,364,549,278)	-	(5,364,549,278)
+ Holding	(1,188,526,000)	-	(1,188,526,000)
+ Subsidiaries	(4,176,023,278)	-	(4,176,023,278)
- Reversal of unused fund (*)	(48,665,824,358)	-	(48,665,824,358)
- Depreciation of fixed asset	-	(7,438,312,795)	(7,438,312,795)
Foreign exchange differences on conversion	344,940,300	(9,238,497,836)	(8,893,557,536)
<b>Current year's closing balance</b>	<b>37,148,640,240</b>	<b>54,473,107,840</b>	<b>91,621,748,080</b>

(\*) In 2021, the Group has reverted the unused Scientific and Technological Development Fund accrued in 2016 but unused after 5 years at PVD Logging, PVD Offshore and PVD Deepwater with the amount of VND 48,665,824,358, equivalent to USD 2,131,266 (2020: VND 34,315,867,928, equivalent to USD 1,482,242). 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.



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24. OWNERS' EQUITY

Charter Capital

According to the 15th amendment of the Business Registration Certificate, the Group's charter capital as at 31 December 2021 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
Authorized share capital	421,545,789	4,215,457,890,000	421,545,789	4,215,457,890,000
Issued share capital				
Ordinary shares	421,545,789	4,215,457,890,000	421,545,789	4,215,457,890,000
	421,545,789	4,215,457,890,000	421,545,789	4,215,457,890,000
Treasury shares				
Ordinary shares	(416,000)	(4,160,000,000)	(416,000)	(4,160,000,000)
	(416,000)	(4,160,000,000)	(416,000)	(4,160,000,000)
Shares currently in circulation				
Ordinary shares	421,129,789	4,211,297,890,000	421,129,789	4,211,297,890,000
	421,129,789	4,211,297,890,000	421,129,789	4,211,297,890,000

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 2021 and as at 31 December 2020 of the Group total issued share capital.

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Movement in owners' equity during the year were as follows:

	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
Prior year's opening balance	4,215,457,890,000	2,434,086,374,663	(20,948,559,850)	1,683,839,941,483	1,603,393,526,878	3,805,222,417,790	246,868,538,156	13,968,461,865,120
Dividends declared	-	-	-	-	-	-	(2,792,342,000)	(2,792,342,000)
Foreign exchange differences	-	-	-	(45,837,445,246)	-	(315,478,677)	252,044,937	(45,900,878,986)
Profit for the year	-	-	-	-	1,985,741,769,472	183,824,148,975	-	183,824,148,975
Funds appropriation	-	-	-	-	-	(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 25)	-	-	-	-	-	682,278,490,8	-	6,822,784,908
Current year's opening balance	4,215,457,890,000	2,434,086,374,663	(20,948,559,850)	1,638,002,496,237	3,589,677,032,350	1,937,943,722,530	247,798,390,785	14,042,017,346,715
Dividends declared	-	-	-	-	-	-	(2,792,342,000)	(2,792,342,000)
Foreign exchange differences	-	-	-	(18,723,801,615)	-	822,539,535	1,070,207,945	(185,345,264,135)
Profit for the year	-	-	-	-	-	36,769,967,410	-	36,769,967,410
Funds appropriation	-	-	-	-	91,933,710	(35,418,369,155)	(712,360,660)	(36,038,796,105)
Allocation to NCI	-	-	-	-	-	5,814,339,040	(5,814,339,040)	-
Distributions to BCC (Note 25)	-	-	-	-	-	(23,030,444,765)	-	(23,030,444,765)
Current year's closing balance	4,215,457,890,000	2,434,086,374,663	(20,948,559,850)	1,450,764,484,622	3,589,768,966,060	1,922,901,754,595	239,549,557,030	13,831,580,467,120

# 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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Foreign exchange differences represent the differences from the translation of financial statements of the subsidiaries and branches in Algeria from Vietnam Dong and Dinar Algeria respectively, into US Dollar.

