

No.: 252/TKDK-TCKT

Ho Chi Minh City, April 15th, 2025

Regarding: Explaining the contents related
to the 2024 Consolidated financial
statements.

To: - The State Securities Commission of Vietnam
- The Ha Noi Stock Exchange

Pursuant to Circular 96/2020/TT-BTC dated 16/11/2020.

We would like to explain the contents related to the audited 2024 Consolidated Financial Statements as follows:

1. Basis for Qualified Opinion:

1.1 Because the time of appointment as an auditor is far from the end of the fiscal year, we were not able to conduct observation procedure the counting of cash on hand, inventories, fixed assets with the value as at 31/12/2024 was VND 1.09 billion, VND 639.62 billion and VND 0.98 billion, in respectively as at 01/01/2024. Therefore, we were unable to evaluate the impacts of such matters onto relevant items on the attached Consolidated Financial Statements.

1.2 We have fully performed sufficient audit procedures and were unable to obtain sufficient appropriate audit evidence to assess the conformity of the recognition of Inventories item (code 140) and Short-term accrued expenses item (code 315) on the Consolidated Financial Statement as at 31/12/2024 with the amount of VND 639.62 billion and VND 19.72 billion, respectively, (as at 01/01/2024 with the amount of VND 600.15 billion and VND 33.93 billion, respectively), the Cost of goods sold item (code 11) on the Consolidated Statement of Income with the amount of VND 111.29 billion (year 2023 with the amount of VND 130.19 billion) because the recognition of cost of goods sold in the year based on the planned rate instead of the actual costs incurred, therefore, we were unable to determine whether any adjustments to relevant items as well as the impacts of such matter onto the Consolidated Financial Statements.

1.3 As at 31/12/2024, outstanding balance of receivables without confirmation of balances was VND 265.78 billion (as at 01/01/2024: VND 225.60 billion), outstanding balance of payables without confirmation of balances was VND 436.88 billion (as at 01/01/2024: VND 390.79 billion). In which, the Corporation has been monitoring certain long-outstanding receivables and the provision for doubtful debts, with total amounts as at 31/12/2024 of VND 195.78 billion and VND 139.82 billion, respectively (as at 01/01/2024 with the amount of VND 204.60 billion and VND 136.47 billion, respectively). We were unable to assess the recoverability of these receivables and, therefore, could not determine whether any adjustments to the relevant items in the accompanying Consolidated Financial Statements are necessary.

1.4 As in Note No. 39 of the Consolidated Financial Statements, the Corporation and subsidiary, Petrovietnam Engineering (Malaysia) Sdn. Bhd, were in dispute with the general contractor of the Rapid refinery and petrochemical complex in Malaysia, related to extra charges during the implementation of the project. The Corporation has not yet recorded the liable to general contractor in accordance with Final Award of Arbitral Tribunal with the amount of USD 12,099,277.99, equivalent to VND 309.15 billion (excluding late payment interest until 31/12/2024 and 01/01/2024). Although we have fully performed sufficient audit procedures, we were unable to evaluate the impacts of such matters onto relevant items on the attached Consolidated Financial Statements.

1.5 As at the date of issuance of the Audit Report, we had not yet obtained the Financial Statements for the fiscal year ended as at 31/12/2024 of the Subsidiary – Petrovietnam Engineering (Malaysia) Sdn. Bhd ("PVE Malaysia"). Furthermore, we were unable to perform alternative procedures necessary to evaluate the Financial Statement items of the Subsidiary. Therefore, we are unable to determine whether any adjustments are necessary to the accompanying Consolidated Financial Statements due to the potential impact of PVE Malaysia's Financial Statements.

