



PETROVIETNAM DRILLING & WELL SERVICES CORPORATION

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Ref: 01/2020/TTr-DHĐCĐ

Ho Chi Minh City, 18th June, 2020

SUBMISSION

Re: Report of the Board of Directors on operation activities
of the BOD and BOD's members in 2019 and the Implementation Plan in 2020

Addressed to: The Annual General Meeting of Shareholders
PetroVietnam Drilling & Well Services Corporation

Pursuant to the Charter of PetroVietnam Drilling and Well Services Corporation (PV Drilling);

Pursuant to the Operating Regulations of PV Drilling's Board of Directors.

The PV Drilling's Board of Directors submits to the Annual General Meeting of Shareholders the Report of the Board of Directors (BOD) on operation activities of the BOD and BOD's members in 2019 and the Implementation Plan in 2020 as Appendix attached herewith.

We submit to the Annual General Meeting of Shareholders for consideration and approval.

Yours sincerely,

Recipients:

- As above;
- File: Secretary Team.

**ON BEHALF OF PV DRILLING'S
BOARD OF DIRECTORS
Chairman**

(signed and sealed)

Pham Tien Dung

APPENDIX

REPORT OF PV DRILLING'S BOARD OF DIRECTORS

On Performance of the Board of Directors (BOD) and BOD members in 2019 and Implementation Plan in 2020

(Attached to the Submission No. 01/2020/TTr-DHĐCĐ dated 18th June, 2020)

I. ASSESSMENT OF PV DRILLING'S BUSINESS PERFORMANCE IN 2019

1. Market overview of 2019.

In 2019, the world witnessed violent fluctuations of economy and geopolitics, such as the US - China trade war and other trade conflicts between many countries causing severe and multidimensional impacts to the world economy, escalating protectionism and Brexit deadlock. Geopolitical tensions constantly continued at many areas, especially the Middle East with the highlight of US-Iran conflict, Bien Dong (East Sea) area, US-North Korea relation... As a result of trade conflicts and geopolitical tensions, the world economic growth rate fell down 3.07%, the lowest rate since global financial crisis period of 2007-2008 and even much lower than the average rate of 3.83% during 2010-2018 periods.

On the contrary, Vietnam had a full year with rapid economic growth: the GDP growth rate reached 7.02%, trade surplus in the last four consecutive years and inflation rate remained at low level of under 4%. These facts are impressive achievements in the context of global economic slowdown.

Crude oil price in 2019 showed signs of recovery and remained at a fairly stable rate, around 60 USD/barrel, resulting in the improvement of E&P activities in the South East Asia, drilling demand is gradually increasing, day rate as a result has slightly improved but still quite low. In Vietnam, due to many objective as well as subjective factors, the domestic oil and gas market still faced many difficulties and challenges including lack of exploration activities, long-term development drilling campaigns and workload for the rig fleet.

2. Assessment on PV Drilling's business operations in 2019.

2.1 Implementation of PV Drilling's strategy orientation.

Based on PV Drilling's strategic orientation approved by 2019 Annual General Meeting of Shareholders, the Board of Directors (BOD) has actively directed to implement effective solutions to expand drilling and well technical services to overseas markets; get the rig PV DRILLING V back to operation, ensure workload for PV Drilling as well as its subsidiaries; enhance corporate governance, finance - manpower management and collect the bad debts.

In the context of market fluctuation forecast, the BOD directed to review and update PV Drilling's medium and long-term development strategy in accordance with current situation to ensure its competitiveness and sustainable growth.

2.2 Corporate restructuring activities.

In 2019, PV Drilling continued to implement corporate restructuring activities as approved plan. However, due to the demands and new market situation, PV Drilling has reviewed, evaluated to develop/adjust the corporate restructuring plan according to PV Drilling's strategic orientation to ensure and maximize the resources for the purpose of management of business operations of PV Drilling's subsidiaries and sustainable growth.

2.3 Business operation activities management.

PV Drilling's Management Team has conducted actively and effectively in seeking jobs, expanding services abroad as well as offering effective solutions to improve business efficiency. As results, PV Drilling has achieved positively business performance in 2019 compared to 2018.