According to Resolution No.02/2021/NQ-DHDCD dated 4 August 2021 issued by General Meeting of Shareholders, the Board of Directors have issued Resolution No. 02/02/2022/NQ-HDQT dated February 18, 2022 related to the dividend payment. According to the Resolution No. 02/02/2022/NQ-HDQT, stock dividend in 2019 and 2020 will be paid at the rate of 10% from profit after tax for each year. Accordingly, the timing for the share issuance will be extended and expected to be done before 30 June 2022, after receiving approval from the State Securities Commission.

In 2021, the Group has distributed the Bonus and Welfare Funds, 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
<b>Prior year's opening balance</b>	<b>(47,578,558,855)</b>	<b>1,731,418,500,338</b>	<b>1,683,839,941,483</b>
Increase/(decrease) in the year	(15,920,726,178)	(30,546,719,068)	(45,837,445,246)
Current year's opening balance	(62,869,285,033)	1,700,871,781,270	1,638,002,496,237
Decrease in the year	(1,710,295,830)	(185,527,715,785)	(187,238,011,615)
<b>Closing balance</b>	<b>(64,579,580,863)</b>	<b>1,515,344,065,485</b>	<b>1,450,764,484,622</b>

## 25. 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
(Loss)/profit of NCI in PVD Training and PVD Overseas (*)	(5,814,339,040)	4,152,733,776
Profit/(loss) in BCC interests (**)	23,030,444,765	(6,822,784,908)
	<b>17,216,105,725</b>	<b>(2,670,051,132)</b>

(\*) Detail of NCI in PVD Training and PVD Overseas

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The rates of the NCI in PVD Training and PVD Overseas as at 31 December 2021 and 31 December 2020 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>	14,996,960,000	54,400,000
<i>Distributed capital to the non-controlling interests</i>	13,961,710,000	12,298,050
<b>Share of the non-controlling interests</b>	<b>48.21%</b>	<b>18.44%</b>

NCI in net assets as at 31 December 2021 and 31 December 2020 were as follows:

	Closing balance	Opening balance
	VND	VND
<b>Non-controlling interests</b>	<b>239,549,557,030</b>	<b>247,798,390,785</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	10,153,582,750	8,855,174,165
Retained earnings	23,628,150,890	21,007,423,083
<i>PVD Overseas</i>		
Contributed capital	263,191,917,150	263,191,917,150
Foreign exchange differences from conversion	(4,090,112,893)	(2,897,965,104)
Accumulated losses	(67,446,346,565)	(56,470,524,207)

NCI in operating result:

	Closing balance	Opening balance
	VND	VND
(Loss)/profit for the year	(47,440,329,045)	7,280,549,631
Non-controlling (loss)/profit in operating result	(5,814,339,040)	4,152,733,776

(\*\*) 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, the Group 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.



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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	2,916,806,171,742
<i>In which: Net book value of PV DRILLING V rig</i>	2,334,776,580,294	2,813,090,939,700

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 2021 and 31 December 2020 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	(5,865,825,967)	(3,722,966,242)
	<b>474,294,076,400</b>	<b>476,436,936,125</b>

The financial performance and the profit/(loss) distribution based on the proportions of their capital contribution as at 31 December 2021 and 31 December 2020 are as follows:

	Current year	Prior year
	VND	VND
Net revenue	18,565,365,240	18,294,661,990
Cost of sales	(70,950,712,833)	30,262,251,027
General and administration expenses	1,805,058,325	1,706,413,678
Financial expenses	12,342,137,167	14,908,498,393
Financial income	5,426,416,521	105,960,622
Other profit	(17,255,247,510)	10,947,757,667
Corporate income tax	1,934,554,308	
Net profit/(loss)	61,605,497,284	(17,528,782,819)
Adjustment for expenses not subject to BCC	(305,378,709)	(631,440,913)

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	Current year	Prior year
Net profit/(loss) distributed to BCC parties	61,300,118,575	(18,160,223,732)
<i>Shared profit/( loss) as the percentage of capital contribution</i>		
The Group	38,269,673,810	(11,337,438,824)
Other BCC parties:	23,030,444,765	(6,822,784,908)
<i>Petrovietnam</i>	14,099,027,272	(4,176,851,458)
<i>MBBank</i>	5,952,241,514	(1,763,357,724)
<i>OceanBank</i>	2,979,175,979	(882,575,726)

Until the date of the VND-converted consolidated financial statements, the report of business activities of BCC for the year end 31 December 2021 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 contribution.

