

Ref: 03/2023/TTr-DHDCĐ  
21<sup>st</sup> April 2023

**SUBMISSION**

Re: Report of the Board of Supervisors (BOS) on operation activities in 2022 and implementation plan in 2023

Addressed to: The General Meeting of Shareholders  
Petrovietnam Drilling & Well Service Corporation

*Pursuant to the Charter of Petrovietnam Drilling & Well Service Corporation (PV Drilling);*

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

PV Drilling's Board of Directors submits to the Annual General Meeting of Shareholders the Report of the Board of Supervisors (BOS) on operation activities in 2022 and implementation plan in 2023 as Appendix attached herewith.

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

Yours sincerely,

***Recipients:***

- As above;
- File: BOD Secretary.

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

*(signed and sealed)*

**Mai The Toan**

**APPENDIX**  
**REPORT OF BOARD OF SUPERVISORS**  
**ON OPERATION ACTIVITIES IN 2022 AND PLAN IN 2023**

*(Attached with the Submission Ref. 03/2023/TTr-DHDCD dated 21<sup>st</sup> April 2023)*

**I. BOARD OF SUPERVISORS OPERATION ACTIVITIES IN 2022**

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

The PV Drilling's Board of Supervisors (BOS) includes of 03 members who have successfully completed the tasks in 2022 with the activities that specified in the Law on Enterprise and the Charter as follow:

- To supervise the Board of Directors, CEO 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; 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 company's business reports and annual and biannual financial statements, and reports evaluating management work of the Board of Directors; and to submit appraisal reports at the Annual General Meeting of Shareholders.

- To review, inspect and evaluate the effect and efficiency of internal control, internal audit, risk management and early warning systems of the company.

- To propose the Board of Directors or the General Meeting of Shareholders measures to modify, supplement and improve the organizational structure for the management, supervision and administration of the company's business operations.

- 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 Supervisory Board 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 company's charter and resolutions of the General Meeting of Shareholders.

## 2. Performance of the Supervisors in 2022

In 2022, BOS members successfully completed the tasks of supervision in accordance with the functions and duties stipulated in PV Drilling's Charter, operation regulations of the BOS and regulations of laws, namely:

No	Name	Title	Assigned tasks
1	Luong Thanh Tinh	Head of the 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	Nguyen Binh Hop	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	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> </ul>

No	Name	Title	Assigned tasks
			<ul style="list-style-type: none"> <li>- Supervising profit distribution, salary fund finalization, inventory and cost optimization;</li> <li>- To archive and retain all working papers and related documents to the work of the Board of Supervisors.</li> </ul>

### 3. 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 Circular 28/2016/TT-BLĐTBXH dated 01<sup>st</sup> September 2016 in which guiding the implementation of regulations on labor, salary, remuneration and bonus for companies with dominant shares and contributed capital of the State.

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 members of the BOS are as follows:

No	Full name	Title	Salaries, bonus, remuneration (unit: million dong)	Other benefits (unit: million dong)	Number of shares (unit: share)
1	Luong Thanh Tinh	Head of the Board	905	0	0
2	Nguyen Van Tai	Member	392	0	0
3	Nguyen Binh Hop	Member	84	0	0
	<b>Total</b>		<b>1,381</b>	<b>0</b>	<b>0</b>

Other operation expenses: 26 million dong (including air tickets, tools allocated and others).

## II. THE BOS' MEETING IN 2022

### 1. Number of attendance

No	Full name	Title	Number Of Attendance	Attendance rate	Voting rate	Absence Reasons
1	Luong Thanh Tinh	Head of the Board	5/5	100%	100%	
2	Nguyen Binh Hop	Member	5/5	100%	100%	
3	Nguyen Van Tai	Member	5/5	100%	100%	