- *Drilling services:* In 2019 PV Drilling continued to expand its drilling services to overseas markets, thereby building up its reputation in regional market. In this year, PV Drilling's jack-up rigs mainly operated abroad, including 04 jack-ups in Malaysia and 01 land rig in Algeria. Besides, PV Drilling has chartered 02 other jack-up rigs for domestic demand.

The rig PV DRILLING V: PV Drilling has been awarded a contract for provision of the rig PV DRILLING V to Brunei Shell Petroleum (BSP) in Brunei for 06 years firm plus 04 years option. The drilling campaign is expected to start in April, 2021.

- *Well technical services and other related services:* The well technical, drilling manpower, mechanical services and other related services provided by PV Drilling's subsidiaries have good results. Some of PV Drilling's subsidiaries have successfully developed their services abroad, such as manpower supply, oil spill response (PVD Offshore); Manufacture and repair services (PVD Tech); training and certification (PVD Training); drilling tool rental and high-tech manpower supply (PVD Well Services) to overseas markets, such as Indonesia, Japan, Myanmar, Australia, Thailand, Malaysia, Pakistan, Saudi Arabia and Turkey.

2.4 Cost management.

In 2019, PV Drilling continued to implement and conduct comprehensive cost optimization and reduction on all aspects of PV Drilling's business activities, especially in promoting the thrift and waste prevention to its entire staffs in order to enhance the saving culture and also preventing waste. Below are the specific measures:

- Reduce input costs, cut down inventory and enhance sharing/combining inventory among subsidiaries for the most effective use.
- Priority to use the internal resources to conduct the repair and maintenance of machinery and equipment on the rigs; using domestic suppliers for maintain and repair of machinery and equipment to meet the operation standards required by the clients.

- Focus on R&D field, improving technology, reorganizing the manufacturing process in order to fully exploit the capacity of machinery and equipment, minimizing energy consumption and improving service quality.
- Closely track and actively collect all debts to increase working capital turnover, save capital costs, reduce overdue debts, bad debts and irrecoverable debts.
- Replace foreign expats with local staff who possess equivalent skills and experiences in order to reduce personnel cost.
- Initiatives and technical innovations are considered as one of effective cost reduction solutions at PV Drilling. The application of PV Drilling's initiatives has contributed to the safe and effective management and operation of drilling rigs and well technical services, bringing great economic benefits to PV Drilling.

2.5 Corporate governance.

- Continue to forecast the market in order to work out practical responsive solutions for successful completion of business plans.
- PV Drilling's Management Team has assigned specific responsibilities to each subsidiaries as well as PV Drilling's representatives in subsidiaries and evaluated the task completion according to the set criteria, the commitment to task completion and the enforcement of sanctions or replacement in case of failure to complete the tasks.
- Strengthen monitoring and supervision in the implementation of Resolutions/Decisions of the Annual General Meeting of Shareholders/BOD; management regulations of the President and CEO and its subsidiaries in accordance with applicable laws.
- Continue to review, amend and supplement internal management regulations to meet the requirements of PV Drilling's business operation and applicable laws.

2.6 Investor relationship.

- PV Drilling always maintains a good relationship with shareholders; fully and promptly disclosed all reports and other related information in accordance with applicable regulations.
- In 2019, PV Drilling completed the stock dividend payment under Resolution No. 01/2019/NQ-DHDCD dated April 26th, 2019 of its Annual General Meeting of Shareholders.

2.7 Investment activities.

The BOD has only approved the necessary, urgent and effective investment projects which immediately bring benefits to PV Drilling's business operation; directed to stop or suspend the investment projects which are not immediately bring benefits in the current period.

Based on the investment plan approved by the Annual General Meeting of Shareholders, in 2019 PV Drilling continued to implement existing investment projects

including "ERP Project - Phase 3", "Complete Corporate Risk Management System", settlement of "Risk Management Project" and deploying a new investment project "Purchase of new drill pipes for PV DRILLING I and PV DRILLING II rigs".

2.8 HSEQ activities.

PV Drilling constantly maintained the effectiveness and improved Integrated HSEQ Management System at all working areas with a series of supervision activities ensuring various emergency response plans and unannounced visits on offshore and onshore drilling rigs, shore bases, workshops and offices of all subsidiaries and joint ventures as well as enhancing HSEQ training activities to ensure no incidents occurred during PV Drilling's business operation activities.