### 26. 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 39.

Foreign currencies	Closing balance	Opening balance
Vietnam Dong ("VND")	2,022,007,680,898	2,435,065,418,798
Euro ("EUR")	3,713	13,072
British Pound ("GBP")	2,775	2,775
Myanmar Kyat ("MMK")	-	1,342,675
Singapore Dollar ("SGD")	33,737	34,162
Algerian Dinar ("DZD")	25,371,859	3,812,471
Baht Thai ("THB")	380,071	2,259
Malaysia Ringgit ("MYR")	2,259	44,655
Brunei ("BND")	150,797	-

### 27. 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.

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Segment information about the Group's business is presented below:

### Balance sheet As at 31 December 2021

	Drilling services	Trading	Other services	Total
	VND	VND	VND	VND
<b>Assets</b>				
Segment assets	18,089,251,531,760	435,520,676,560	2,236,430,275,840	20,761,202,484,160
Unallocated assets	-	-	-	-
<b>Consolidated assets</b>				<b>20,761,202,484,160</b>
<b>Liabilities</b>				
Segment liabilities	5,433,074,978,400	174,625,059,440	1,321,921,979,200	6,929,622,017,040
Unallocated liabilities	-	-	-	-
<b>Consolidated liabilities</b>				<b>6,929,622,017,040</b>

### Income statement For the year ended 31 December 2021

	Drilling services	Trading	Other services	Total
	VND	VND	VND	VND
Gross revenue	1,837,734,722,430	495,288,090,110	1,662,449,152,130	3,995,471,964,670
Net revenue	1,837,734,722,430	495,288,090,110	1,662,449,152,130	3,995,471,964,670
Cost of sales	1,835,180,033,970	463,541,343,165	1,325,510,141,170	3,624,231,518,305
Gross profit	2,554,688,460	31,746,746,945	336,939,010,960	371,240,446,365
Financial income				163,817,011,240
Financial expenses				170,854,507,055
Selling expenses				12,925,934,430
General and administration expenses				385,609,141,765
Operating loss				(34,332,125,645)
Other income				51,561,635,515
Other expenses				58,316,160,010
Loss from other activities				(6,754,524,495)
Accounting loss before tax				(41,086,650,140)
Income from investments in joint ventures				103,585,930,965
Current corporate income tax expense				43,888,070,775
Deferred corporate tax income				(18,158,757,360)
<b>Net profit after corporate income tax</b>				<b>36,769,967,410</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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### 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>

### 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
Gross (loss)/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 loss 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>



## 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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### Geographical segments

For the year ended 31 December 2021, the Group is operating in geographical areas of Vietnam, Algeria, Myanmar, Malaysia, Brunei and Cambodia. Segment information about the Group's geographical operation is presented below:

#### Balance sheet As at 31 December 2021

	Vietnam	Malaysia	Cambodia	Brunei	Myanmar	Algeria	Vietnam
	VND	VND	VND	VND	VND	VND	VND
<b>Assets</b>							
Segment assets	13,112,540,225,200	3,511,204,794,640	83,547,101,520	3,918,157,323,040	55,875,520	135,697,164,240	20,761,202,484,160
Unallocated assets	-	-	-	-	-	-	-
<b>Consolidated assets</b>							<b>20,761,202,484,160</b>
<b>Liabilities</b>							
Segment liabilities	6,682,620,410,177	96,548,412,218	11,566,889,200	68,930,762,800	55,875,520	69,899,667,126	6,929,622,017,040
Unallocated liabilities	-	-	-	-	-	-	-
<b>Consolidated liabilities</b>							<b>6,929,622,017,040</b>