### 2. The content of BOS' meetings from 01 January 2022 to 31 December 2022

No	Date	Content
1	Meeting date 22/02/2022	<ul style="list-style-type: none"> <li>- The evaluation of actual operation in 2021 and plan in 2022.</li> <li>- 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 31<sup>st</sup> December 2022.</li> <li>- Other operation of the BOS.</li> </ul>
2	Meeting date 18/04/2022	<p>Discussed and agreed:</p> <ul style="list-style-type: none"> <li>- Discussed and agreed the appraisal reports of the Supervisory Board to the Audited Holding Company financial statement and the Audited Consolidate Financial Statement for the year ended 31<sup>st</sup> December 2021.</li> <li>- To apprise the BOD reports on actual activities in 2021 and plan in 2022 and submit to the Annual General Meeting of Shareholders 2022 for the ratification.</li> <li>- To apprise the BOM reports on actual activities in 2021 and plan in 2022 and submit to the Annual General Meeting of Shareholders 2022 for the ratification.</li> <li>- Appraise the method to determine the salary fund in 2021 for the Employees and Managers PV Drilling Corporation and</li> <li>- Other operation of the BOS.</li> </ul>
3	Meeting date 05/05/2022	<ul style="list-style-type: none"> <li>- Discussed and agreed the appraisal reports of the Supervisory Board to the Holding Company financial statement and the Consolidate Financial Statement for the first quarter year ended 31<sup>st</sup> December 2022.</li> <li>- Other operation of the BOS.</li> </ul>
4	Meeting date 08/09/2022	<ul style="list-style-type: none"> <li>- Discussed and agreed the appraisal reports of the Supervisory Board to the Holding Company financial statement and the Consolidate Financial Statement for the second quarter year ended 31<sup>st</sup> December 2022.</li> <li>- Other operation of the BOS.</li> </ul>
5	Meeting date 01/11/2022	<ul style="list-style-type: none"> <li>- Discussed and agreed the appraisal reports of the Supervisory Board to the Holding Company financial statement and the Consolidate Financial Statement for the third quarter year ended 31<sup>st</sup> December 2022.</li> <li>- Other operation of the BOS.</li> </ul>

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

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

By efforts to find jobs for the rigs, the Corporation has put the PV DRILLING V rig into the drilling operations in Brunei and successfully penetrated into the Indonesian drilling market after a long time of persistent pursued, which has been continuing to affirm its bravery to develop not only the domestic market. The Corporation achieved the

average utilization efficiency of jack-up rigs in 2022 at 3.4 rigs with the drilling price of nearly 61 thousand USD/day, an increase compared to 2021 (3.2 rigs and the average drilling price of 52 thousand USD/day).

In addition to the strong fluctuations loan interest and exchange rates have greatly affected the activities of all enterprises in Vietnam. The Corporation's BOM has doing the best in all activities and looking for jobs. However, the business results performed in 2022 did not meet the registered plan at the General Meeting of Shareholders mainly due to the influence of strong fluctuations in loan interest and foreign exchange rates, specifically as follows:

*(Unit: Billion dong)*

Items	Plan	This year actual	Last year actual	This year vs Plan	This year vs last year
Total incomes (*)	4,700	5,599	4,314	899	1,285
Net profit after Copotate income tax		(155)	37	-	(192)
<i>Including:</i>					
<i>The Holding Company shareholders</i>		(103)	20		(123)
<i>Non-controlling interests/(loss)and interest of the partners in the Business Cooperation Contract</i>		(52)	17		(69)

*(\*) Total income include the revenue from the activities, the financial income, the income from investments in joint ventures and the Others incomes.*

- Total income in 2022 is 5,599 billion dong, up 19% compared to the approved plan as of VND 4,700 billion; total income in 2022 reached to 5,599 billion dong, equivalent to exceed 1,285 billion dong or reach to 130% in the comparison to the last year (2021: 4,314 billion dong). This result is mainly due to increased rig efficiency and improved rig rental prices.

- The 2022 General Meeting of Shareholders did not assign the target of profit after tax in 2022. The Corporation has no profit in the year ended 31<sup>st</sup> December 2022 mainly due to the increased financial costs, related to loan interests and foreign exchange rates.

## **2. Financial position**

In face of difficulties, PV Drilling's financial position as of 31<sup>st</sup> December 2022 was in good condition, ensuring the solvency and capital preservation of the Corporation.

Some indicators of the Corporation's balance sheet as of 31<sup>st</sup> December 2022:

ASSETS (billion dong)				RESOURCE (billion dong)			
Items	Closing balance	Opening balance	Inc/Dec (%)	Items	Closing balance	Opening balance	Inc/Dec (%)
A CURRENT ASSETS	5,646	5,429	104%	C – LIABILITIES	6,626	6,930	96%
I. Cash and cash equivalent	2,079	1,131	184%	I. Current liabilities	2,868	3,030	95%
IV. Inventories	909	758	120%	II. Long term liabilities	3,757	3,899	96%
B NON-CURRENT ASSETS	15,058	15,332	98%	D EQUITIES	14,079	13,832	102%
TOTAL ASSETS	20,704	20,761	100%	TOTAL RESOURCE	20,704	20,761	100%

The financial ratios as of 31<sup>st</sup> December 2022 are as follows:

No	Items	Unit	Fomula	Closing balance	Opening balance
1	Debt ration	Time	= Total Liabilities / Total Resource	0.32	0.33
2	Debt to Equity ratio	Time	= Total Debt / Total Equities	0.47	0.50
3	Quick ratio	time	= (Current assets - Inventories) / Current liabilities	1.65	1.54
4	Current ratio	time	= Current assets / Current liabilities	1.96	1.79
5	Assets to Debt ratio	time	= Total assets / Total liabilities.	3.12	3.00

General assessment:

As of 31<sup>st</sup> December 2022, the financial ratios showing good financial positions, not depends on the debt, the current ratio and the quick ratio are greater than 1, the total assets to debt is greater than 3, which indicating the ability to promptly pay debts when they are due.

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

The BOD, the BOS and the BOM have been updating all the changed requirements related to the corporate governance such as the Charter, Internal regulations and rules of the Company. The BOM directed all departments to develop and update the changings on that regulation to the corporate governance.

#### **IV. ASSESSMENT REPORTS ON TRANSACTIONS BETWEEN THE COMPANY, SUBSIDIARY COMPANIES AND OTHER COMPANIES OVER 50% CHARTER CAPITAL OF WHICH IS HELD BY THE PUBLIC COMPANY WITH MEMBERS OF THE BOARD OF DIRECTORS, THE DIRECTOR/GENERAL DIRECTOR AND THEIR RELATED PERSONS; TRANSACTIONS BETWEEN THE COMPANY WITH COMPANIES WHOSE FOUNDERS OR MANAGERS ARE MEMBERS OF THE BOARD OF DIRECTORS**

According to the current regulations on information disclosure in Circular 96/2020/TT-BTC dated 16<sup>th</sup> November 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 2022, The CEO has signed 21 contracts and transactions with related persons of the Corporation. These contracts and transactions were under the approval authority by BOD as prescribed in the PV Drilling's Charter and the present Law on Enterprise.

In generally, 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.

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

In 2022, the BOM managed and operated production and business activities in accordance with the decentralization between the BOM and BOD. The BOM has increased cost cutting; controlled cash flow to maintain production and business activities; taken measures to strengthen internal resources and continue to promote the expansion of services abroad; maintained service quality, ensuring safe production and business activities, and improving the efficiency of drilling rigs. The BOM regularly reports to the BOD and consults for direction when necessary.

The BOD had promptly issued Resolutions/ Decisions on strategies and operating activities in accordance with the actual situation of the Corporation and the subsidiaries in order to ensure the stability operation of the Corporation during the difficult period as well as ensuring the Corporation's sustainable development ability.

## **VI. EVALUATION OF COOPERATION BETWEEN THE BOS TO THE BOD, BOM AND SHAREHOLDERS**

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

The Supervisory Board fully participated in the meetings of the BOD, contributed ideas related to risk identification and warning in the management and administration of production and business activities of the Corporation. The recommendations of the Supervisory Board are considered by the BOD and BOM to ensure the interests of the Corporation and comply with the provisions of the Law and internal management regulations of the Corporation.

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

The Supervisory Board supervised the preparation of quarterly financial reports and annual reports and well cooperated with the BOM in providing information on business results to competent state agencies and shareholders. In order to ensure that informations on productions, business activities and financial informations had disclosed in a timely manner in accordance with the regulations of the State Securities Commission and the Stock Exchange, ensuring the interests of shareholders.

## **VII. TO APPRAISE THE REPORTS**

According to the provisions of Articles 170 and 175 of the Enterprise Law and Article 13 of the Regulation on Operation of the Supervisory Board approved by the 2021 Annual General Meeting of Shareholders, the Supervisory Board has appraised the reports in accordance with regulations as follows:

### **1. To apprise the audited financial statements**

The Supervisory Board has apprised and evaluated the Financial Statements (FS) at the year ended 31 December 2021 and the FS at 31 December 2022 audited by Deloitte Vietnam Auditing Co.Ltd. in order to assess the true and fair view of the financial position of the company at the year ended and the financial performance in accordance with the current accounting standards and regimes. Overall, the financial statements and the financial performance of the 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.

### **2. To apprise the BOM reports**

The Supervisory Board has appraised the BOM reports on the business results for the year ended 2022. 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 had reported the the annual investment activities 2022 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, etc.

