**PVH: Explanation on the trading restriction**

On June 19, 2024, Thanh Hoa Petroleum Construction Joint Stock Company announced Official Dispatch No. 26/CV-XLDKTH-HDQT on explaining and providing a plan to overcome the situation of trading restrictions as follows:

Explanation:

* Auditor's opinion: We do not have enough information to evaluate the suitability of the accounts receivable and payable on January 1, 2023 and December 31, 2023 as follows: Receivables from customers amounted to VND31.32 billion and VND88.12 billion respectively; Prepayment to the seller is VND42.33 billion and VND45.3 billion respectively; Other receivables amounted to VND12.96 billion and VND42.19 billion respectively, payable to sellers amounted to VND67.75 billion and VND36.7 billion respectively, Loans and long-term financial lease is both VND2.39 billion.

Explanation and remedial measures: These are outstanding debts from projects that Thanh Hoa Petroleum Construction Joint Stock Company (PVC-TH) performed in the past. PVC-TH has established a debt collection team to urge and collect these debts, even requesting intervention from legal agencies. Currently, PVC-TH is filing lawsuits against a number of units to recover this outstanding debt. With outstanding debts, PVC-TH is waiting for settlement and recovery of money from the investor to fulfill payment obligations.

* Auditor's opinion: As of January 1, 2023 and December 31, 2023, the Company is classifying liabilities on the Balance Sheet as follows: Long-term receivables from customers (code 211) with VND66.24 billion and VND65.08 billion respectively, Long-term prepayment to sellers (code 212) with the same amount of VND39.29 billion, other long-term receivables (code 216) with the same amount of VND28.88 billion, Provision for long-term bad debts (code 212) with the same amount of VND39.29 billion, long-term other receivables (code 216) with the same amount of VND28.88 billion, provision for long-term bad debts (code 219) with the same amount of VND26.81 billion, long-term payables to suppliers (code 331) with the same amount of VND69.05 billion, long-term financial lease loans and debt (code 338) with the same amount of VND309.75 billion. We do not have enough necessary information to evaluate the appropriateness of classifying these long-term receivables and payables.

Explanation and remedial measures: PVC-TH's long-term receivables and payables on the balance sheet of works and projects: Ground leveling for Nghi Son Petrochemical Refinery, Residential and service area project serving Nghi Son Petrochemical Refinery complex (25-ha project); Project for construction of Industrial park I infrastructure and materials and equipment gathering area for the Construction of Nghi Son Petrochemical Refinery complex (157-ha Project); and Lam Kinh hotel construction investment project. Due to many problems, PVC-TH has not completed the settlement of the above works and projects. The settlement has not yet been completed with the investor, and at the same time, the settlement has not been completed with the subcontractors. The settlement period lasts longer than 1 business cycle, so there is the above classification. For provisions for bad debts, PVC-TH is based on the classification of receivables and needs to set up provisions to classify short-term and long-term. Regarding financial lease loans and debts, the reason for the above classification is because these are loans from 2 long-term credit contracts to invest in the construction of Petroleum Building No. 38A Le Loi Avenue (Contract No. 14/HDTD-DH/PVFCTL08) and investing in the construction of Lam Kinh Hotel (Contract No. 01/2010/HDTD-DH/04032010/PVFCTL-PVFC LAND).

* Auditor's opinion: As of December 31, 2023, the Company has not yet reassessed bad debt provisions for receivable debts. We do not have enough necessary information to evaluate the appropriateness of the short-term and long-term receivable provision balances presented in the attached Financial Statements.

Explanation and remedial measures: Regarding outstanding receivables from previously implemented projects, PVC-TH has considered setting up a provision for bad debts of VND26.81 billion. For the remaining amount, the Company is actively taking all measures to collect debts, even requesting intervention from legal agencies to recover the above outstanding debts.

* Auditor's opinion: Inventories (code 141) and long-term unfinished production and business expenses (code 241) of the Company's Balance Sheet as of December 31, 2023 reflecting a number of projects that stopped construction from 2020 and before with an amount of about VND249.31 billion (Notes No. 9 and No. 13a). The Company has not evaluated the recoverable value of these projects.

Explanation and remedial measures: These are the unfinished costs of projects that have been completed but have not yet been finalized. Lam Kinh Hotel Project: VND199.60 billion; Ground leveling for Nghi Son Petrochemical Refinery Complex: VND31.94 billion; 25-ha Nghi Son project: VND7.79 billion; Other projects: VND9.98 billion. PVC-TH is still actively working with related parties to soon settle the project, record revenue, and reduce the above-mentioned unfinished production and business costs.

* Auditor's opinion: The Company is recording depreciation costs of the Petroleum Building at 38A Le Loi Avenue, and expenses incurred for office rental activities at this building into the item Inventory (code 141) with a balance as of December 31, 2023 of VND4.2 billion (as of January 1, 2023, it was VND2.2 billion) (Note 9). If the Company presents its Financial Statements in accordance with the current accounting regime, then: Inventories target (code 141) will decrease by the above balances, and at the same time, the Undistributed profit after tax target (code 421) will also decrease by the corresponding amount; Cost of goods sold target on the Income statement 2023 will increase by VND2.01 billion (in 2022 it increased by VND2.21 billion).

Explanation and remedial measures: Building 38A is an office building for rent with a large rental area including 11 floors, each floor is 573 m2 wide. However, the building has just been repaired and has not been put into business for long, the number of tenants is high, and the rented area is not much, so PVC-TH has just allocated a part of the cost of the building to production and business expenses during the period. For the remaining amount, PVC-TH will allocate to production and business expenses to help the building operate stably and have more tenants.