#### Income statement For the year ended 31 December 2021

	Vietnam	Malaysia	Cambodia	Brunei	Myanmar	Algeria	Total
	VND	VND	VND	VND	VND	VND	VND
Gross revenue	3,739,187,767,365	37,641,807,710	80,736,298,525	45,745,058,645	-	92,161,032,425	3,995,471,964,670
Net revenue	3,739,187,767,365	37,641,807,710	80,736,298,525	45,745,058,645	-	92,161,032,425	3,995,471,964,670
Cost of sales	3,362,164,156,530	48,184,087,830	74,638,412,495	45,320,624,500	-	93,924,236,950	3,624,231,518,305
Gross profit/(loss)	377,023,610,835	(10,542,280,120)	6,097,886,030	424,434,145	-	(1,763,204,525)	371,240,446,365
Financial income							163,817,011,240
Financial expenses							170,854,507,055
Selling expenses							12,925,934,430
General and administration expenses							385,609,141,765
Operating loss							(34,332,125,645)
Other income							51,561,635,515
Other expenses							58,316,160,010
Loss from other activities							(6,754,524,495)
Accounting loss before tax							(41,086,650,140)
Income from investments in joint ventures							103,585,930,965
Current corporate income tax expense							43,888,070,775
Deferred corporate tax income							(18,158,757,360)
<b>Net profit after corporate income tax</b>							<b>36,769,967,410</b>

## NOTES TO THE VND-CONVERTED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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#### 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>

#### 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 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 income							(23,262,286,857)
<b>Net profit after corporate income tax</b>							<b>183,824,148,975</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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### 28. NET REVENUE FROM GOODS SOLD AND SERVICES RENDERED

	Current year	Prior year
	VND	VND
Sales of trading	495,288,090,110	327,612,046,647
Sales of drilling services	1,837,734,722,430	3,076,172,479,431
Sales of technical well and other services	1,662,449,152,130	1,824,854,308,245
	<b>3,995,471,964,670</b>	<b>5,228,638,834,323</b>

Sales transactions with related parties: see Note 41.

### 29. COST OF GOODS SOLD AND SERVICES RENDERED

	Current year	Prior year
	VND	VND
Cost of trading	463,541,343,165	307,562,215,701
Cost of drilling services	1,835,180,033,970	3,143,805,648,774
Cost of technical well and other services	1,325,510,141,170	1,448,475,976,554
	<b>3,624,231,518,305</b>	<b>4,899,843,841,029</b>

### 30. COSTS BY NATURE

	Current year	Prior year
	VND	VND
Raw materials and consumables	823,147,105,845	572,035,512,390
Labour	1,752,459,492,915	1,697,435,927,049
Depreciation and amortisation	486,576,697,455	488,324,043,000
Rigs rental expenses	235,590,293,450	1,366,292,218,503
Out-sourced services	565,351,030,820	933,167,382,615
Additional provision	16,008,294,070	47,251,445,661
Other expenses	143,633,679,945	122,990,636,691
	<b>4,022,766,594,500</b>	<b>5,227,497,165,909</b>

### 31. FINANCIAL INCOME

	Current year	Prior year
	VND	VND
Interest income	122,629,704,420	109,719,603,753
Foreign exchange gain	41,187,306,820	47,529,929,040
	<b>163,817,011,240</b>	<b>157,249,532,793</b>

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### 32. FINANCIAL EXPENSES

	Current year	Prior year
	VND	VND
Interest expense	109,283,560,320	118,896,544,398
Foreign exchange loss	21,903,788,700	42,746,747,232
Cross currency swap contracts expenses	39,667,158,035	39,394,343,526
	<b>170,854,507,055</b>	<b>201,037,635,156</b>

