

**BINH DUONG PRODUCTION AND  
TRADING CORPORATION**

No.: 54/CV-TCTY

*“Re-in: explanation on difference in profit after tax between 2024 audited consolidated financial statements and self-prepared consolidated financial statements and qualified opinion.”*

**SOCIALIST REPUBLIC OF VIETNAM  
Independence - Freedom - Happiness**

*Binh Duong, March 26, 2025*

**Kindly to:** - State Securities Commission of Vietnam;  
- Hanoi Stock Exchange.

*- Pursuant to the Circular No. 96/2020/TT-BTC dated November 16, 2020 of the Ministry of Finance guiding the disclosure of information on the stock market;*

*- Pursuant to the 2024 audited consolidated financial statements of Binh Duong Production and Trading Goods Corporation.*

Binh Duong Producing and Trading Corporation (“**Protrade**”) would like to send our best regards to the State Securities Commission of Vietnam and the Hanoi Stock Exchange.

Implementing the provisions of the Circular No. 96/2020/TT-BTC dated November 16, 2020 of the Ministry of Finance guiding the disclosure of information on the stock market, the Corporation hereby explains the difference in profit after tax between 2024 audited consolidated financial statements and self-prepared consolidated financial statements and qualified opinion as follows:

Item	2024 audited financial statements	2024 self-prepared financial statements	Difference (+/-)	
			Value	Rate
Profit after tax	VND 124,637,313,042	VND 86,221,614,616	38,415,698,426	45%

**I. Explanation on the difference between the 2024 audited consolidated financial statements and the 2024 self-prepared consolidated financial statements.**

The cause of the difference is due to changes in profit after tax of subsidiaries, joint ventures and associates according to audited statements at the units.



## **II. Explanation of qualified opinion of Auditor in the 2024 consolidated financial statements as follows:**

**- Qualified opinion 1:** According to the contents as in notes No. 42a and 42c in Notes to the Consolidated Financial Statements, regarding the land transfer and the cancellation of the land transfer contract with the Development Company Limited and U&I Realty Corporation, the above transactions were carried out based on the policy approved by the Binh Duong Province Party Committee and in accordance with the agreement between the parties involved. The profits from the transfer transactions, which were incurred before the equitization stage, were adjusted by the Corporation by reducing the liabilities balance for profits payable to the State Budget as in note No. 22. According to the presentation as in Note No. 42b of Notes to the Consolidated Financial Statements, regarding the land transfer to An Binh Joint Stock Company, as at 01/01/2024 and 31/12/2024, the Corporation is presenting receivables related to the land compensation and transfer contract incurred before the equitization date with the amount of VND 60 billion. As at the preparation date of this Consolidated Financial Statement, the balances of the mentioned items have not been reconciled or confirmed, and the Corporation has not yet obtained approval for the equitization settlement from the competent authorities. Through the audit procedures performed, we are unable to assess the impact of the above issues on the attached Consolidated Financial Statements.

### **- Explanation:**

#### **+ For the land transfer and cancellation of the contracts of Development Co., Ltd., and U&I Real Estate Corporation:**

In relation to the land transfer and contract cancellation of Development Co., Ltd., and U&I Real Estate Corporation. Up to the issuance of this statement, the Corporation has cancelled the transaction and made retroactive adjustment to reduce the amount of profit payable to the Owner. Currently, it is pending for direction from the competent authorities and shall be considered for final settlement as per decision of the competent authorities upon approval of equitization settlement. Therefore, the auditor is unable to assess the effect of the above transaction to the 2024 consolidated financial statements.

#### **+ For the land transfer to An Binh Joint Stock Company:**

In 2016, Binh Duong Production and Trading Goods Corporation - One Member Limited Liability Company concluded the contract on compensation of investment expenses on land and land transfer dated August 15, 2016 with An Binh Joint Stock Company. On August 25, 2016, Binh Duong Provincial Party Committee issued Official Dispatch No. 457-CV/TU approving the policy for the Corporation to transfer 15 hectares of land in Phu Loi Ward, Thu Dau Mot City, Binh Duong Province to An Binh as warehouse for its production and business.

On December 22, 2016, the People's Committee of Binh Duong province issued Decision No. 3536/QD-UBND on revoking the land in Phu Loi Ward, Thu Dau Mot City, which was managed by Binh Duong Production and Trading Goods Corporation - One Member Limited Liability Company to lease An Binh Joint Stock Company with one-time payment for the entire lease term. The Corporation has recorded economic transactions arising related to this transaction in the period before equitization. Till January 01, 2019, the Corporation is recording a receivable from An Binh Joint Stock



Company with the amount of VND 65 billion, whose recovery period depends on the land transfer progress by the competent authority.