* Auditors’ opinion: The target “Construction in progress” (code 242) of the Balance Sheet as of December 31, 2023 reflects the value of investment costs in the “Project for construction of Industrial park I infrastructure and materials and equipment gathering area for the Construction of Nghi Son Petrochemical Refinery complex, Thanh Hoa in Mai Lam Commune, Tinh Gia District, Thanh Hoa Province” with an amount of VND19.4 billion. However, this project has been terminated on August 1, 2013. (Note No. 13b).

Explanation and remedial measures: Related to the “Project for construction of Industrial Park I infrastructure and materials and equipment gathering area for the Construction of Nghi Son Petrochemical Refinery complex, Thanh Hoa in Mai Lam Commune, Tinh Gia District, Thanh Hoa Province” (157-ha Nghi Son Project), on September 24, 2014, PVC-TH had a Working Minute with its partner, AnhPhat Investment Construction - Trading Joint Stock Company (Anh Phat Company) on the agreement to repay the investment in the project with a total value of VND26,422,536,093, of which the agreed investment value to be repaid is VND14,760,774,232, the unagreed value is VND11,661,761,861 related to compensation costs for site clearance that PVC-TH has paid to households to recover land but the related procedures have not been completed. On October 12, 2017, PVC-TH had a Minute of Value Confirmation (1st time) on the refund of costs invested in the 157-ha Nghi Son Project with Anh Phat Company, accordingly, the total repaid value excluding VAT is VND8,457,020,096. PVC-TH has recorded this amount into the project's revenue, and at the same time recorded the corresponding cost price. Currently, PVC-TH is still actively working with Anh Phat Company to agree on the remaining cost. If an agreement is reached, PVC-TH can record project revenue, while reducing the project's unfinished construction costs by about VND17.96 billion.

* Auditors’ opinion: The Company is temporarily recording in the targets “Unearned revenue” (code 318) and “Customer receivables” (code 131) of the interim balance sheet for the value of the completed workloads in phase 7 and 8 - National Highway 217 Cam Thuy Project with an amount of VND16.4 billion. These completed workloads have all been accepted by the investor and supervision consultant and have been handed over, received and put into use by the parties since December 22, 2020. However, the Company has not yet settled these items with the general contractor, Thong Nhat Construction Company Limited (Note 18).

Explanation and remedial measures: The reason that the Company has not recorded it directly in Revenue is because, at the time of recording this value, it was still in the dispute process in court. Currently, there is an official decision from the People's Court of Ninh Binh Province, we are arranging a working schedule with Thong Nhat Construction Company Limited to finalize the acceptance value and settlement according to the Court's ruling. After agreeing with Thong Nhat Construction Company Limited, we will issue invoices and record the corresponding revenue value.

* Auditor's opinion: The Company has not recorded expenses payable to Vietnam Public Joint Stock Commercial Bank related to 02 projects "Lam Kinh Hotel" and project "Petroleum Building 38A" from 2015 to December 31, 2023 with a value of about VND551.46 billion. (Note No. 20).

Explanation and remedial measures: Borrowing costs related to the project "Housing, Service and Commercial Complex" from 2015 to December 31, 2023 have not been recorded in the Financial Statements because there are many conflicts between PVCombank and PVC-TH. PVC-TH has not agreed with the interest rate calculated by PVCombank. On the other hand, for Lam Kinh Hotel Project, PVC-TH is not the owner, nor is it the beneficiary of revenue from Lam Kinh Hotel's business activities. Therefore, PVC-TH believes that the obligation to pay the above outstanding debt is the responsibility of Lam Kinh Hotel Joint Stock Company. At present, this loan interest is still in the process of negotiation and settlement. After the final decision of the Court, PVC-TH will base on it to implemented in accordance with regulations.

* Auditor's opinion: During the year, the Company is recording an amount in other income which is late payment interest of Công ty TNHH xây dựng Hùng Sơn (tentatively translated as Hung Son Construction Company Limited) under a recognized settlement agreement (Note 27) with an amount of VND1.1 billion. However, the money has not been received yet. This recognition makes the balance as of December 31, 2023 of the target Other short-term receivables (code 136) and the target Undistributed profit after tax (code 421) reflect an excess of VND1.1 billion. Other income targets on the Income statement 2023 reflect an excess amount of VND1.1 billion.

PVC-TH's explanation: According to the decision to recognize the agreement of the litigants of the People's Court of Hai Duong City, Hai Duong Province, Hung Son Construction Company Limited agreed to pay PVC-TH the amount of VND3.2 billion, of which VND2.1 billion is the debt of the construction contract and VND1.1 billion is the interest due to late payment of construction cost. In accordance with the Court's decision and in order not to miss the debt when recovering, PVC-TH recorded the debt receivable from Hung Son Construction Company Limited for the above VND1.1 billion late payment interest, and at the same time recorded a corresponding amount in other income.

* Auditor's opinion: The cost of major repairs to the Petroleum Building as of December 31, 2023 is being presented on the Long-term prepaid expenses target with a value of VND8.72 billion (Note 10), however, the Company has not yet provided the acceptance of completion of the repair, therefore we cannot determine the appropriateness of the balance of this prepaid expense and the amount recorded in expenses during the year.

Explanation and remedial measures: As of December 25, 2023, the repair of Petroleum Building No. 38A was completed, however, there is still a construction unit that has not completed the final settlement documents with PVC-TH, so PVC-TH cannot provide the acceptance of completion of the repair. The Company will work with the building repair unit to complete the documents as soon as possible.