### 33. GENERAL AND ADMINISTRATION EXPENSES

	Current year	Prior year
	VND	VND
Labour	260,804,357,925	257,286,045,588
Depreciation and amortisation	13,649,644,085	11,948,879,328
Out-sourced services	79,548,622,545	85,645,550,232
Reversal of provision	(6,180,909,295)	(107,172,515,455)
Other expenses	37,787,426,505	63,574,644,859
	<b>385,609,141,765</b>	<b>311,282,604,552</b>

### 34. OTHER INCOME

	Closing balance	Opening balance
	VND	VND
Disposal of fixed assets	17,171,920	353,631,525
Reversal of Scientific and Technological Development Fund (Note 23)	48,665,824,358	34,315,867,928
Proceeds from compensation	106,844,965	40,118,228,994
Others	2,771,794,272	4,930,262,896
	<b>51,561,635,515</b>	<b>79,717,991,343</b>

### 35. OTHER EXPENSES

	Closing balance	Opening balance
	VND	VND
Penalty for contract breach	221,750,685	47,934,492,765
Depreciation expense	47,831,446,925	-
Others	10,262,962,400	1,902,063,009
	<b>58,316,160,010</b>	<b>49,836,555,774</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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## 36. CURRENT CORPORATE INCOME TAX EXPENSE

The current corporate income tax expense for the year was computed as follows:

	Current year	Prior year
	VND	VND
<b>Profit before tax</b>	<b>62,499,280,825</b>	<b>203,642,724,582</b>
Adjustments for assessable income		
Less: non-taxable income	377,198,370,465	326,536,428,036
Add back: non-deductible expenses	98,848,972,630	26,942,022,552
<b>Taxable loss</b>	<b>(215,850,117,010)</b>	<b>(95,951,680,902)</b>
Current corporate income tax	34,315,227,745	40,116,608,424
Corporate income tax expense on reversal of Scientific and Technological development fund	9,733,304,575	3,430,492,029
Adjustments for corporate income tax expense in previous years to the current year	(160,461,545)	(466,237,989)
<b>Corporate income tax expense based on taxable income in the current year</b>	<b>43,888,070,775</b>	<b>43,080,862,464</b>

For the year ended 31 December 2021, in accordance with Law on Corporate Income Tax (“CIT”), applicable CIT rate is 20% of taxable income of the Group (2020: 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).

At the balance sheet date, the Company has unused tax losses of VND 1,234,467,751,625 (2020: VND 1,252,978,529,691) 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.

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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 benefits from the Company’s tax losses carried forward expire according to the following schedule:

	The Company	PVD Deepwater	Tax losses
	VND	VND	VND
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	174,988,083,654	15,377,107,952	190,365,191,606
2026	224,642,646,410	25,392,586,114	250,035,232,524
	<b>1,009,803,656,072</b>	<b>224,664,095,553</b>	<b>1,234,467,751,625</b>

## 37. 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:

	Current year	Prior year
	VND	VND
Profits attributable to the Company's shareholders	19,553,861,685	186,494,200,107
Appropriation to Bonus and Welfare funds	(35,326,435,445)	(67,715,647,218)
Earnings for the purpose of calculating basic earnings per share	(15,772,573,760)	118,778,552,889
Weighted average number of ordinary shares	421,129,789	421,129,789
<b>Basic earnings per share</b>	<b>(36)</b>	<b>282</b>

## 38. 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, Malaysia and Brunei in accordance with the local tax finalization procedures. The tax finalization will be done by the Authorities of Algeria, Malaysia and Brunei upon the completion of Algeria, Malaysia and Brunei 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.

## 39. COMMITMENTS

### Operating lease commitments

	Current year	Prior year
	VND	VND
Minimum lease payments under operating leases recognised in consolidated income statement for the year	31,517,328,096	48,221,356,806

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As at the balance sheet date, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Closing balance	Opening balance
	VND	VND
Within one year	34,992,308,330	36,178,947,438
In the second to fifth year inclusive	81,238,321,205	83,074,608,531
After five years	27,571,001,835	45,273,030,654
	<b>143,801,631,370</b>	<b>164,526,586,623</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.

