

PETROVIETNAM CONSTRUCTION JOINT
STOCK CORPORATION
PETROLEUM EQUIPMENT ASSEMBLY
AND METAL STRUCTURE JOINT STOCK
COMPANY

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

No.: 250.../CV-KCKL-TCKT

Vung Tau, 31.03.2025.

“Explanation regarding the refusal to express an opinion
by the auditing firm in the 2024 financial statements”

To: Hanoi Stock Exchange (HNX).

State Securities Commission

First of all, Petroleum Equipment Assembly and Metal Structure Joint Stock Company (PVC-MS) would like to extend our respectful greetings and express our sincere thanks for the assistance provided by your esteemed organization to our company in the past.

In order to clarify some points in the Independent Auditor's Report No. 260325.013/BCTC.HCM dated March 26, 2025, issued by AASC Auditing Firm Company Limited. regarding the financial statements for the fiscal year ending December 31, 2024, PVC-MS would like to provide the following explanations:

In the Independent Auditor's Report No. 260325.013/BCTC.HCM dated March 26, 2025, issued by AASC Auditing Firm Company Limited regarding the 2024 financial statements of PVC-MS, the basis for the refusal to issue an opinion is:

“1. The company is monitoring the value of land use rights related to the plot at 02 Nguyen Huu Canh, Thang Nhat Ward, Vung Tau City, Ba Ria - Vung Tau Province, with an original cost of VND 15.166 billion and accumulated depreciation as of December 31, 2024, amounting to VND 6.295 billion (see Note 12). This land has been converted for the investment purpose of the High-rise Apartment Complex - Office Building project, which the company is the investor and has been completed and put into use since 2011. On August 24, 2017, the Department of Natural Resources and Environment of Ba Ria - Vung Tau Province revoked this land to reallocate the land use rights to the project owners. Among them, the company holds land use rights, ownership of the building, and other assets attached to the land, including the 1st, 2nd, 3rd, 4th, 5th floors, technical floors, and the rooftop technical floors of this project. As of the issuance date of this audit report, the company has not yet included the value of the land use rights in the project cost.

“2. We were unable to obtain the necessary documents related to the Thai Binh 2 Thermal Power Plant Project and the Song Hau I Thermal Power Plant Project. Therefore, we cannot conclude on the appropriateness of the revenue and cost of goods sold recognized up to December 31, 2024, with total values of VND 892.970 billion and VND 921.339 billion, respectively (of which the revenue and cost of goods sold recognized by the company this year are VND 4.930 billion and VND 5.150 billion, respectively); we also have not been able to assess the appropriateness and completeness



of the work-in-progress production costs related to the two above-mentioned projects as of December 31, 2024, and January 1, 2024, with respective values of VND 146.247 billion and VND 149.758 billion, nor the impact of these issues on the attached financial statements.

Emphasis of matter:

As of December 31, 2024, the Company's short-term liabilities exceed its short-term assets by VND 369.86 billion; the accumulated loss is VND 578.93 billion; and the overdue payables as of December 31, 2024, amount to VND 412.07 billion. These issues indicate the existence of a significant uncertainty factor that could lead to substantial doubt about the Company's ability to continue as a going concern. The financial statements for the fiscal year ending December 31, 2024, have still been prepared based on the assumption of going concern.

PVC-MS would like to explain

1- Regarding the basis for the refusal of the audit opinion as follows:

- The value of the land with an area of 3,570 m², valued at VND 15,166,470,000, with the land lease term of 50 years until April 1, 2042, is land granted by the state with payment for land use rights. This land is part of the capital contribution from the parent company - Vietnam Oil and Gas Construction Corporation. Therefore, the value of this land has not been allocated into the final settlement cost of the High-rise Apartment Complex - Office Building Project at 02 Nguyen Huu Canh, Thang Nhat Ward, Vung Tau City. Currently, the company is recording it as intangible fixed assets with a depreciation period of 33 years, and has not yet allocated the land use rights value into the cost of the apartments.

- The Thai Binh 2 Thermal Power Plant Project and Song Hau I Thermal Power Plant Project have long construction times and large values, with many changes during implementation regarding design, techniques, scope of work, and construction methods, which led to changes in the value of the work volumes. Currently, the project data is being regularly updated by the company to reflect the actual progress of the projects. The updated overall cost estimates will be approved by the Board of Directors once the official project data is finalized.

2- Regarding the emphasis issue::

As of December 31, 2024, the Company's short-term liabilities exceed its short-term assets by VND 369.86 billion; the accumulated loss is VND 578.93 billion; and the overdue payables as of December 31, 2024, amount to VND 412.07 billion... The Company's management has acknowledged this issue and will continue to negotiate with creditors to extend the due debts into the following year. In addition, the Company has forecasted sufficient cash flow for expenditures in the next accounting period. Therefore, the potential imbalance in liquidity as of December 31, 2024 (if any) will not affect the company's ability to continue as a going concern in the next fiscal year.

This is the explanation and clarification from PVC-MS. The company is always conscious of complying with the laws and regulations regarding securities, the stock market, and information disclosure, and kindly requests the Department to consider it.

Sincere thanks./.

Recipient:

- As above;
- BOD, Director, Supervisory Board (for reporting);
- File: VT, TC-KT.



**PVC-MS COMPANY
DIRECTOR**

**DIRECTOR
Phan Khắc Man**