In addition, PV Drilling strictly complied with applicable laws on environmental protection as well as hazardous waste treatment, without any incidents related to the environment in 2019.

2.9 Corporate Social Responsibility activities.

Along with the efforts to maintain business efficiency, 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 2019, PV Drilling donated one house and helped to repair another house for 2 PV Drilling's employees under the Trade Union Shelter program. PV Drilling also organized a charity tour in the Western provinces, visited and donated gifts to unlucky families with the total amount of VND 90 million.

3. Achievements on business performance in 2019.

3.1 The rig fleet.

- The average number of operating rigs slightly increased in 2019, with about 3.6 rigs as compared to 3.4 rigs in 2018.
- All the rigs are operating safely and efficiently. The utilization and efficiency of the jack-ups considerably improved, respectively reaching 90% and 99.7% in 2019 as compared to 85.3% and 98.6% in 2018.
- Continuing to expand drilling services to overseas markets (with 05 out of 06 rigs operating abroad, including 04 jack-up rigs and 01 land rig).

3.2 Drilling services.

- Traditional services (such as well technical services, mechanical services, drilling manpower supply...) supplied by PV Drilling's subsidiaries with good results and services quality, safety and considerably contributing to PV Drilling's business performance especially in the context of difficult and challenging market.
- The joint-ventures continued to have good business performance, maintained their large contribution to PV Drilling's revenue and profit.
- Service expansion to overseas markets: Despite the current difficult situation with scarce workload and low day rate, in 2019, PV Drilling's subsidiaries successfully

provided services to overseas markets, such as PVD Well Services (tubular running tool rental service in Pakistan, manpower supply to OWS in Saudi Arabia and Turkey, other tool rental services to Baker Hughes, Destini and OWS in Thailand, Malaysia) and PVD Offshore (Oil response service to OJST and ENI in Indonesia).

3.3 Bad debt collection.

Bad debt collection was achieved positive results. In 2019, PV Drilling has collected a part (VND 50 billion) of the overdue debt.

3.4 Business results.

Compared to revenue plan of VND 3,850 billion and no loss which was approved by the Annual General Meeting of Shareholders, PV Drilling has exceeded the approved business plan as below:

No.	Items	Unit	2019 Plan	2019 Actual	% Actual / Plan
1	Revenue	VND Bil.	3,850	4,368	113%
2	Profit before tax	VND Bil.	-	189	-
3	Profit after tax	VND Bil.	-	184	-
4	Contribution to the State Budget	VND Bil.	360	506	141%

4. Disadvantages.

- *The rig fleet:*
- + In 2019, PV Drilling's rig fleet mainly operated overseas, incurring additional costs such as onsite personnel costs, rig and related equipment moving cost... during operations in overseas countries, as well as additional taxes according to applicable laws of the host countries.
- + PV Drilling has been active and successful in finding jobs for the rig fleet; however, due to low day rates which were not corresponding to the recovery of oil prices, the business results are not improved considerably.
- Well technical and other related services: Workload scarcity led to a sharp decrease in revenue of all the services provided by PV Drilling, including commercial services, manpower supply, well technical services, measure while drilling (MWD) services, logging while drilling (LWD) services, managed pressure drilling (MPD) and well testing services.
- Bad debt collection: PV Drilling are still facing difficulties in recovery of overdue debts; therefore, PV Drilling had to make of financial provisions, which badly affected its business results.
- Corporate restructuring: PV Drilling has built up its overall restructuring plan; however, it should be updated to suit current market situation.

- Corporate governance: Reviewing, amending and supplementing the internal management regulations should be conducted faster to meet the requirements of PV Drilling's business operation as well as Vietnam Oil and Gas Group's regulations and applicable laws.

II. BOD OPERATION, REMUNERATION AND EXPENSE IN 2019.

1. BOD's organizational chart.

- PV Drilling's BOD consists of 07 members, 03 of them are representatives of shares of Vietnam Oil and Gas Group (PVN) at PV Drilling holding the positions of Chairman, Vice Chairman and BOD Member cum President & CEO; 04 other members are in charge of various specialized fields including 03 independent members.

