**HEJ: Explanation on and remedy for HEJ stock under alert**

On April 11, 2024, Vietnam Hydraulic Engineering Consultants Corporation - JSC announced Official Dispatch No. 121/HEC-TCKT on explaining the causes and solutions to tackle HEJ stock under alert as follows:

Based on the independent auditor's report No. 290324.010/BCTC.KT2 dated March 29, 2024 of AASC Auditing Firm Company Limited (the audit company for HEJ's Financial Statements in the years 2021, 2022, 2023). The audit company stated three (03) qualified opinions, including:

1 The auditor's qualified opinion: “As of December 31, 2022, the Corporation has not yet reconciled and fully confirmed customer receivables, prepaid expenses to sellers, payables to sellers and prepayments from buyers with amounts of VND 9.8 billion; VND 1.1 billion; VND 5.5 billion and VND 0.9 billion, respectively. This has led to us having to express an auditor's qualified opinion on the Financial Statements for the fiscal year ending December 31, 2022 of the Corporation. This problem has not yet been thoroughly resolved by the Corporation, accounts receivable from customers, prepayments to sellers, other receivables, payables to sellers, prepayments from buyers and other payables that have not been reconciled and confirmed as of December 31, 2023 are VND 14.4 billion; VND 1.5 billion; VND 7.1 billion; VND 6.5 billion; VND 0.347 billion and VND 1.8 billion respectively. We performed the required audit procedures but were unable to obtain sufficient appropriate audit evidence to determine whether adjustments to these amounts were necessary.

Reason: According to regulations, on December 31, 2023, HEJ prepared and sent debt confirmation reconciliation minutes to all customers and suppliers of the Corporation. Accordingly, the Corporation's customers are mostly irrigation construction investment project management boards of the Ministry of Agriculture and Rural Development, and local departments and branches that use capital sources from the State budget with headquarters scattered throughout the provinces and cities nationwide. However, for objective reasons, up to the time of the audit, HEJ has not received all the reconciliation and confirmation minutes from the above mentioned customers. Therefore, on the Corporation's Financial Statements, there are still some debts that have not been reconciled and confirmed as of December 31, 2023 as stated by the auditor.

Remedy plans: The Corporation will strengthen debt collection from investors.

1. The auditor's qualified opinion: “At the time of issuing this auditor's report, we have not yet collected sufficient appropriate audit evidence related to the assessment and estimate of the Company's costs of production and business in progress as of December 31, 2023. Therefore, we have not yet determined the necessary adjustments related to the item "Cost of production and business in progress" as well as the effects (if any) on the Separate Financial Statements for the fiscal year ended December 31, 2023 of the Corporation.”

Reason: Pursuant to the contracts that HEJ authorized branches under the Corporation to sign with investors, these units have directly carried out production and business. Most of the work has been done on the projects and there are projects in which 100% of the work has been done. However, some investors of the Management Boards under the Departments of Agriculture and Rural Development in the provinces and cities have not yet had payment capital approved, so the costs of project implementation are still in the Corporation's Unfinished Production and Business Expenses section waiting for payment acceptance.

Remedy plan: The Corporation will strengthen the acceptance of payments from Investors.

1. The auditor's qualified opinion: ''Based on the currently available information, we were unable to collect sufficient appropriate audit evidence to determine the recoverability of the receivable balance as of December 31, 2023 of VND 3.4 billion (these debts arose from 2020 or earlier) in the outstanding receivable balance without reconciliation mentioned above. Accordingly, we cannot determine whether it is necessary to adjust the above item and the effects (if any) on the Consolidated Financial Statements for the fiscal year ended December 31, 2023 of the Corporation."

Reason: This is a receivable debt belonging to Investigation and Construction Consultancy Join-stock Company No.4 (ICC4), a subsidiary with 50.65% of charter capital owned by HEJ. The debt of VND 3.4 billion mentioned is a debt that ICC4 has not yet received debt confirmation from the unit's investors.

Remedy plan: The Corporation will direct and supervise Investigation and Construction Consultancy Join-stock Company No.4 to collect debts from the Company’s Investors and at the same time make provisions for uncollectible receivables according to regulations when necessary.