However, on November 14, 2019, the People's Committee of Binh Duong province issued Decision No. 3379/QĐ-UBND revoking the above stated Decision No. 3536/QĐ-UBND dated December 22, 2016 of the People's Committee of Binh Duong province. Though, till the issuance of this statement, there were no detailed directions from the competent authorities to resolve this matter. Because the above uncertain elements relate to the recovery of receivables from An Binh Joint Stock Company (VND 60 billion), the auditors is unable to assess the ability to recover this debt.

- **Qualified opinion 2:** We are unable to assess the appropriateness of the investment transaction into Tan Thanh Investment & Development Joint Stock Company ("Tan Thanh"), the calculation of interest on the advanced capital related to it, and the collectability of this receivable. Detailed information is provided as in Note No. 41b of the Consolidated Financial Statements. As at 31/12/2024, this receivable is overdue; however, the Corporation has not yet considered making a provision for this receivable. Also related to Tan Thanh Investment & Development Joint Stock Company, as in Notes 07 and 08 present the outstanding lendings balances and corresponding overdue interest amounts owed by Tan Thanh as at 31/12/2024 are VND 107.35 billion and VND 57.03 billion, respectively. The provision made for these amounts is VND 60.81 billion. Since 01/01/2023, the Corporation did not recognize any interest or late payment charges related to the outstanding principal borrowing balance owed by Tan Thanh (detailed as in Note No. 09b).

- **Explanations:**

The provisional interest (VND 115 billion) agreed between the Corporation and Tan Thanh Investment & Development Joint Stock Company from the loan of VND 144 billion arises prior to the time of conversion to joint stock company, which was confirmed by the Binh Duong Provincial Party Committee to be reduced payable debt but was not finalized for equitization. For the loan receivables of the principal balance of VND 107.35 billion and the interest accrued of VND 57 billion, both are due on December 31, 2022. According to the financial statement at as December 31, 2024 of Tan Thanh Company, the total debt payable is VND 626 billion. Tan Thanh Company is currently experiencing serious financial imbalance. In addition, Tan Thanh Company is facing legal and shareholder structure issues due to its involvement in the Judgment No. 327/2022/HSST dated August 30, 2022 of the Hanoi People's Court and the Appeal Judgment No. 912/2022/HS-PT dated December 28, 2022 of the High People's Court in Hanoi, which results in Tan Thanh Company failing to arrange funds to repay the debt to the Corporation. Therefore, the auditor is unable to assess the appropriateness of the above overdue principal and interest.

- **Qualified opinion 3:** According to the information presented as in Notes No. 08 and 41c of Notes to the Consolidated Financial Statements, the Corporation is required to pay additional land use fees due to the application of incorrect unit prices and late payment penalties, as per the Judgment of the High People's Court in Hanoi, the notice from the Binh Duong Tax Department, and the notice from the Civil Judgment Enforcement Agency in Hanoi. The total amount is VND 1,060.22 billion. The total amount the Corporation has paid and been offset is VND 1,060.22 billion, of which VND 806.17 billion was paid in cash and VND 254 billion was offset by the



enforcement agency. The offset amount includes: The amount of VND 128.36 billion was paid by related individuals to rectify the consequences through the Corporation. The amount of 125.694 VND billion was temporarily paid by the Corporation in 2019, which includes the outstanding receivables from Tan Phu Investment - Construction Company Limited, about which we previously issued a qualified opinion in prior years (see further detailed as in Notes No. 08 and 41a). The total amount the Corporation has paid and been offset, as mentioned above, is recognized under the item "Other receivables - Receivables from temporary payments awaiting settlement of the equitization settlement" and a provision has been made with a accumulated balance of VND 141.36 billion as at 31/12/2024, in which, the provision recognized as management expenses for the current year is VND 70.68 billion (As in Notes No. 08 and 32), based on the Resolution of the Annual General Meeting of Shareholders in 2023, No. 72/NQ-DHĐCĐ dated 30/06/2023. At the same time, the amount of VND 128.356 billion paid by individuals to rectify the consequences through the Corporation is recognized as a payable under the item "Other payables" (As in Note No. 22). Through the audit procedures performed, we are unable to assess the appropriateness and accuracy, as well as the collectability of the "Other receivables - Receivables from temporary payments awaiting settlement of the equitization settlement" and the corresponding provision, the adjustment to reduce the receivables from Tan Phu Investment and Construction Company Limited, and the recognition of the payable to individuals related to the judgment. We have also not determined whether there is necessary to recognize additional liabilities for land use fees and late payment penalties (if any) related to the land use fee arrears for other land plots according to the conclusion of the State Audit Office of Vietnam, Region IV in 2017, and the impact of these issues on the attached Consolidated Financial Statements.