Therefore, the BOM reports for the year ended 31 Dec 2022 has reflected in accordance with the actual operation of the Corporation, the indicators of revenue and profit were reflected and recognized in the audited financial statements for the year ended 31 Dec 2022, which had been audited by Deloitte Vietnam Auditing Co. Ltd.,

### **3. To apprise the BOD reports**

The BOD had reported the actual activities in 2022 and plan in 2023 and submit to the Annual General Meeting of Shareholders 2023 for the ratification. In which, the reports has specifically detailed the operational aspects of the Corporation in 2022 from the strategic orientation, corporate restructuring, cost management, corporate governance, investment, environmental, health and social security, etc.

The BOD had 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 31 December 2022 was in accordance with the current situation, rights and obligations specified in the Charter and in accordance with the current regulations.

### VIII. THE BOS OPERATION PLAN IN 2023

No	Content	Time
<b>I</b>	<b>Frequently tasks</b>	
1	Monitoring the compliance with the laws, Charter and internal regulations in business management operations.	Frequently
2	Supervising and evaluating the implementation of the Resolution of the Annual General Meeting of Shareholders in 2023; monitoring financial situation, capital balance and cash flow management, operational efficiency and debt solvency, capital management and use; capital preservation and development; the implementation of the quarterly production and business plan; inspect/supervise the implementation, progress and efficiency of investment projects.	Frequently
3	Coordinating with State authorities, inspection and auditing agencies in inspecting and supervising the management, production and business activities at the Corporation.	Frequently
4	Coordinating with the Board of Directors in managing shareholders' capital and the Corporation's capital invested in other enterprises.	Frequently
5	Reviewing the contracts and transactions with related parties under the approval authority of the Board of Directors or the General Meeting of Shareholders and making recommendations on contracts and transactions that require approval of the Board of Directors or the General Meeting of Shareholders; Supervising the disclosure of information about related parties and contracts/transactions with related parties.	Frequently
6	Perform other tasks of the BOS by the request of shareholders or groups of shareholders in accordance with the provisions of the Charter, the General Meeting of Shareholders and current regulations; Proposing the General Meeting of Shareholders to choose an independent auditing company.	Frequently / Add hoc
<b>II</b>	<b>Recurring tasks</b>	

No	Content	Time
1	Preparing the BOS report on activities in 2022 and operation plan in 2023 and submit it to the General Meeting of Shareholders for approval and implementation.	Quater I
2	Submit to the Annual General Meeting of Shareholders the following reports: Appraisal of financial statements in 2022, appraisal of annual reports on production and business activities and report on assessment of management in 2022 of the Board of Directors of Corporation.	Quater I
3	Checking the reasonableness, legality, honesty and carefulness in the management and administration of business activities; systematicity, consistency and appropriateness of accounting, statistical and financial reporting.	Quaterly
4	Reviewing the ledgers, accounting records and other documents, management and operation of the Corporation when deeming it necessary.	In need
5	Inspejing/supervising the implementation of corporate restructuring and renewal according to the approved Decision/Resolution.	In need / Add hoc
6	Reviewing, examining and evaluating the effectiveness and efficiency of the Corporation's internal control, internal audit, risk management and early warning systems; make recommendations and proposals to improve and improve the operational efficiency of the internal control system.	Quaterly
7	Appraisal of quarterly financial statements; semi-annual in 2023.	May, August, November
8	Appraisal of salary fund 2022 of employees and managers.	April
9	Inspecting/supervising the implementation and handling of recommendations of inspection teams of state agencies and competent authorities for the Corporation.	Quaterly
10	Supervising year-end stockcont.	December
<b>III</b>	<b>Inspecting/monitoring the projects, subsidiaries, affiliates...</b>	
1	Monitoring financial situation, capital balance and cash flow management, operational efficiency and debt solvency, capital management and use; capital preservation and development; the implementation of the quarterly production and business plan; implementation status, implementation progress and	Quaterly

<b>No</b>	<b>Content</b>	<b>Time</b>
	efficiency of investment projects of branches, subsidiaries and joint venture companies by the PV Drilling's representative reports.	
2	Supervising the financial audit of the Corporation for its branches, subsidiaries and joint ventures.	By BOD agenda
3	<p>Checking/monitoring the situation of capital management; implementation of production and business plans; implementation status, implementation progress and efficiency of investment projects of a number of branches, subsidiaries and joint venture companies if necessary.</p> <p>Form of inspection: physical inspection at the unit, including examination of accounting books, accounting records, accounting records and other documents of the inspected entity.</p>	In need

*Hochiminh City, date 21<sup>st</sup> April 2023*

**ON BEHAFT OF THE BOS  
HEAD OF THE BOARD**

*(Signed and sealed)*

**Luong Thanh Tinh**