**CIP: Explanation of shares being warned**

On April 08, 2024, Construction And Industrial Production Joint Stock Company announced Official Dispatch No. 22/CIPC-TCKT on explaining shares being warned as follows:

1. Explanation of the reason for receiving qualified opinions from the audit organization in the Financial Statements:

* CIPC is a unit whose main production and business lines are construction and installation, capital construction, etc. With specific industry characteristics, construction projects by the Company often have the following characteristics:
* Construction time is prolonged, and project works are dispersed across various localities, far from the headquarters. Many projects are behind schedule or have halted construction due to objective reasons. Some projects (such as Thai Nguyen Cement, Thai Nguyen Iron and Steel, and K2 My Dinh) are being inspected and investigated by competent authorities.
* The progress of acceptance and payment is often slower than planned;
* The settlement of projects is often challenging, as it requires a significant amount of time to complete the dossiers, legal procedures, and qualify for payment. Many projects have been under construction for over 10 years, but up to now, they have not yet been settled by the investor. These include: Project of Van Cao - Ho Tay road, incurring from 2007; Bidding Package of Tran Hung Dao Mechanical Factory, incurring from 2003-2011; Technical Infrastructure Project of 1.65 ha Xuan Dinh area, incurring from 2010; Project of inter-ministerial area, incurring from 2013; Thai Nguyen Cement Technical Support Program, incurring from 2005; Project of Thai Nguyen Iron and Steel, incurring from 2009; Project of K2 My Dinh, incurring from 2017; etc.
* Some investors encounter difficulties with capital planning or others hesitate to sign settlement dossiers due to the pressure of payments, lawsuits, etc.

For these reasons, some projects or constructions that CIPC has constructed have not been settled by investors. Consequently, CIPC lacks a basis for internal settlement with subcontractors or teams. This leads to a backlog of unfinished expenses, pending items, no outstanding receivables or payables, and a low debt reconciliation rate, etc.

* As for provisioning for financial investments in other enterprises: Having to deal with financial problems leading to low production and business efficiency and incurring losses, CIPC has not yet provisioned for (additional) financial investment in the Financial Statements 2023.

1. Solutions to overcome in the near future:

* Expand market exploitation, prioritize projects with clear capital sources, investors with financial capacity, ability to pay quickly, avoid capital appropriation, outstanding debt, and low efficiency projects, projects with many potential risks;
* Coordinate with the investor and relevant units to inspect and review, in order to complete legal dossier procedures and settlement of outstanding and unfinished projects. Perform internal settlement with subcontractors/teams when the projects are settled by the investors.
* Strengthen debt confirmation and debt clearing; Evaluate and classify debts to have recovery measures and plans for each one.
* Reduce expenses, improve production efficiency, accumulate resources to handle financial problems, and fully set up provisions (if any).
* Approve the capital representative to evaluate the efficiency of business operations at the units with contributed capital and take measures to improve the efficiency of capital use.