**- Explanations:**

Regarding the payable land use fee recommended by the State Audit Office of Region IV in the Audit Report dated August 15, 2017 on the management and use of urban land in Binh Duong province for the 2013 - 2016 period ; Notice No. 16592/TB-CTBDU dated November 01, 2021 of the Binh Duong Tax Department; First Instance Criminal Judgment No. 327/2022/HSST dated August 30, 2022 of the Hanoi People's Court and Appeal Criminal Judgment No. 912/2022/HS-PT dated December 28, 2022 of the High People's Court in Hanoi; Decision No. 681/QĐ-CTHADS on proactive enforcement of judgment against the Corporation:

The total amount payable by the Corporation is VND 1,060.20 billion. Till the issuance of this statement, the Corporation has paid and been deducted VND 1,060.22 billion. All obligations arising related to land use fees and late payment fees stated above related to the pre-equitization period belong to the limited liability company, however, the payment of this amount by the Corporation has not been approved by the competent authority for equitization settlement, therefore, in order to have a basis for recording, according to the Resolution of the 2023 Annual General Meeting of Shareholders No. 72/NQ-ĐHĐCĐ dated June 30, 2023, regarding the total paid amount of VND 1,060.22 billion, in order to ensure the principle of prudence, the General Meeting of Shareholders of the Corporation has resolved to approve to be recorded as receivables for the amount temporarily paid by the Corporation as mentioned above and pending for settlement upon having official equitization settlement results. At the same time, it was resolved that at the time of preparing the Financial Statement, the Corporation will set aside a



upon having official equitization settlement results. At the same time, it was resolved that at the time of preparing the Financial Statement, the Corporation will set aside a provision for this receivable on the principle of equal distribution of provision for 15 years, starting from 2023 to avoid fluctuations in the business results of the Joint Stock Company, in case this receivable is not finalized to be included in the State capital by the competent authority at the time of equitization. In case, according to the results of the equitization settlement, the total amount temporarily paid by the Corporation is approved by the competent authority to be recorded in the State capital at the time of equitization, the Corporation will refund the corresponding provision, so the auditor is unable to assess the effect of the above issues to the Consolidated Financial Statements.

**- Qualified opinion 4:** The Corporation is presenting the value of the investment property holding with a purpose of capital appreciation, which is land use rights with a total value of VND 78 billion, located in Dong Tu quarter, Lai Thieu ward, Thuan An city, Binh Duong province, with an area of 10,

547 m2, as in Note No. 14 of Notes to the Consolidated Financial Statements. This investment property was purchased before the Corporation officially transitioned to a joint-stock company and it has not yet completed the transfer of ownership procedures to the Corporation.

**- Explanations:**

The Corporation has paid the amount of real estate purchasing of VND 78 billion but has not registered for change of owner. The entire investment real estate value of this land was purchased prior to the time of the Corporation's official conversion into joint stock company. Till present, the Corporation has not carried out procedures to transfers it in the Corporation's name due to waiting for directions of competent authorities related to the legal issues of the land.

**- Qualified opinion 5:** The other land plots in Vinh Phu commune, Binh Duong province, which were purchased by the Corporation before officially transitioning to a joint-stock company, were handed over to the Binh Duong province Land Development Center as at 14 November 2023 according to the Decision No. 2569/QD-UBND dated 02 October 2023 by the People's Committee of Binh Duong Province. The investment costs for these land plots are being monitored under the item "Construction in progress" – Land use rights in Vinh Phu commune, Binh Duong province (detailed as in Note No. 11 - item (2) of Notes to the Consolidated Financial Statements). The handling of these costs is under consideration for approval by the People's Committee of Binh Duong province.

**- Explanations:**

The Corporation is waiting for directions from competent authorities to implement the policy of returning this land to Binh Duong Provincial Land Fund Development Center under Decision No. 2569/QD-UBND dated October 02, 2023, with the direction that the land users voluntarily return the land under Point c, Clause 1, Article 65 of the 2013 Land Law. Because this land was transferred to the Corporation in the pre-equitization period, the financial issues related to the land will be determined by the Department of Finance and then submitted to the Provincial People's Committee for examination and approval, therefore, at the time of issuing this statement, the original Land Use Right Certificate has been submitted by the Corporation to the Department of

Natural Resources and Environment of Binh Duong Province. For the land's formation costs, the Corporation is still waiting for directions from the competent authority. Upon receiving instructions and handling from competent authorities, the Corporation will record a reduction in the book value of the land as stipulated.

- **Qualified opinion 6:** As at the issuance of this report, the competent authority, the People's Committee of Binh Duong province, has not yet approved the privatization settlement. Therefore, some items on the Corporation's Consolidated Financial Statements may change once the privatization settlement as at 31/10/2018 is approved, detailed information as in Note No. 43.

- **Explanations:**

The Corporation is still waiting for equitization settlement from the competent authorities.

The above are the main reasons affecting the production and business results of the Corporation and the explanations of the qualified opinions and emphasized issues in the 2024 audited consolidated financial statements. The Corporation hereby explains to the State Securities Commission of Vietnam and the Hanoi Stock Exchange as above.

Best regards./.

**Recipients:**

- As above;
- Clerical archive.

**GENERAL DIRECTOR**



**LE TRONG NGHIA**