

VIETNAM OIL AND GAS GROUP
PETROVIETNAM OIL CORPORATION

SOCIALIST REPUBLIC OF VIETNAM
Independence – Freedom – Happiness

No.: **1768** /DVN-TCKT

Ho Chi Minh City, **07** March 2025

Ref: Explanation of qualified opinion on the audited
separate and consolidated Financial Statements as of
December 31, 2024.

To:

- The State Securities Commission
- Hanoi Stock Exchange

Based on Circular No. 96/2020/TT-BTC dated November 16, 2020 of the Ministry of Finance guiding the disclosure of information on the securities market;

Based on the audited separate and consolidated Financial Statements as of December 31, 2024 of PetroVietnam Oil Corporation.

PetroVietnam Oil Corporation (PVOIL – stock code: OIL) provides the following explanation as belows:

I. About the audit qualified opinion on Financial Statements:

- 1. At the audited separate Financial Statements:** Content carried forward from the previous year

“As stated in Note 17 of the Notes to the separate financial statements, as at 31 December 2024, the Corporation has reported on the item “Investments in joint-ventures, associates” its investments in PetroVietnam Biofuels Joint Stock Company (“PVB”) with the amounts of cost of VND 285,506,255,661 (as at 31 December 2023: VND 285,506,255,661), and made provision for impairment of this long-term financial investment with the amounts of VND 38,475,189,606 (as at 31 December 2023: VND 38,475,189,606) based on management’s assessment and PVB’s unaudited financial statements for the financial year ended 31 December 2022, which was prepared on a going concern basis. However, as of the date of these separate financial statements, Phu Tho Biofuel Plant project invested by PVB has been ceased and the Corporation has been working with the shareholders of PVB and relevant parties to execute a bankruptcy plan for PVB following legal regulations. We were unable to obtain sufficient appropriate audit evidence regarding the long-term financial investment provision for our investment in PVB as at 31 December 2023, accordingly, we gave the qualified opinion on this for the separate financial statements last year. Based on the current available information, we were also unable to obtain sufficient appropriate audit evidence about the provision for the investment in PVB on the Corporation’s separate financial statements for year ended 31 December 2024.



Consequently, we were unable to determine whether any adjustments to these amounts were necessary”.

2. At the audited consolidated Financial Statements:

Content carried forward from Holding Company:

“As presented in Note 18 of the Notes to the consolidated financial statements, as at 31 December 2024, the Corporation’s investment in PetroVietnam Biofuels Joint Stock Company (“PVB”), an associate of the Corporation, under equity method in the consolidated financial statements was VND 271,593,756,068 (as at 31 December 2023: VND 271,593,756,068) based on PVB’s unaudited financial statements for the year ended 31 December 2022, which was prepared on the going concern basis. However, as of the date of these consolidated financial statements, Phu Tho Biofuel Plant project invested by PVB has been ceased and the Corporation has been working with the shareholders of PVB and relevant parties to execute a bankruptcy plan for PVB following legal regulations. We were unable to obtain sufficient appropriate audit evidence in relation to the Corporation’s investment in PVB being accounted for the equity method in the Corporation’s consolidated financial statements for the year ended 31 December 2023, which led to our qualified audit opinion on the consolidated financial statements for the year then ended. Based on the current available information, we were also unable to obtain sufficient appropriate audit evidence in relation to the Corporation’s investment in PVB being accounted for the equity method in the Corporation’s consolidated financial statements for the year ended 31 December 2024. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.”

The investment in PetroVietnam Biofuel Joint Stock Company (PVB) – the investor of the Phu Tho Biofuel Plant Project – was made prior to the equitization of PVOIL. According to Notice No. 385/TB-VPCP dated 02 October 2018, issued by the Government Office, the Phu Tho Biofuel Plant Project was proposed for consideration of dissolution or bankruptcy in accordance with legal regulations.

