

No: *Ho Chi Minh City, day month year 2024*

**PROPOSAL FOR APPROVAL ON  
THE KEY TERMS OF THE CONTRACT FOR  
“ENGINEERING, PROCUREMENT, CONSTRUCTION, AND  
INSTALLATION FOR CENTRAL PRODUCTION PLATFORM, LIVING  
QUARTERS PLATFORM & FLARE TOWER”  
WITH PHU QUOC PETROLEUM OPERATION COMPANY (PQPOC)**

To: The General Meeting of Shareholders  
Petrovietnam Technical Services Corporation

*Pursuant to:*

*- The Enterprise Law No. 59/2020/QH14 and Investment Law No. 61/2020/QH14 were approved by the National Assembly of the Socialist Republic of Vietnam on June 17, 2020, and take effect from 1<sup>st</sup> January 2021;*

*- Charter of Vietnam Petroleum Technical Services Corporation (PTSC);*

*- Request for Quotation No. PQ-ITB-DEV-2022-005 dated 1<sup>st</sup> December 2022 for Block B Project, Package EPCI#1 “Engineering, Procurement, Construction and Installation for Central Production Platform, Living Quarter Platform & Flare Tower” of Phu Quoc Petroleum Operating Company (PQPOC);*

*- The Bids for Package EPCI#1 dated 5<sup>th</sup> April 2023;*

*- Limited letter of award No. 866/PQPOC-DEV dated 30<sup>th</sup> October 2023, for Contract “Design, procurement, construction and installation of central technology truss, housing truss, and torch tower” No. PQ-CTR-DEV-2022-005 between Contractor Consortium of McDermott Asia Pacific Sdn. Bhd. (McDermott), PTSC Corporation (“Consortium”) and PQPOC.*

With regard to the Contract for EPCI#1 for PQPOC, The Board of Directors respectfully reports the following to the General Meeting of Shareholders (GMS).

**I. GENERAL INFORMATION AND THE BID RESULT OF PTSC FOR COMPONENT PROJECTS OF THE BLOCK B – O MON GAS-TO-POWER VALUE CHAIN PROJECT**

The Block B - O Mon Gas-To-Power Value Chain Project consists of three components which are the Vietnam Block B Gas project (upstream), the Block B – O Mon Gas Pipeline project (midstream), and four O Mon gas power plants project (downstream), with a total investment of nearly 12 billion USD. The Vietnam Block B Gas Project which is implemented by Phu Quoc Petroleum Operating Company includes Package

of “Engineering, Procurement, Construction, and Installation for Central Production Platform, Living Quarter Platform & Flare Tower” (EPCI#1), Package of “Engineering, Procurement, Fabrication, Installation for Wellhead Platform, and in-field Pipeline Systems” (EPCI#2), “Supply and Charter of Floating, Storage, and Offloading Unit” (FSO); Block B – O Mon Gas Pipeline Project which is implemented by Southwest Gas Pipeline Operating Company (Southwest POC) includes Package of “Detailed Design for the Entire project, Procurement, Construction and Installation of Onshore Pipeline, Stations and Commissioning for the Entire project” (EPC), and Package of “Procurement, Construction, and Installation for Offshore Pipeline” (PC).

The Vietnam Block B Gas Project is a national major one, with a 20-year life cycle and a total investment of nearly 07 billion USD by a group of investors of Vietnam Oil and Gas Group (PVN), Petrovietnam Exploration Production Corporation (PVEP), Mitsui Oil Exploration Co. Ltd (MOECO) from Japan, PTT Exploration and Production Public Company Limited (PTTEP) from Thailand under the Petroleum Sharing Contract (PSC). The Project's objective is to produce and gather Block B's gas resources with total expected recoverable reserves of 3.78 billion cubic feet (roughly 107 billion m<sup>3</sup>) and 12.65 million barrels of condensate, gas output brought ashore about 5.06 billion m<sup>3</sup>/year, which is important in ensuring the country's energy security. PQPOC, the branch of Vietnam Oil and Gas Group represents the investors group to implement the Project.

Recently, PTSC and its subsidiaries have endeavored to execute marketing campaigns, engage in competitive bidding, and obtain numerous favorable outcomes, securing several high-value contracts for the Block B - O Mon Gas-to-power valued chain project. These contracts include the following:

No	Package	Value	Remark
1	“Engineering, Procurement, Construction, and Installation for Central Production Platform, Living Quarter Platform & Flare Tower” (EPCI#1) – Vietnam Block B Gas Project	Total value: 1,085,524,847 USD The portion of PTSC valued: 492,733,951 USD (approx. 12,071,981,799,500 VND)	Client: PQPOC
2	“Engineering, Procurement, Fabrication, Installation for Wellhead Platform, and in-field Pipeline Systems” (EPCI#2) – Vietnam Block B Gas Project	Total value: around 300 million USD The value segment of PTSC M&C: 100%	To be executed by PTSC’s subsidiary: PTSC M&C Client: PQPOC
3	“Supply and Charter of Floating, Storage, and Offloading Unit” (FSO) – Vietnam Block B Gas Project	TBA	Received RFQ from PQPOC
4	“Detailed Design for the Entire project, Procurement, Construction and Installation	Total value: 7,622,751,568,074 VND	Client: South West POC