1.6 The Consolidated Financial Statements of the Corporation (attached) are showing the financial position as at 31/12/2024 with accumulated losses (code 421) of VND 414.73 billion; Owner's equity (code 400) as at the end of the year was negative VND 110,66 billion; Current liabilities (code 310) were 1.15 times higher than Current assets (code 100); The balance of overdue payables was VND 823.51 billion. These



issues combine with the explanations given by the Board of Management in Note No. 2.3 and the above-mentioned basis for qualified opinions, indicate the existence of a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern. However, the Corporation's Consolidated Financial Statements for the fiscal year ended as at 31/12/2024 are still prepared on a going concern basis.

1.7 As in Note No. 39, the Consolidated Financial Statements present information regarding the decision of the People's Court of Ho Chi Minh City to annul Resolution No. 11/NQ-TKDK-DHDCD of the 2020 Annual General Meeting of Shareholders, approved on 29/04/2022, and Resolution No. 29/NQ-TKDK-DHDCD of the 2023 Annual General Meeting of Shareholders, approved on 30/06/2022 of the Corporation, according to Appellate judgment No. 505/2023/QDDS-PT dated 25/04/2023. We do not assess the impact of this matter on the accompanying Consolidated Financial Statements.

2. Explanation of the entity:

** With the contents except for on the Financial Statements:*

For items 1.1 to 1.2, due to the actual situation of the unit, the Extraordinary General Meeting of Shareholders to approve the list of auditing units for the Financial Statements was not held until January 8, 2025, and the auditing unit was not selected and the contract signed until February 12, 2025, so the above items could not be carried out on time.

For item 1.3, in the beginning of 2025, the Company also collected well the incurred receivables, except for the allowance for doubtful debts.

For item 1.4, the lawsuit related to the Rapid refinery and petrochemical complex project in Malaysia: there has been a ruling from the International Chamber of Commerce (ICC), however, the ruling does not mention the specific division of value for the related parties (the construction contract has a division of work scope among the members participating in the project). The partner has also brought the case to the Ho Chi Minh City court, and the Ho Chi Minh City court is currently in the process of receiving and considering the presentations of the related parties. Therefore, we do not have enough objective information to determine the current status of the recorded amounts and the final outcome for the parties. Therefore, we only assess the recoverability of debts related

to the member unit Petrovietnam Engineering (Malaysia) Sdn. Bhd as doubtful and make provisions for this amount.

For item 1.6, currently the Subsidiary - Petrovietnam Engineering (Malaysia) Sdn. Bhd ("PVE Malaysia") has no more personnel operating in Malaysia, and there is no business arising due to waiting for the decision on value division with the related party, the Parent Company (PVE) so the status of the previous report remains the same.

For item 1.7, the matter of continuous operation: as we are a unit operating based on a core of staff and employees, who are highly qualified engineers, carrying out projects with high intellectual content, we believe that retaining the current workforce means the unit still can recover. This has also been demonstrated in the recent period, as we have maintained our work to meet production and business activities according to the set targets.

The opinions expressed by the auditors are all based on current accounting and auditing standards, the auditor's exception is reasonable and we must accept it. Previously, the Company determined that the above contents could be handled soon in a short time. However, in reality, up to now, the above issues are still unresolved related to the settlement procedures of the disputed project as well as the legal issues related to the lawsuit. The Company recognizes that it is difficult to resolve all the issues mentioned in a short time, so it agrees with the exception opinion, and at the same time makes provisions related to projects that cannot be handled and agrees with partners soon.

* Regarding the after-tax profit change of more than 10%, from the previous year's loss to interest this year:

In 2024, the profit change compared to the previous year is mainly due to the Company having optimized production and business costs (cost of goods sold decreased compared to the same period), and at the same time, having reduced management expenses compared to the previous year, despite high financial costs due to the impact of recording compulsory loans from 2023, as well as no unusual costs are different from the previous year.

**PERSON IMPLEMENTING THE DISCLOSURE
GENERAL DIRECTOR**

Recipients: 

- As above;
- File: Office, Finance and Accounting Department.



Mr. NGO NGOC THUONG

