

SOCIALIST REPUBLIC OF VIETNAM

Independence – Liberty – Happiness

Ho Chi Minh, March 31st 2025

No : 205 /2025/CV-KTTV

Regarding: Explanation of qualified audit  
opinion in 2024 audited financial statements

**TO: STATE SECURITIES COMMISSION OF VIETNAM  
HANOI STOCK EXCHANGE**

*Pursuant to Circular No. 96/2020/TT-BTC dated November 16, 2020;*

*Pursuant to the 2024 Separate and Consolidated Financial Statements.*

In the audited 2024 consolidated financial statements, AFC Vietnam Auditing Company Limited has an exception opinion regarding the collection of confirmation letters on receivable and payable balances, recording revenue from construction activities as follows:

**First opinion:** *“As of the date of issuance of the auditor’s report, we are unable to obtain fully confirmation letters on receivable and payable balances as of December 31, 2024 and December 31, 2023 of the Company as follow:*

		Dec 31 2024	Dec 31 2023
	Code	VND	VND
Trade accounts receivable	131	2.251.182.365.872	2.499.684.549.901
Prepayments to suppliers	132	814.180.524.674	615.935.434.019
Other receivables	136	882.291.336.218	1.469.649.226.921
Short-term trade payables	311	2.327.232.849.026	2.214.318.724.969
Advances from customers	312	862.721.189.828	971.975.513.489
Other short-term payables	319	82.339.774.129	65.120.454.601

*By other audit procedures performed, we are unable to obtain fully necessary information to evaluate the existence and completeness of the above items presented in the accompanying separate financial statements.”*

- ➔ Regarding the collection of confirmation letters on receivable and payable balances, the collection of full confirmation letters within the audit period with a limited time of less than 02 months (starting from February 6, 2025 to March 29, 2025) along with a very large number of Customers, Suppliers, and Subcontractors (700 units); in addition, we are not proactive and cannot guarantee because the Confirmation Letter will be sent directly to the auditing unit. We are still coordinating with Customers, Suppliers, and Subcontractors to confirm and send to the Auditing unit on the basis until the acceptance percentage (%) is met. However, regarding the balance of receivable and payable debts, we have sufficient evidence of economic contracts and financial invoices to record according to legal regulations.

**Second opinion:** *“Due to the special characteristics of the Company's business field, the Company is recording revenue from construction activities based on the amount of work performed under the supervision of investor and the contract price because the Company assumes that the revenue is estimated reliably. However, the Company's construction contracts*

*stipulate that the contractor is paid according to the value of the work performed as confirmed by the customer. Accordingly, revenue is recognized when there is confirmation from customers (investors) on payment certificates and shown on financial invoices. As of the date of issuance of the auditor's report, the auditor do not have fully necessary information to determine the impact issuance of the auditor's report, the auditor do not have fully necessary information to determine the impact."*

- ➔ For the recognition of construction and installation revenue based on the volume confirmed by the investor's supervision. The supervision consultant is independently appointed by the investor to supervise and accept on behalf of the investor. Accordingly, the recognition of this revenue is based on the volume signed by the supervision consultant with the unit price agreed in the contract that is reliable and true to the nature of the output performed during the accounting period. In addition, revenue and expenses must be recorded simultaneously according to the principles of appropriateness, prudence and timeliness.

The above is the opinion of Hoa Binh Construction Group Joint Stock Company, we would like to send an explanation to the State Securities Commission, and the Hanoi Stock Exchange for information.

**HOA BINH CONSTRUCTION GROUP  
JOINT STOCK COMPANY**

On behalf of the Board of Director  
Chairman of the Board of Director



**LE VIET HAI**

**Recipients:**

- As above;
- Archived.