## 40. 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 19 and Note 21, 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.

#### Gearing ratio

The gearing ratio of the Group as at the balance sheet date was as follows:

	Closing balance	Opening balance
	VND	VND
Borrowings	3,954,111,703,280	3,865,431,457,765
Less: Cash and cash equivalents	1,130,703,090,240	925,196,651,735
Net debt	2,823,408,613,040	2,940,234,806,030
Owners' equity	13,831,580,467,120	14,042,017,346,715
<b>Net debt to equity ratio</b>	<b>0.20</b>	<b>0.21</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.

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## Categories of financial instruments

	Closing balance	Opening balance
	VND	VND
<b>Financial assets</b>		
Cash and cash equivalents	1,130,703,090,240	925,196,651,735
Trade and other receivables	1,918,708,892,640	1,549,895,485,985
Held-to-maturity investments	1,544,250,741,200	2,286,193,758,430
	<b>4,593,662,724,080</b>	<b>4,761,285,896,150</b>
<b>Financial liabilities</b>		
Loans and borrowings	3,954,111,703,280	3,865,431,457,765
Trade and other payables	845,678,779,920	747,722,595,870
Accrued expenses	497,363,489,280	283,662,572,560
	<b>5,297,153,972,480</b>	<b>4,896,816,626,195</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.

#### 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.



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The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as at 31 December 2021 and 31 December 2020 are as follows:

	Assets		Liabilities	
	Closing balance	Opening balance	Closing balance	Opening balance
	VND	VND	VND	VND
United States Dollar ("USD") (Subsidiaries)	306,049,104,800	370,726,695,135	475,803,077,707	376,275,757,530
Vietnam Dong ("VND") (The Company)	1,844,908,922,400	2,517,959,005,795	161,780,979,920	147,131,777,990
Algerian Dinar ("DZD")	12,185,866,800	686,235,685	18,054,652,880	-
Singapore Dollar ("SGD")	9,526,273	839,994,310	485,854,400	2,673,948,870
Euro ("EUR")	917,961,440	110,199,440	3,218,321,280	2,655,106,240
Thai Baht ("THB")	-	1,704,590	-	-
British Pound ("GBP")	-	85,528,955	-	383,486,680
Myanmar Kyat ("MMK")	-	-	173,512,960	357,480,165
Malaysia Ringgit (MYR)	90,560	17,803,843,640	271,680	1,128,945,350
Brunei Dollar	-	131,322,535	-	-
Australian Dollar ("AUD")	-	-	-	502,186,035
Canadian Dollar ("CAD")	-	-	452,800	-

## Foreign currency sensitivity analysis

The Company is mainly exposed to Vietnam Dong and subsidiaries exposed to United States Dollar.

The rate of 2% (2020: 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% (2020: 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	(33,952,493,770)	(47,655,314,856)
Decrease in subsidiaries' profit	(3,424,313,765)	(111,541,518)
<b>Decrease in consolidated profit</b>	<b>(37,376,807,535)</b>	<b>(47,766,856,374)</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.

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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 11,862,386,480 (2020: VND 11,596,294,373).

## 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 2021, the Group made provision for doubtful debts which was overdue for more than six months in accordance with the 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's 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.