The replacement of PV Drilling's BOD members in 2019 is as follows:

- + Mr. Pham Tien Dung replaced Mr. Do Van Khanh to hold the position of the Chairman, effective from April 12th, 2019.
- + At 2019 Annual General Meeting of Shareholders, Mr. Nguyen Xuan Cuong was elected as a BOD's member; Mr. Nguyen Van Toan was elected as an independent member of the BOD on replacement of Mr. Dao Van Minh.
- + Mr. Le Van Be resigned as an independent member of the BOD, effective from October 31st, 2019.
- PV Drilling's BOD always worked in compliance with all policies, regulations, the Charter of PV Drilling and the Law on Enterprises to ensure the transparency and fairness.
- Members of the BOD were responsible for their specific fields to examine all issues under the authority of the BOD in order to make Resolutions/Decisions, simultaneously to supervise and direct the BOM in implementation of BOD's Resolutions/Decisions as per their assigned fields.
- PV Drilling's BOD actively conducted their roles/duties and proposed effective measures and solutions in PV Drilling's development strategy.

2. BOD's meetings in 2019.

In 2019, the BOD maintained regular and extraordinary meetings to discuss, exchange, agree and timely proposed orientation, directions in management of PV Drilling's business operations.

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

No.	Member	Title	No. of meeting attendance	Percentage (%)	Note
1	Mr. Pham Tien Dung	Chairman	7/7	100	Appointed on 12/4/2019
2	Mr. Do Duc Chien	Vice Chairman	7/7	100	
3	Mr. Nguyen Xuan Cuong	BOD member cum President & CEO	5/7	71	Appointed on 26/4/2019
4	Mrs. Nguyen Thi Thuy	Non-executive member	7/7	100	
5	Mr. Van Duc Tong	Independent member	7/7	100	
6	Mr. Nguyen Van Toan	Independent member	3/7	43	Appointed on 26/4/2019
7	Mr. Le Van Be	Independent member	5/7	71	Resigned from 31/10/2019
8	Mr. Do Van Khanh	Chairman	0/7	0	Resigned from 26/4/2019
9	Mr. Dao Van Minh	Independent member	4/7	57	Resigned from 26/4/2019

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

In 2019, PV Drilling's BOD approved and issued 43 Resolutions/Decisions to direct strategic fields, investment, management directions, amendments of the Charter, management regulations, remuneration and salary system and key position appointments. All above-mentioned Resolutions/Decisions were made based on all members' agreement for the sake of shareholders' best interest and the sustainable development of PV Drilling.

The list of Resolutions / Decisions of the PV Drilling' BOD issued in 2019 is as follows:

No.	Ref.	Date	Contents
1	01/01/2019/NQ-HĐQT	04/01/2019	Personnel assignment at PVD Well Services.
2	02/01/2019/NQ-HĐQT	29/01/2019	Salary arrangement for management who not represent the capital of PVN at PV Drilling.
3	01/02/2019/NQ-HĐQT	01/02/2019	Dismissed and appointed the representatives of PV Drilling's capital at Vietubes.