No	Package	Value	Remark
	of Onshore Pipeline, Stations and Commissioning for the Entire project” (EPC) - Block B – O Mon Gas Pipeline Project	The portion of PTSC valued: at 6,243,007,485,728 VND	
5	“Procurement, Construction, and Installation for Offshore Pipeline” (PC) - Block B – O Mon Gas Pipeline Project		Under clarification of bidding documents Client: South West POC
6	Other packages of Vietnam Block B Gas Project: Supply and charter of Offshore Support Vessels for Drilling, Installation, and Field Standby; Port and supply Base, Geological Survey Services, and repair of Subsea Facilities, and other Logistic Services		Implemented from 2024 to 2025

In order to secure the overall progress of the Vietnam Block B Gas Project, the Client has decided to award a Limited Letter of Award (LLOA) with a term of 06 months for the EPCI#1, subject to the terms and conditions of the Contract that have been agreed upon by the parties. Within the validity of the LLOA, the parties agree to sign the main Contract at any time upon notice from the Client.

According to PTSC's most recent financial report, the estimated value (for PTSC's scope only) of the Contract for "Engineering, Procurement, Construction, and Installation for Central Production Platform, Living Quarter Platform, and Flare Tower" (EPCI#1) exceeds 35% of the PTSC's total assets. As a result, the Contract must be approved by the GMS before signing.

## II. INFORMATION OF THE CONTRACT FOR EPCI#1

### 1) Overall:

- Contract's name: “Engineering, Procurement, Construction, and Installation for Central Production Platform, Living Quarter Platform & Flare Tower” (EPCI#1).
- Project's name: Vietnam Block B Gas Project.
- Contracting Parties:
  - Client: Phu Quoc Petroleum Operating Company (PQPOC), a branch of Vietnam Oil and Gas Group.
  - Contractor: Consortium between McDermott Asia Pacific Sdn. Bhd. and Petrovietnam Technical Services Corporation (PTSC).

- Project's location: The project is situated in the exclusive economic zone of Vietnam, around 250 kilometers southwest of Ca Mau province.

## 2) Schedule:

Project key milestones:

No	Milestones	Date (tentative)	Grace period
1	Installation Completion for CPP Jacket	17/12/2025	6 months
2	Installation Completion for LQ jacket, Flare Jacket & Deck	04/01/2026	
3	Installation Completion for CPP Topside	04/9/2026	8 months
4	Gas provided by the client to test the equipment	13/11/2026	
5	Mechanical Completion	31/12/2026	8 months

## 3) Main terms & conditions:

- Scope of work: Engineering, Procurement, Construction, and Installation for Central Production Platform, Living Quarter Platform & Flare Tower.
- Duration: 38 months, 1st gas: 31/12/2026 with 08 months grace period;
- Performance bond: 10% of the Contract value;
- Performance Guarantee: 3% of the Contract value; 2 years with an extension but not exceeding 36 months from issuance of work completion certificate;
- Limitation of Liability: 60% of the contract's value represents the contract's total liability;
- Applicable Law: Vietnam Law;
- Arbitration: Singapore International Arbitration Center (SIAC).

## 4) Fundamental Financial Indicators:

- Estimated contract value: 492,733,951 USD (*in words, Four hundred ninety-two million, seven hundred thirty-three thousand, nine hundred and fifty-one US dollars*) (not including VAT)
- Estimated profit: 4% of Estimated contract value.

## 5) Contract validity:

The Contractor was granted a limited letter of award (LLOA) to execute certain works in advance within 06 months, starting from 31<sup>st</sup> October 2023. The Client's notice will cause the main Contract to come into effect immediately. The main Contract is effective from 31<sup>st</sup> October 2023 (the LLOA's effective date).

## 6) Works have been performed under EPCI #1

- *Approve and sign the Limited Letter of Award (LLOA) for EPCI#1:*

According to the authority granted by the current regulations and the PTSC's Charter, the Board of Directors approved the main terms of LLOA for EPCI#1 on 30<sup>th</sup> October 2023. Consequently, PTSC will execute the work within a limited scope of 06 months, and the main Contract may take full effect at any time upon notice from the Client. This includes: (i) mobilizing personnel (including key personnel) to perform the works under the LLOA; (ii) conducting a FEED design review within 60 days of the effective date and issuing a FEED review report within 90 days from the effective date ; (iii) initiating the process of soliciting bids for the procurement of materials to ensure project implementation progress; (iv) initiating procurement process under Client approval to ensure project schedule; (v) issuance of drawings and other important documents early to ensure project schedule; (vi) performing other important tasks to ensure project schedule; and (vii) arranging client and contractor's offices. The value of PTSC is 20.2 million USD out of the total LLOA value which is 140.2 million USD. The signing of the LLOA was published on PTSC's website and social media.

