

**QUANG BINH IMPORT-EXPORT JOINT
STOCK COMPANY**

No: 05/2024/PKT

*re: Explanation of the auditor's refusal to give an
opinion*

**Socialist Republic of Vietnam
Independence – Freedom – Happiness**

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Hai Phong, March 31, 2025

**To: - State Securities Commission of Vietnam
- Hanoi Stock Exchange**

First of all, Quang Binh Import Export Joint Stock Company would like to send our respectful greetings to the State Securities Commission of Vietnam and the Hanoi Stock Exchange.

1. Explanation of profit after auditing the 2024 financial statements

Quang Binh Import-Export Joint Stock Company (Stock code: QBS) would like to explain about indicator No. 60: Profit after tax on the 2024 financial statements is negative and the difference is over 10% for the 2024 business performance compared to the same period in 2023 as follows - Revenue in 2024 reached VND 55.54 billion, a sharp decrease of VND 397.75 billion, equivalent to a decrease of 87.75% compared to revenue in 2023. Cost of goods sold in 2024 reached VND 55.48 billion, a decrease of VND 395.58 billion, equivalent to a decrease of 87.70% compared to cost of goods sold in 2023. The above decrease was due to: in 2024, the selling price of Urea decreased and remained low as European manufacturers expanded production thanks to lower input prices of raw materials and fuels when natural gas sources increased and LNG imports were abundant. In addition, supply tended to increase again after China lifted the export ban, which also affected the price movements of fertilizers. Domestic supply sources are difficult to compete with foreign sources, and domestic fertilizer factories have difficulty purchasing raw material reserves when prices are high, causing high fertilizer production costs, slowing down sales of large domestic fertilizer factories, and the shortage of domestic ore materials has caused fertilizer production to stagnate in 2024, so the company has not been able to promote fertilizer trade.

- Total financial revenue in 2024 reached 0.21 billion VND, down 57.41% compared to financial revenue in 2023. Total financial expenses in 2024 were 0.14 billion VND, up 0.29 billion compared to financial expenses in 2023.

- Business management expenses in 2024 will reach VND 134.30 billion, an increase of VND 61.55 billion, equivalent to an increase of 84.62% compared to business management



expenses in 2023 because in 2024, the company will make an additional provision for doubtful debts of VND 130.43 billion.

- Other income decreased by VND 28.87 billion compared to other income in 2023 because in 2023, the company completed its payment obligation for the loan at the Bank for Agriculture and Rural Development - Thu Do Branch for AZ Investment and Consulting Joint Stock Company ahead of schedule, the amount of interest deducted was VND 29.084 billion. Other expenses increased by VND 1.94 billion compared to 2023.

2. Explanation of the content of the Hanoi Branch - UHY Auditing and Consulting Co., Ltd. refused to give an opinion.

- **Auditor's opinion:** At the time of January 1, 2024, we could not participate in witnessing the inventory count nor perform the replacement procedure. Accordingly, we could not assess the existence and value of the inventory with a value of VND 55,308,044,791 at this date. Therefore, we also could not assess the correct period, the value of revenue recognition and cost of goods with the amount of VND 55,321,183,800 and VND 55,308,044,791 respectively in the period of the entire above shipment in the Company's 2024 Business Performance Report.

Explanation: Due to some objective reasons, due to the actual situation of the Company reorganizing the warehouse at the time of January 1, 2024, we have not been able to arrange time and personnel to coordinate with the Auditor to participate in witnessing the inventory of our Company.

- **Auditor's opinion:** At the time of issuing the Audit Report on the Financial Statements for the fiscal year ending December 31, 2024, we have not received a letter confirming the balance of the following debts: Short-term receivables from customers, Short-term prepayments to suppliers and Other short-term payables to suppliers as of December 31, 2024 with the amounts of approximately VND 525.79 billion; VND 131.54 billion and VND 7.2 billion, respectively. Alternative audit procedures did not provide us with a basis to evaluate the existence, completeness and value of the above liabilities. Confirmation reconciliations as at 31/12/2023 were also not obtained and other audit procedures did not provide us with a basis to evaluate the existence, completeness and value of the above liabilities together with adjustments (if any) to the provision for short-term doubtful receivables with a value of approximately VND 342 billion.

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- **Explanation:** During the audit at Quang Binh Import-Export Joint Stock Company, Hanoi Branch - UHY Auditing and Consulting Company Limited sent a letter confirming the debt for the receivable and payable debts with balances as of December 31, 2024 of our Company. However, at the time of issuing this audit report, many customers have not sent a confirmation letter to the Auditors. UHY Auditing Company also sent an Official Letter requesting our support in contacting customers and suppliers to reconcile and confirm the unreconciled debts. We have contacted the relevant partners to verify the balance of debts as of December 31, 2024. However, most of the partners have not responded to the information as requested. Therefore, at the time of issuing this audit report, Hanoi Branch - UHY Auditing and Consulting Company and Quang Binh Import-Export Joint Stock Company have not collected and reconciled the debts: Short-term receivables from customers, Short-term prepayments to suppliers and Short-term payables to suppliers with the amounts of approximately VND 525.79 billion; VND 131.54 billion and VND 7.2 billion, respectively.

Above is the entire explanation of the Company on the contents of Hanoi Branch - UHY Auditing and Consulting Company Limited refusing to give an opinion on the audited 2024 Financial Statements of Quang Binh Import-Export Joint Stock Company. We commit that the information published above is true and are fully responsible before the law for the content of the published information.

Best regards.

CÔNG TY CỔ PHẦN XNK QUẢNG BÌNH



CHỦ TỊCH HĐQT

Trần Thị Yến Chi

