

No.: *112* /CNDD-TCKT

Vung Tau, April 15, 2025

Re: Explanation and Remedial Measures
pursuant to Decision No. 274/QĐ-SGDHN dated April 2, 2025

To: Hanoi Stock Exchange

First of all, PetroVietnam Construction Industrial and Civil Joint Stock Company (PVC-IC) respectfully extends its greetings to the Hanoi Stock Exchange.

On April 8, 2025, PVC-IC received Decision No. 274/QĐ-SGDHN dated April 2, 2025 from the Hanoi Stock Exchange regarding the classification of the Company under restricted trading. We would like to provide the following explanations and proposed remedial measures:

Disclaimer of opinion on the 2024 financial statements:

1. The auditor issued a disclaimer of opinion due to the Company's failure to assess the recoverability of a long-term receivable related to the Long Son Riverside Apartment Project worth VND 12.89 billion (Note 7), which has been completed since 2019.

Company's explanation:

- The project is currently undergoing legal finalization and investment audit procedures. Therefore, the Company has not yet assessed the efficiency of the capital contribution to this project.

- Remedial measure: The Company will cooperate with the joint venture partners to complete and approve the final project settlement to recover its capital contribution. Alternatively, PVC-IC will propose that Long Son PIC acquire PVC-IC's contributed capital to become the sole legal entity in the joint venture entitled to land use rights.

2. The balance of the Company's construction work in progress includes the carrying amount of the Commercial – Service – Office and Apartment Complex Project located at No. 33A, 30/4 Street, Ward 9, Vung Tau City, Ba Ria – Vung Tau Province, with a value of VND 32.99 billion (Note 09). This project was completed and put into use in 2019; however, as of the reporting date, the final settlement of the project has not yet been approved by the relevant authorities.

Company's explanation:

- As of the date of preparing the 2024 financial statements, the work-in-progress includes VND 32.99 billion, representing the construction cost of 123 parking spaces in basement B2, owned by the investor. The Company has engaged an auditing firm for the project's investment capital. Once the final audit is approved, the remaining WIP will be recorded accordingly.

- Remedial measure: The Company will focus on completing the necessary documentation for final investment capital approval to bring the asset into operation.

3. The Company had liquidated the land use right transfer contract for the property at No. 35D, 30/4 Street, Ward 9, Vung Tau City with PVC-PT under contract No. 21/2016/HDDV-BQLDA.DT dated March 8, 2023. Although the land was revoked by Decision No. 3339/QĐ-UBND dated October 28, 2022, it has not been handed over to the local authority. The Company continues to recognize the asset (buildings, structures) based on the original carrying amount of VND 1.79 billion as of the asset transfer date on December 30, 2016.

In 2023, the Company also recorded a penalty and compensation of VND 1.57 billion under 'Other Income' (Note 24) and recorded an amount of VND 7.82 billion under 'Other Expenses' (Note 25), reflecting previously recognized income from asset liquidation.

Company's explanation:

- Following Decision No. 3339/QĐ-UBND dated October 28, 2022, issued by the People's Committee of Ba Ria – Vung Tau Province, the Company carried out procedures to hand over the



Handwritten signature/initials

land lot at No. 35, 30/4 Street, Ward 9, Vung Tau City, Ba Ria – Vung Tau Province, to the Ba Ria – Vung Tau Province Land Development Center. However, due to existing structures on the land that have not yet been dismantled, the handover has not been completed. As the land lease contract could not be renewed with the People's Committee of Ba Ria – Vung Tau Province, the service contract No. 21/2016/HĐDV-CNDD-BQLDA.ĐT dated December 30, 2016, was not executed. On March 8, 2023, PetroVietnam Construction Industry and Civil Engineering Joint Stock Company and PetroVietnam Tank and Pipe Installation Joint Stock Company signed a contract termination agreement for service contract No. 21/2016/HĐDV-CNDD-BQLDA.ĐT and executed a minutes of handover for the used office premises located at No. 35D, 30/4 Street, Ward 9, Vung Tau City, Ba Ria – Vung Tau Province. Accordingly, the Company recognized an increase in the historical cost and accumulated depreciation of the asset received back, amounting to VND 1,794,984,000; recognized other income of VND 1.5 billion from penalties and compensation; and recorded other expenses of VND 7.82 billion, corresponding to the other income previously recognized from the disposal of the asset when signing the service contract No. 21/2016/HĐDV-CNDD-BQLDA.ĐT dated December 30, 2016.

- Remedial measure: As of December 31, 2024, the contract No. 21/2016/HĐDV-CNDD-BQLDA.DT has been fully liquidated and settled.

4. We were unable to obtain sufficient appropriate documentation related to the balances as of December 31, 2023 and December 31, 2024 for receivables amounting to VND 4.26 billion and VND 4.21 billion, respectively; and for payables amounting to VND 29.28 billion and VND 21.27 billion, respectively. We were not able to obtain sufficient appropriate audit evidence to evaluate the impact of these matters on the accompanying financial statements.

Company's explanation:

- As of the date of preparation of the 2024 financial statements, the Company had substantially completed the confirmation of receivables and payables under the line items of short-term trade receivables, other short-term receivables, short-term trade payables, and other short-term payables. However, by the date of issuance of the financial statements, a small number of customers had not yet returned their debt confirmation letters. The Company will continue to follow up with these customers to obtain full confirmation of the outstanding balances.

- Remedial measure: The Company will continue to contact the remaining customers to obtain full confirmation of outstanding balances.

This is the Company's official explanation and proposed remedial measures. We respectfully request the Hanoi Stock Exchange to consider this matter.

Sincerely,

Recipients:

- As above;
- Board of Directors and Supervisory Board (for reporting purposes);
- General Director (for instructions);
- To be filed at: Office of Administration and Finance – Accounting Department (Inh, 6).



DIRECTOR

Lê Minh Hải