No.	Ref.	Date	Contents
4	02/02/2019/NQ-HĐQT	28/02/2019	Appropriation of Development Investment Fund in 2018.
5	01/03/2019/NQ-HĐQT	22/3/2019	Appointing Chief Accountant of Vietubes.
6	02/03/2019/NQ-HĐQT	28/3/2019	Change the depreciation time of PV Drilling's Rigs.
7	01/04/2019/NQ-HĐQT	01/4/2019	Restructuring plan of PV Drilling's Divisions for period of 2018-2020.
8	02/04/2019/NQ-HĐQT	04/4/2019	Personnel assignment at PVD Logging.
9	03/04/2019/NQ-HĐQT	10/4/2019	Applying the salary regulations for management at PV Drilling.
10	04/04/2019/NQ-HĐQT	12/4/2019	Personnel works of BOD and CEO of PV Drilling.
11	01/05/2019/NQ-HĐQT	09/5/2019	Amendments and supplements to the Charter of PVD Logging.
12	02/05/2019/NQ-HĐQT	30/5/2019	Personnel assignment at PVD Overseas, PVD Baker Hughes and PVD Training.
13	01/06/2019/NQ-HĐQT	04/6/2019	Personnel assignment at Drilling Division.
14	02/06/2019/NQ-HĐQT	04/6/2019	Appointment Supervisors at Subsidiaries.
15	03/06/2019/NQ-HĐQT	11/6/2019	Personnel assignment at PVD Offshore.
16	04/06/2019/NQ-HĐQT	18/6/2019	Personnel assignment at PVD Overseas.
17	05/06/2019/NQ-HĐQT	26/6/2019	Dividend payment plan for 2017.
18	06/06/2019/NQ-HĐQT	27/6/2019	Personnel assignment PVD Tech.
19	07/06/2019/NQ-HĐQT	27/6/2019	Approval the content of the PVD Training' AGM.
20	08/06/2019/NQ-HĐQT	27/6/2019	Approval the content of the PVD Training' AGM.
21	01/07/2019/NQ-HĐQT	31/7/2019	Collecting debt at PVEP and its subsidiaries.
22	02/07/2019/NQ-HĐQT	31/7/2019	Approval the settlement of the completed project "Buying two (02) sets of surface station equipment (E-line Unit) for mining karota measurement service" of PVD Logging.
23	03/07/2019/NQ-HĐQT	31/7/2019	Personnel assignment at PVD Well Services.
24	04/07/2019/NQ-HĐQT	31/7/2019	Salary regulations, payroll scale for Capital Representative of PVN at PV Drilling.
25	05/07/2019/NQ-HĐQT	31/7/2019	Salary Regulation of PV Drilling".
26	06/07/2019/NQ-HĐQT	31/7/2019	Regulation on increase salary of PV Drilling.
27	07/07/2019/NQ-HĐQT	31/7/2019	Regulation on salary scale system of PV Drilling.
28	08/07/2019/NQ-HĐQT	31/7/2019	Regulations on wages and payroll scales apply to employees working in Algeria.

No.	Ref.	Date	Contents
29	01/08/2019/NQ-HDQT	22/8/2019	Profit adjustment at PVD Deepwater.
30	02/08/2019/NQ-HDQT	29/8/2019	Personnel assignment at PVD Logging.
31	03/08/2019/NQ-HDQT	30/8/2019	Regulation on Emulation - Reward" of PV Drilling.
32	01/09/2019/NQ-HDQT	12/9/2019	Signing the Contract for supplying the "PV DRILLING V" rig.
33	02/09/2019/NQ-HDQT	12/9/2019	Approval the results of payment of dividends in 2017 by shares.
34	03/09/2019/NQ-HDQT	17/9/2019	Salary for management of PV Drilling.
35	04/09/2019/NQ-HDQT	23/9/2019	Personnel assignment at PVD Training.
36	05/09/2019/NQ-HDQT	30/9/2019	Personnel assignment at PVD Tech.
37	01/10/2019/NQ-HDQT	07/10/2019	Personnel assignment at PVD Well Services.
38	02/10/2019/NQ-HDQT	11/10/2019	Amendments and supplements the Charter of PVD Logging
39	01/11/2019/NQ-HDQT	14/11/2019	Re-appointment the personnel at PVD Training.
40	01/12/2019/NQ-HDQT	05/12/2019	Personnel assignment at PVD Offshore and PVD Tubulars.
41	02/12/2019/NQ-HDQT	09/12/2019	Salary plan in 2019 of the Parent Company - PV Drilling
42	03/12/2019/NQ-HDQT	12/12/2019	Personnel assignment at PVD Well Services.
43	04/12/2019/NQ-HDQT	23/12/2019	Extension of operation time of PVD Baker Hughes JV.

3. The BOD and its member operation result in 2019.

3.1 The BOD operation result in 2019.

Based on their assigned fields, BOD members actively planned their working schedule, periodically monitored and supervised the BOM in implementation of the BOD's Resolutions/Decisions. In addition, the members always actively discussed and exchanged ideas to timely provide the orientations and guidance for PV Drilling's business operation, namely as follows:

No.	Member	Title	Field of Assignment
1	Mr. Pham Tien Dung	Chairman	Responsible for the general direction, strategy, organizational structure, corporate renovation of PV Drilling. Perform 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 issues, planning and employee policies of PV Drilling.