- *Executiton of the LLOA for EPCI#1:*

As soon as the LLOA was signed, the Consortium mobilized personnel to complete the FEED design and implement the procurement of material. The Consortium has so far finished the following tasks:

- Level 2 schedule;
- Personnel mobilization plan during 06 months of LLOA;
- Personnel mobilization plan during 90 days;
- Weekly report and monthly report to Client are completed as required;
- Set up the Project Office at McDermott's design office in Kuala Lumpur for the Client and the Joint Venture staff;
- Mobilize the Consortium's personnel in Kuala Lumpur, Chennai, and Vung Tau to implement the Project;
- Project implementation plan;
- Detailed design completion plan;
- Procurement Plan;
- Relevant Project plans and procedures;

After completing the work above, the Client has given the Consortium interim progress completion certificates which allow the Consortium to claim for payment milestones 1 and 2.

The Consortium and Client are cooperating closely to complete the design and procurement work for the Project, The parties are also working together to finish the pertinent appendices to the Contract so that it can be signed as soon as possible.

#### **IV. SUGGESTIONS AND RECOMMENDATIONS**

During a time when the oil and gas market has been declining for many years, restarting and implementing a large-scale and valuable project such as the Vietnam Block B Gas Project, particularly after a period of delay for numerous reasons, is a very positive sign. With numerous significant bidding packages and full implementation in Vietnam, the Vietnam Block B Gas Project is the largest project chain ever. By taking

part in the Project, PTSC's services chain will have the chance to further develop and solidify its position in the market and strengthen the PTSC brand. At the same time, PTSC's involvement in the Project will provide a substantial source of income for PTSC and its Subsidiaries during project execution as well as in the project's later phases of field development (a total of 52 wellhead platforms) and operation.

If approved, the Contract for EPCI#1 will bring in income and profits for PTSC, guaranteeing benefits to shareholders and jobs for employees. It will also add another noteworthy achievement to PTSC's experience profile, the first-ever manufacturing of superstructures up to 23,000 tons, confirming the company's capacity to handle offshore oil and gas mechanical projects and giving PTSC and its Subsidiaries greater confidence to enter regional and international markets as well as encouraging PTSC to pursue stable development for the coming years.

Under Article 167 of the Enterprise Law and Article 15 of the PTSC's Charter, the estimated Contract value (PTSC's work only) exceeds 35% of PTSC's total assets, according to the most recent financial report, this Contract must be approved by the GMS.

In order to establish a legal foundation and guarantee the momentum of the Contract schedule for EPCI#1, the Board of Directors kindly requests the GMS to deliberate and decide on the following:

1. To approve the Contract for “Engineering, Procurement, Construction, and Installation for Central Production Platform, Living Quarter Platform & Flare Tower” (EPCI#1) between Contractor Consortium between McDermott Asia Pacific Sdn. Bhd. and Petrovietnam Technical Services Corporation and Phu Quoc Petroleum Operating Company with the main contents as below:
  - **Contracting Parties:**
    - **Client:** Phu Quoc Petroleum Operating Company, a branch of Vietnam Oil and Gas Group. Vietnam Oil and Gas Group holds a 51.38% share of PTSC.
    - **Contractor:** Contractor Consortium between McDermott Asia Pacific Sdn. Bhd. and Petrovietnam Technical Services Corporation.
  - **Scope of work:**
    - Execute the FEED design review;
    - Execute the detailed design;
    - Execute the construction design, including construction drawing design, assembly, and completion;
    - Material and Equipment Procurement for the Project;
    - Fabrication, assembly, and completion of project components, including pre-commissioning and commissioning for equipment;
    - Load-out, transportation, installation, and hook-up at field.
  - **Main items included in the scope of work:**
    - CPP Topside, Jacket, and Piles;
    - Flare Support Deck, Jacket, Piles, and Bridge;

- CPP to LQ Bridge;
  - CPP to AQWA Bridge;
  - LQ Module (180 men), Utility Deck, Jacket, and Piles;
  - Sales Gas Pipeline dia. 28 inch (SSIV Structure & Umbilical), except for transportation and installation.
- **Estimated Contract value: 492,733,951 USD** (*in words, Four hundred ninety-two million, seven hundred thirty-three thousand, nine hundred and fifty-one US dollars*) (not including VAT)
- **Main terms and conditions of the Contract:**
- Duration: 38 months, 1st gas: 31/12/2026 with 08 months grace period;
  - Performance bond: 10% of the Contract value;
  - Performance Guarantee: 3% of the Contract value; 2 years with an extension but not exceeding 36 months from issuance of work completion certificate;
  - Limitation of Liability: 60% of the contract's value represents the contract's total liability;
  - Applicable Law: Vietnam Law;
  - Arbitration: Singapore International Arbitration Center (SIAC).
2. To assign the Chief Executive Officer to oversee the completion, detailed approval, decision-making, signing, and execution of all content, information, documents, and tasks related to the contract with Phu Quoc Petroleum Operations Company, ensuring economic efficiency and compliance with current regulations.

Respectfully presented to the General Meeting of Shareholders for consideration and approval./.

**ON BEHALF OF THE BOARD OF DIRECTORS  
CHAIRMAN**

**To:**

- The above;
- BOS, BOD, BOM;
- PTSC's Website;
- ADM, Divisions in PTSC HQ;
- Archive: SEC.