

**CONSTRUCTION
INVESTMENT CORPORATION**

3-2

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

Binh Duong, 16th March 2017

No.: 160/CTY-TGD

(About the explanation for
differences in 2016 Financial
Statement after auditing)

To:

- State Securities Commission;
- Ho Chi Minh City Stock Exchange .

Name of the company: Construction Investment Corporation 3-2

Stock code: C32

Address of the Headquarters: 45A, Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province.

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Pursuant to the Finance Ministry's Circular No. 155/2015/TT-BTC dated October 6, 2015 on guidelines for information disclosure on securities market;

According to the 2016 audited Financial Statement of Construction Investment Corporation 3-2;

Construction Investment Corporation 3-2 would like to explain the differences between the data in 2016 audited Financial statement and the cumulative data of Quarter 4 of 2016 Report as follows :

Differences in the Balance Sheet

- Others short-term receivables: Additional recording of the Second Dividend Disbursement of Hoa An Joint Stock Company of VND 637,960,000;
- Inventories and Short-term Prepaid Expenses: Categorizing adjustment of work-in-process balance of semi-finished Riprap to VND 1,008,425,241;
- Tangible fixed assets and construction in progress: Adjustment of fixed assets of Thanh Phuoc project, which are still in investment phase, not yet put in use of VND 1,026,363,636;
- Taxes and receivables from the State and taxes and Tax payables and statutory obligations: Increase adjustment of natural resources tax and environmental protection fees according to tax finalization of VND 5,828,256,025;

reduction of VND 1,215,560,017 due to recalculated income and taxes under influences of the adjustment.

In the year, the Company declared and paid natural resource tax according to Law on Natural Resource Tax and guidance in Official Dispatch No.2056/BTC-TCT dated 04/02/2016. The company had to adjust to increase of the finalized natural resource tax in 2016 due to the temporary adjustment of declared tax price under Circular 152/2015/TT-BTC dated 02 October 2015 on a prudent basis after communicating with the Auditor because there hadn't been any guidance for finalization of natural resource tax for 2016. Circular 152, however, contains unclear and inappropriate guidelines that are not consistent with the Law on Natural Resource Tax No.45/2009/QH12 dated 25th November 2009, specifically the taxable price of construction stone products (processed resources) are treated as resource products (raw materials stone). The company and other enterprises in the industry have had a petition sent to the Prime Minister, the Ministry of Finance, the Ministry of Justice and the Ministry of Natural Resources and Environment, dated 15/06/2016. There hasn't been any feedback yet and the Ministry of Finance still has not issued the taxable price framework and guidelines for tax finalization for 2016. Therefore, the company has to temporarily adjust the natural resource tax expense for 2016. When there are feedbacks to the above petition and the official guidance on the natural resource tax 2016, the company will review the item.

- Advances from customers: Adjustment of late payment interest of Hoang Ngan Transportation Construction Joint Stock Company of VND 36,602,477.
- Other short-term payables: Decrease adjustment of remuneration of Board of Directors, Supervisory Board according to profit adjustment of VND 78,000,000;
- Short-term and long-term loans and financial liabilities: Classification adjustment of long-term loan due in 2017 to VND 3,608,040,000;
- Undistributed profit after tax decreased by VND 3,855,701,064 due to the effect of differences adjusted.

Differences in the Income Statements

- Revenue from sales of goods, rendering of services and Revenue deductibles decreased by VND 7,733,155,089 as accounted for according to the net sales of the construction sector - deducted revenue of previous constructions - for the consistency of presentation with revenue figures of previous years. Net sales of goods and rendering of services in 2016 remain unchanged;

BM 7.5-1.3A/16

- Cost of goods sold increased by VND 5,828,256,025 due to adjustment of natural resource tax and environmental protection fee according to tax finalization;
- Financial income increased by VND 674,580,477 as a result of the second dividend disbursement of Hoa An JSC in 2016 and late payment interest of Hoang Ngan Transportation Construction JSC;
- Administrative expenses decreased by VND 82,414,467 due to the decrease adjustment of Depreciation and Remuneration of Board of Directors and Board of Supervisors;
- Net operating profit, Total accounting profit before tax, Current corporate income tax expense, Net profit after tax decreased due to the influences from above adjustments.

Above are some of the main reasons for the difference between the data in 2016 audited Financial statement and the cumulative data of Quarter 4 of 2016 Report./.

Sincerely !

Recipients :

- As above;
- Archival records.

GENERAL DIRECTOR



Vo Van Lanh