	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	1,130,703,090,240	-	-	1,130,703,090,240
Trade and other receivables	1,868,346,846,560	50,362,046,080	-	1,918,708,892,640
Held-to-maturity investments	1,544,250,741,200	-	-	1,544,250,741,200
	<b>4,543,300,678,000</b>	<b>50,362,046,080</b>	<b>-</b>	<b>4,593,662,724,080</b>
Borrowings	748,408,238,640	1,154,471,128,240	2,051,232,336,400	3,954,111,703,280
Trade and other payables	845,678,779,920	-	-	845,678,779,920
Accrued expenses	497,363,489,280	-	-	497,363,489,280
	<b>2,091,450,507,840</b>	<b>1,154,471,128,240</b>	<b>2,051,232,336,400</b>	<b>5,297,153,972,480</b>
<b>Net liquidity gap</b>	<b>2,451,850,170,160</b>	<b>(1,104,109,082,160)</b>	<b>(2,051,232,336,400)</b>	<b>(703,491,248,400)</b>

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	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>-</b>	<b>4,761,285,896,150</b>
Borrowings	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>

41. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties with significant transactions and balances for the year:

Related party	Relationship
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	243,291,397,200	306,873,172,488
<i>In which: details account for 10% or more of total value of transactions:</i>		
- PTSC Mechanical and Construction Limited Company	90,617,683,280	132,830,367,315
Petrovietnam's joint ventures/joint operating companies/petroleum sharing contracts	1,825,846,182,050	770,162,001,900
<i>In which: details account for 10% or more of total value of transactions:</i>		
- Vietsoupetro Joint Venture	508,123,529,435	197,082,356,259
- Hoang Long Joint Operating Company	264,444,530,945	355,154,374,629
- Cuu Long Joint Operating Company	539,221,031,660	34,834,730,925
- Thang Long Joint Operating Company	271,964,690,155	3,037,781,616
The Group's joint ventures	71,938,242,250	110,864,906,874
<b>Purchases</b>		
Petrovietnam's subsidiaries	55,748,478,435	55,933,441,077
<i>In which: details account for 10% or more of total value of transactions:</i>		
- PetroVietnam Technical Services Corporation Branch - PTSC Marine	41,674,834,070	41,111,545,800
Petrovietnam's joint ventures/joint operating companies/petroleum sharing contracts	118,927,762,725	40,170,202,989
<i>In which: details account for 10% or more of total value of transactions:</i>		

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	Current year	Prior year
	VND	VND
- Petrosetco Vung Tau General Services JSC	63,118,314,840	18,513,021,264
- PVShipyards	24,352,111,730	-
The Group's joint ventures	28,003,610,910	61,466,298,567
<i>In which: details account for 10% or more of total value of transactions:</i>		
- PVD-Expro	19,186,652,050	50,998,828,578
<b>Profit shared from joint ventures</b>		
The Group's joint ventures	191,420,141,920	164,679,128,562
<i>In which: details account for 10% or more of total value of transactions:</i>		
- PVD-Baker Hughes	174,355,089,720	156,642,791,385

Related party balances at the balance sheet date were as follows:

	Closing balance	Opening balance
	VND	VND
<b>Receivables</b>		
Petrovietnam's subsidiaries	49,155,152,960	98,287,995,430
<i>In which: details account for 10% or more of total value of balance:</i>		
- PTSC Mechanical and Construction Limited Company	19,427,248,160	50,229,522,090
Petrovietnam's joint ventures/joint operating companies/petroleum sharing contracts	553,228,934,480	201,002,373,425
<i>In which: details account for 10% or more of total value of balance:</i>		
- PetroVietnam Domestic Exploration Production Operating Company Limited	52,547,417,360	48,289,399,215
- PetroVietnam Exploration Production Corporation	25,915,894,800	47,512,682,050
- Vietsoupetro Joint Venture	95,436,271,120	63,687,398,350
- Cuu Long Joint Operating Company	145,892,295,840	63,687,398,350
- Thang Long Joint Operating Company	135,258,355,760	63,687,398,350
The Group's joint ventures	34,200,097,200	47,506,692,950
<i>In which: details account for 10% or more of total value of balance:</i>		
- PVD-Baker Hughes	28,082,316,400	37,775,050,430
	<b>636,584,184,640</b>	<b>346,797,061,805</b>
<b>Other short-term receivables</b>		
The Group's joint ventures	73,301,392,160	55,933,441,077
<i>In which: details account for 10% or more of total value of balance:</i>		
- PVD-Baker Hughes	62,907,662,480	41,111,545,800
<b>Payables</b>		
Petrovietnam's subsidiaries	23,661,494,160	18,663,947,505
<i>In which: details account for 10% or more of total value of balance:</i>		
- PetroVietnam Technical Services Corporation Branch - PTSC Marine	21,971,304,960	15,205,357,430
Petrovietnam's joint ventures/joint operating companies/petroleum sharing contracts	34,697,067,840	23,774,653,850
<i>In which: details account for 10% or more of total value of balance:</i>		
- - Bien Dong Joint Operating Company The Group's joint ventures	12,954,902,320	13,111,038,265
Các cMr. ty liên doanh của Tổng cMr. ty	25,354,581,280	4,861,398,540
<i>In which: details account for 10% or more of total value of balance:</i>		
- PVD-Expro	21,648,911,360	3,666,665,230
	<b>83,713,143,280</b>	<b>47,299,999,895</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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Remuneration 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. Mai The Toan	177,662,080	-
Mr. Pham Tien Dung	-	132,503,200
Mr. Do Duc Chien	495,817,400	453,340,640
Mr. Nguyen Xuan Cuong	495,817,400	468,421,180
Mr. Vu Thuy Tuong	856,270,809	1,211,556,550
Ms. Nguyen Thi Thuy	442,667,918	-
Mr. Van Duc Tong	120,000,000	120,000,000
Mr. Nguyen Van Toan	120,000,000	124,500,000
Mr. Hoang Xuan Quoc	120,000,000	64,300,000
<b>Board of Management</b>		
Mr. Tran Van Hoat	-	943,042,518
Mr. Dao Ngoc Anh	1,392,128,750	1,263,303,750
Mr. Trinh Van Vinh	1,395,538,750	1,267,643,750
Mr. Ho Vu Hai	1,395,538,750	1,267,643,750
Mr. Do Danh Rang	1,390,152,875	1,258,629,100
Mr. Nguyen Cong Doan	1,278,267,166	478,520,840
<b>Board of Supervisors</b>		
Mr. Nguyen Van Tai	407,071,925	343,345,458
Mr. Luong Thanh Tinh	338,789,718	-
Mr. Nguyen Binh Hop	34,363,636	-
Mr. Vu Thuy Tuong	736,727,432	1,038,130,750
<b>Total</b>	<b>11,196,814,609</b>	<b>10,434,881,486</b>

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## 42. SUPPLEMENTAL DISCLOSURES OF CONSOLIDATED CASH FLOW INFORMATION

### Supplemental non-cash disclosures

Interest expense during the year excluded an amount of VND 76,318,851,360 (2020: VND 46,346,673,385), representing interest expense during the year that has yet not been paid. Consequently, changes in payables have been adjusted by the same amount.

Cash outflows for acquisition and construction of fixed assets and other long-term assets during the year excluded an amount of VND 11,519,141,440 (2020: VND 7,365,583,254), 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 159,473,794,240 (2020: VND 170,538,608,960), representing interest income, dividends and profits declared during the year to be received. Consequently, changes in receivables have been adjusted by the same amount.

Proceeds from borrowings and repayment of borrowings during the year exclude an amount of VND 22,794,218,550 (2020: 13,470,548,256), representing cash inflow and outflow for short-term borrowings of 3 month or less that are presented on a net basis. Consequently, proceeds from borrowings and repayment of borrowings have been adjusted by the same amount.

## 43. APPROVAL FOR ISSUANCE OF THE VND-CONVERTED CONSOLIDATED FINANCIAL STATEMENTS

The VND-converted consolidated financial statements for the year ended 31 December 2021 were approved by the Group's Board of Management for issuance on 29 March 2022.

**Nguyen Xuan Cuong**  
**President**  
29 March 2022

**Nguyen Ngoc Truong**  
**Chief Accountant**

**Tran Kim Hoang**  
**Preparer**



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