

No.: 94 /CNDD-TCKT

Vung Tau, 26 March 2025

Re: Explanation of Certain Matters in the  
Independent Auditors' Report on the Financial Statements  
For the fiscal year ended as at 31 December 2024

To: - State Securities Commission of Vietnam (SSC)  
- Hanoi Stock Exchange (HNX)

First of all, Petroleum Industrial and Civil Construction Joint Stock Company (PVC-IC) would like to extend our respectful greetings to the State Securities Commission of Vietnam and the Hanoi Stock Exchange.

In order to clarify certain matters in the Independent Auditor's Report on the financial statements for the fiscal year ended 31 December 2024, Petroleum Industrial and Civil Construction Joint Stock Company ("the Company") would like to provide the following explanations:

**Basis for Disclaimer of Opinion**

1. The Company has not yet assessed the recoverability of the long-term receivable related to the cooperation in the Long Son Riverside Apartment Project, amounting to VND 12.89 billion (Note 7), which was completed in 2019.

**Explanation of the Company:** The project is currently in the process of completing legal documentation and carrying out procedures for investment capital audit. Therefore, the Company has not yet assessed the effectiveness of its capital contribution to this project.

2. The balance of the Company's work-in-progress costs includes the unfinished value of the Commercial - Service - Office and Apartment Complex Project at 33A, 30/4 Street, Ward 9, Vung Tau City, Ba Ria - Vung Tau Province, with a recorded value of VND 32.99 billion (Note 09). This project was completed and put into use in 2019. However, as of now, the Company has not yet received final approval for the project settlement.

**Explanation of the Company:** As of the preparation date of the 2024 financial statements, the balance of work-in-progress production and business costs for the Commercial - Service - Office and Apartment Complex Project at 33A, 30/4 Street, Ward 9, Vung Tau City, Ba Ria - Vung Tau Province amounted to VND 32.99 billion. This represents the construction costs of 123 car parking spaces in basement level B2, which are owned by the project investor. Currently, the Company has engaged an audit firm to audit the project's investment capital. Once the investment capital settlement is approved, the Company will account for the remaining work-in-progress costs accordingly.

3. The Company has liquidated the land use rights transfer contract at 35D, 30/4 Street, Ward 9, Vung Tau City, Ba Ria - Vung Tau Province, with Petroleum Pipeline & Tank Construction Joint Stock Company (PVC-PT) under the Contract Liquidation Minutes No. 21/2016/HĐDV-BQLDA.ĐT dated 08 March 2023. This land lot was revoked under Decision No. 3339/QĐ-UBND dated 28 October 2022 by the People's Committee of Ba Ria - Vung Tau Province. However, the Company has not yet handed over the land to the local authorities and continues to recognize the assets on this land (buildings and architectural structures) in its financial statements



at their book value as of the date of asset transfer to PVC-PT (30 December 2016), with both the original cost and accumulated depreciation recorded at VND 1.79 billion.

Additionally, in 2023, the Company recorded penalties and compensation expenses amounting to VND 1.57 billion under the "Other Income" item (Note 24) and recognized VND 7.82 billion under the "Other Expenses" item (corresponding to the income previously recorded from asset liquidation upon signing the transfer contract in 2016) (Note 25).

**Explanation of the Company:** After Decision No. 3339/QĐ-UBND dated 28 October 2022 was issued by the People's Committee of Ba Ria - Vung Tau Province, the Company proceeded with the necessary procedures to hand over the land at 35, 30/4 Street, Ward 9, Vung Tau City, Ba Ria - Vung Tau Province to the Ba Ria - Vung Tau Land Development Center. However, due to some assets on the land not yet being dismantled, the handover has not been completed. As the land lease agreement with the People's Committee of Ba Ria - Vung Tau Province could not be extended, Service Contract No. 21/2016/HĐDV-CNDD-BQLDA.ĐT dated 30 December 2016 was not executed. On 8 March 2023, Petroleum Industrial and Civil Construction Joint Stock Company and Petroleum Tank and Pipeline Construction Joint Stock Company signed a contract termination agreement for Service Contract No. 21/2016/HĐDV-CNDD-BQLDA.ĐT and a handover record for the used office premises at 35D, 30/4 Street, Ward 9, Vung Tau City, Ba Ria - Vung Tau Province. As a result, the Company recorded an increase in the original cost and accumulated depreciation of the returned asset amounting to VND 1,794,984,000. Additionally, the Company recognized an increase in other income of VND 1.5 billion from penalties and compensations, and an increase in other expenses of VND 7.82 billion, equal to the previously recognized other income from the disposal of the asset when Service Contract No. 21/2016/HĐDV-CNDD-BQLDA.ĐT was signed on 30 December 2016.

4. We have not obtained sufficient documentation related to the balances as of 31 December 2023 and 31 December 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 unable to obtain sufficient audit evidence to assess the impact of these matters on the accompanying financial statements.

**Explanation of the Company:** As of the preparation date of the 2024 financial statements, the Company has relatively completed the confirmation of receivables and payables for the items: short-term trade receivables, other short-term receivables, short-term trade payables, and other short-term payables. However, as of the report issuance date, a small number of customers have not yet returned debt confirmation letters. The Company will continue to contact these customers to fully confirm these outstanding balances.

The above is the explanation provided by Petroleum Industrial and Civil Construction Joint Stock Company to clarify certain matters in the Auditor's Report on the financial statements for the fiscal year ended 31 December 2024. We respectfully request the State Securities Commission of Vietnam and the Hanoi Stock Exchange to review and consider these matters.

Sincerely,

**Recipients:**

- As stated above;
- Filed at Administration, Finance & Accounting Department, (Inh, 4).



Lê Minh Hải