PVOIL sent Official Letter to the Vietnam Oil and Gas Group (PVN) to propose the revaluation of this investment to nil (VND 0) when finalizing equitization (understood as removing this investment from the Joint Stock Company). During the bankruptcy procedure, if any income are recovered from the liquidation of assets at the Phu Tho Biofuel Plant, PVOIL will transfer the entire amount to the Enterprise Support and Arrangement Fund. This matter has been submitted by the PVN to the Committee for Management of State Capital at Enterprises under Official Letter No. 3540/DKVN-HDTV dated 01 July 2019 on rearrangement, handling of houses and land and solution for difficulties in equitization of PVOIL.

The Government approved the removal of the Phu Tho Biofuel Plant project from the monitoring and resolution list of the Steering Committee for Handling Weak and Inefficient




Projects and Enterprises under the Ministry of Industry and Trade, as stated in Official Letter No. 3554/VPCP-KTTH dated 24 December 2020, issued by the Government Office. Additionally, PVN has been authorized to make decisions and take actions regarding the restructuring and resolution of the project in accordance with its authority and legal regulations. Due to the inability to assess the enterprise's valuation as a basis for making a divestment plan from PVB, the divestment process could not be carried out.

In April 2024, PVOIL publicly announced the search for and invitation of PVB shareholders to attend a meeting to decide on the bankruptcy plan for PVB. However, by the deadline for responses, PVB had not received any feedback from shareholders other than PVOIL. Consequently, PVB/PVOIL was unable to compile a shareholder list to convene the General Meeting of Shareholders to consider and decide on the next steps for PVB.

At the date of this audited financial statements, PVOIL has reported the situation to PVN regarding the resolution of issues related to this investment and is continuing to review and report to the relevant authorities regarding the open of bankruptcy procedures for PVB in accordance with legal regulations.

I. Explanation of the profit after corporate income tax in 2024 on the separate and consolidated financial statements have changed by 10% or more compared to the same period in 2023

Items	This period	Previous period	Increase/(Decrease)	Percentage
	2024 VND	2023 VND	(2024-2023) VND	2024/2023 %
The profit after tax in separate FS	376.473.618.962	501.329.353.908	(124.855.734.946)	-25%
The profit after tax in consolidated FS	474.432.084.317	621.347.297.539	(146.915.213.222)	-24%

1. On the Separate Financial Statements:

The global oil price in 2024 continued to experience unpredictable fluctuations, with alternating increases and decreases within a wide range at different times. Overall, the average Brent crude oil price in 2024 reached USD 80.76 per barrel, marking a 2% decrease compared to the same period in 2023. Similarly, the average prices of oil products also declined in parallel, ranging from 3% to 8% compared to both the same period and the average of 2023.

Simultaneously, PVOIL had to increase petroleum products imports to compensate for shortages during the maintenance shutdown of the Dung Quat Refinery. Meanwhile, the USD exchange rate surged and remained high, leading to increased financial and related costs. Additionally, deposit interest rates declined significantly compared to the same period previous year, causing a reduction in financial income. These factors had a significant impact on



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business performance, ultimately resulting in a 25% decrease in profit after tax in 2024 compared to 2023.

The above are the main reasons for the 25% decline in the separate financial statements 's profit after tax in 2024 compared to 2023.

2. On the Consolidated Financial Statements:

The consolidated profit after tax in 2024 decreased by 24% compared to the same period in 2023, driven by the aforementioned fluctuating factors from the Holding company.

The above is PVOIL's explanation regarding the audited separate and consolidated financial statements for the operating period from January 1, 2024 to December 31, 2024.

Best regards./.

Recipient:

- As above;
- BOM (for reporting);
- Vice President Mr. H.D.Tung (for information);
- Board of Supervisors (for information);
- Internal Controller Division (for information);
- Planning Division, Office, IT Division (for coordination);
- Filing: Office, Finance & Accounting, NTD (04b).



Organization representative Person authorized to disclose information



Vo Khanh Hung