No.	Member	Title	Field of Assignment
3	Mr. Nguyen Xuan Cuong	BOD member cum President & CEO	In charge of overall corporate business activities, PV Drilling's sustainable growth, legislation and business operation.
4	Mrs. Nguyen Thi Thuy	Non-executive member	Monitoring accounting, finance and audit of PV Drilling.
5	Mr. Van Duc Tong	Independent member	Monitoring the investments, HSEQ and rig technical issues of PV Drilling.
6	Mr. Le Van Be	Independent member	Monitoring accounting and finance of PV Drilling.
7	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.

PV Drilling's BOD members (including of independent members) have well promoted their roles in inspection and supervision of business operation activities of PV Drilling in accordance with PV Drilling's Charter and the Law on Enterprises; in addition, they strictly and actively performed their functions, duties for the sake of shareholders' interest.

3.2 Assessment of BOD independent members for the BOD operation in 2019:

PV Drilling's BOD has developed an operation plan and implemented corporate governance activities in accordance with their obligations and authorities, ensuring the business operations in compliance with the Law on Enterprises, PV Drilling's Charter and internal regulations.

PV Drilling's BOD members with high sense of responsibility, specialized in various fields, especially some of them possess professional experiences in oil and gas industry, has given the right vision and strategy for the current oil price slump period, supported the BOM to implement and monitor business operation activities in an effective way; as a result, PV Drilling exceeded all the targets of revenue, profit and contribution the State Budget.

PV Drilling's BOD has well performed the monitoring and supervision of PV Drilling's business operation activities. The monitoring and supervision activities were carried out regularly and strictly to ensure PV Drilling's performance to comply with the applicable laws. The BOD and the BOM have well-coordinated in working out appropriately and timely decisions to ensure the best business performance of PV Drilling.

4. Remuneration, Shareholding and Operation expenses of the BOD in 2019.

4.1 Remuneration, Shareholding of the BOD in 2019.

Remuneration and allowances for members of the BOD in 2019 have been paid in accordance with the approval of the Annual General Meeting of Shareholders, namely as follows:

- For members of the PV Drilling's BOD who concurrently hold executive/specialized positions or be assigned other management positions at PV Drilling: remuneration (including of wages, bonus, allowance etc.) will be paid based on PV Drilling's current salary policy.
- For independent members of BOD or other members who are not stipulated on above item: VND 10,000,000/person/month.
- Additional allowances for BOD members for performing extra tasks beyond their normal duties: not more than VND 1,500,000/member/day.

The total remuneration paid to the BOD (except the BOD member cum President & CEO) in 2019 is VND 2,661 billion (Vietnam Dong Two billion six hundred sixty one million), namely as follow:

No.	Member	Title	Remuneration (1,000 VND)	No. of owned shares
1	Mr. Pham Tien Dung	Chairman	437,931	169,254
2	Mr. Do Duc Chien	Vice Chairman	438,431	455
3	Mr. Nguyen Xuan Cuong	BOD member cum President & CEO	-	3,480
4	Mrs. Nguyen Thi Thuy	Non-executive member	1,203,674	50,978
5	Mr. Van Duc Tong	Independent member	78,390	18,847
6	Mr. Nguyen Van Toan	Independent member	51,300	0
7	Mr. Dao Van Minh (Resigned from 4/2019)	Independent member	373,874	287
8	Mr. Le Van Be (Resigned from 10/2019)	Independent member	78,390	8,417
	TOTAL		2,661,990	

4.2 Operation expenses of the BOD in 2019

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

5. Stock transactions of PV Drilling's internal Shareholders in 2019

No.	Name	Title / Relationship with internal parties	Beginning balance		Ending balance		Reason	Transaction Date
			Amount	Per. (%)	Amount	Per. (%)		
1	Mrs. Tran Thai Thanh	Mr. Do Danh Rang's wife, PV Drilling's Vice President.	2,200	0	0	0	Selling	06/4/2019

III. ASSESSMENT ON OPERATIONS OF PRESIDENT & CEO AND BOM MEMBERS IN 2019

Assessment on President & CEO and BOM's members operation activities in 2019 are as follows:

- The President & CEO as well as BOM members are qualified, skilled and capable, fully trained and have in-depth knowledge in their assigned fields; moreover, most of them have intensive experiences in management of large scale projects/enterprises.
- The President & CEO as well as BOM members had good performance on all assigned duties of the Corporation's business operation as well as completely fulfilled all assignments of the Board of Directors.
- The President & CEO as well as BOM members have implemented the PV Drilling's business operation activities in accordance with the Resolutions of the Annual General Meeting of Shareholders, BOD's Resolutions/Decisions, PV Drilling's Charter and applicable laws.
- The BOM has been well aware of both advantages and disadvantages of PV Drilling in 2019 and the coming years; hence, they were proactive and flexible to implement 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 get the highest business efficiency.
- The BOM actively promoted services to overseas and gained remarkable achievements; particularly in 2019, all PV Drilling's jack-up rigs mainly operated in Malaysia. In addition, PV Drilling has been awarded the contract to provision of the PV DRILLING V for BSP's drilling campaign in Brunei for 06 years firm plus 04 years option, which was recorded as the longest-term contract of PV Drilling since its establishment.
- The BOM has well implemented the risk management system from the Executive Board to middle managers.
- Total income of the BOM in 2019 is VND 6,458 billion (Vietnam Dong Six Billion Four hundred Fifty Eight Million).

IV. BOD IMPLEMENTATION PLAN IN 2020.

2020 is expected to be an extremely a tough year for the global economy, causing by the impact of the Corona virus (Covid-19) pandemic. Experts forecast the global economy and world trade will be badly affected in many aspects of business. The oil and gas industry is forecasted to be the most affected due to the sharp decrease in oil demand in China, a nation consuming almost one-fourth of global oil demand, absolutely results in the dramatic decline of crude oil price.

1. BOD Solutions in 2020.

In the context that PV Drilling continues to face many difficulties, challenges and

the drilling service market is forecasted to be volatile, in addition to regular monitoring and supervision in accordance with their duties, PV Drilling's BOD will direct the implementation of the following specific solutions:

- Invest the new Drilling Equipment Set (DES) with a suitable weight for the PV DRILLING V rig and reactivate the PV DRILLING V rig for drilling campaign of BSP in Brunei from April 2021.
- Maintain the efficiency performance rigs by optimizing the operation process, well maintenance and repair, application of IT in rig management and operation to promptly meet all operation and production requirements. In consideration of gradually recovering market, PV Drilling will invest the facilities to ensure competitiveness and effectiveness of rig fleet with other new generation of rigs on the market.
- Continue to direct the implementation of cost reduction and optimization, budget control and enhance the collection of all overdue debts from PVEP.
- Adjust the corporate restructuring plan in accordance with market situation and implement it in accordance with the approved plan to streamline the organizational structure and ensure effective operation.
- Seek the job opportunities to provide the drilling and related services in the region and expand the market shares in overseas.
- Review the development strategy of PV Drilling for the coming years, especially in the context of low day rates/service prices, workload limitation in domestic, harsh competition from foreign large corporations and domestic private companies.
- Retain and develop the workforce as well as build up a streamlined, qualified and professional human resources system; implement the corporate restructuring plan in order to reallocate resource and implement M&A of subsidiaries that have similar scope of business.
- Enhance the training activities such as internal training, leadership skills training for key personnel, especially trainings for the domestic positions to be qualified and capable to replace the senior expats on the rigs;
- Review and amend internal regulations in accordance with the current requirements of PV Drilling's business operation, PVN's regulations and applicable laws.
- Enhance the monitoring and supervision activities in implementation of Resolutions/Decisions of Annual General Meeting of Shareholders/BOD's, the management regulations of the BOM and the subsidiaries in accordance with the applicable laws.

2. Business Plan in 2020.

The Business plan for 2020 is prepared by PV Drilling by the end of 2019 on the basis of an average crude oil price of 60 USD/barrel without taking into account the dual

effects of the Covid 19 pandemic and the reduced oil prices, with Business plan of VND 4,680 billion revenue and VND 68 billion after tax profit.

Although workload and day rates haven't been fully improved, PV Drilling's Management Team will continue to exert their best efforts in managing the business operation activities, actively seeking job opportunities, collecting all bad debts and strongly implementing cost reduction and budget control solutions to minimize the impact on results of business operation activities.
