

No.: 133/DOBC-TCKT
Re: *Explanation of audit opinion
in the 2024 audit report.*

Vung Tau City, March 28 2025

To: State Securities Commission;

Ha Noi Stock Exchange;

AASC Auditing Company Limited.

First, DOBC (Petroleum Pipeline & Tank Construction Joint Stock Company) sends respectful greetings to the State Securities Commission, Hanoi Stock Exchange, and AASC Auditing Company Limited.

DOBC explains the auditor's disclaimer of opinion on the 2024 financial statements as follows:

1. Basis for Disclaimer of Opinion:

1.1. Land plots 35D and 35G on 30/4 Street, Ward 9, Vung Tau City, Ba Ria-Vung Tau Province, are within the land area that the People's Committee of Ba Ria-Vung Tau Province decided to reclaim in Decision No. 3339/QD-UBND dated 28/10/2022, requiring PETROCONS to relocate all assets on the land. Currently, the Company has not been reclaimed and still pays annual land rent.

Regarding the land use right at 35D, 30/4 Street, Ward 9, Vung Tau City, Ba Ria-Vung Tau Province, the Company has liquidated the contract and transferred the land use right at this address to PVC-IC (Petroleum Industrial and Civil Construction Joint Stock Company.) and fully reduced the original cost and accumulated depreciation of the asset in 2023.

Regarding the value of the land use right at plot 35G, 30/4 Street, Ward 9, Vung Tau City, Ba Ria-Vung Tau Province, with a value of 4.41 billion VND, accumulated depreciation as of 2024-12-31 is 3.97 billion VND, and depreciation in the period is 0.44 billion VND, the Company is still monitoring this item under intangible fixed assets.

As of the current date, PVC-IC (Petroleum Industrial and Civil Construction Joint Stock Company) and DOBC (Petroleum Pipeline & Tank Construction Joint Stock Company), belonging to PETROCONS, are still using and declaring annual land taxes. Simultaneously, the unit has sent a document to the People's Committee of Ba Ria-Vung Tau Province to request approval for the asset disposal plan on the land

when the unit relocates. At the time of preparing the financial statements, DOBC is still awaiting a response from the authorities to proceed with the next steps.

1.2. “We have not obtained sufficient documentation related to the balances as of 31/12/2023 and 31/12/2024 of payables with values of VND 11.67 billion and VND 15.55 billion, respectively; and receivables with values of VND 11.48 billion and VND 10.31 billion, respectively.

The value of overdue receivables as of 31/12/2023 and 31/12/2024 is VND 106.22 billion and VND 131.89 billion, respectively, which has not been reviewed and assessed for allowance by the company.”

- As of 31/12/2024, we have sent receivable and payable confirmation requests; however, due to the wide operating area and large workload, we have not received all confirmations. We will expedite the collection of these confirmations as soon as possible.

Overdue receivables as of 31/12/2024 are mainly from Petrovietnam Construction Joint Stock Corporation (parent company) amounting to VND 50.35 billion; from Petroleum Equipment Assembly And Metal Structure Joint Stock Company (a unit within the parent company) amounting to VND 17.24 billion; and from Vietnam Machinery Installation Corporation - JSC amounting to VND 18.66 billion. Large outstanding receivables are mainly from the parent company and relate to projects that are underway or completed and awaiting agreement on unit prices for recognition. Therefore, we assess that although the debts are long overdue, the possibility of recovery still exists, so no allowance is made. We are committed to collecting these amounts in the future and there will be no losses related to these receivables.

2. Issues to emphasize:

“We draw the reader's attention to the financial statements regarding the events mentioned in Note 1, which indicate the existence of significant uncertainty that raises substantial doubt about the Company's ability to continue as a going concern. However, the accompanying financial statements are still presented on the assumption of the ability to continue as a going concern.”

To address the issue of debt payment, the Company's Board of Management has evaluated the business plan and cash flow plan as well as the ability to recover debts as follows:

- Strengthen the collection of short-term receivables from customers, especially receivables from construction contracts with customers under the "Thai Binh 2 Thermal Power Plant" project, as revenue from this project accounts for a dominant proportion.

- In 2024, the Company has also signed many new contracts at the Song Hau 1 Thermal Power Plant Project and Long Phu 1 Thermal Power Plant to partially ensure the supplementation of cash flow for the unit's production activities.

- The Company has been approved for credit limits by banks such as: National Citizen Commercial Joint Stock Bank – Ba Ria – Vung Tau Branch, Vietnam Maritime Commercial Joint Stock Bank – Vung Tau Branch, Military Commercial Joint Stock Bank – Vung Tau Branch, Southeast Asia Commercial Joint Stock Bank – Vung Tau Branch, with a total credit limit from the banks of approximately VND 46 billion. The approval of credit from the banks has enabled the Company to pay debts when due or regular expenses of the Company and undertake new projects with bank guarantees, helping the Company to continue operations and have cash flow for business production activities. Additionally, the Company also borrows from personal loan sources in the form of unsecured loans to ensure a continuous source of capital for the Company's operations for at least the next 12 months.

- Enhance cost control by rationalizing staffing in departments to minimize salary and other regular expenses while ensuring the necessary resources for production.

Through this official letter, DOBC Company respectfully requests the State Securities Commission and the Hanoi Stock Exchange to consider and approve the Company's above explanation.

Also through this official letter, the Company respectfully requests AASC Auditing Company Limited to confirm the above explanation.

DOBC Company commits to taking responsibility before the law for the above explanation.

Sincerely thank you!

Recipients:

- As addressed;
- Board of Directors, Board of Supervisors, Director (for reporting);
- Archive: Office Administration Department, Finance and Accounting Department.

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INFORMATION DISCLOSURE



Mai Đình Bảo