**PRT: Explanation on the qualified opinions for 3 consecutive years**

On April 17, 2024, Binh Duong Producing and Trading Corporation announced Official Dispatch No. 51/CV-TCTY on explaining the Annual Financial Statements with the qualified opinion for 3 consecutive years as follows:

According to the separate and Consolidated Financial Statements 2023, the Corporation has 6 qualified opinions and all these qualified opinions arose before the equitization period. Currently, the case is waiting for implementation guidance from the competent authority and will be considered for settlement according to the decision of the competent authority when approving the equitization settlement. The Corporation would like to explain as follows:

1. According to the contents in Footnotes 42a and 42c of the Footnotes to the Consolidated Financial Statements, related to the transfer of land and cancellation of land transfer contracts with Development Co., Ltd. and U&I Real Estate Joint Stock Company, the above transactions have been carried out based on the policy approved by the Binh Duong Provincial Party Committee and according to the agreement between the parties. Profits from the transfer transactions arising before the equitization period have been adjusted by the Corporation to reduce the balance of payables to the State Budget in Footnote 22. At the same time, in Footnote 22 (note (1)), the Corporation is presenting the adjustment to reduce the balance of payables to the State Budget in 2023 by VND 3.396 billion corresponding to the late payment of land use fees according to Decision No. 3832/QD-CTBDU dated September 20, 2023 of the Binh Duong Tax Department. As of the date of preparing this Consolidated Financial Statements, the balances of the above items have not been confirmed and reconciled, and at the same time, the Corporation has not been approved by the competent authority for the equitization settlement. With the audit procedures performed, we are unable to assess the impact of the above issues on the accompanying Consolidated Financial Statements.

Explanation:

* On the transfer of land and cancellation of contracts of Development Co., Ltd. and U&I Real Estate Joint Stock Company:

Related to the transfer of land and cancellation of contracts with Development Co., Ltd. and U&I Real Estate Joint Stock Company. As of the date of issuing this report, the Corporation has canceled the transaction and retroactively adjusted to reduce the profit payable to the Owner. Currently, the case is waiting for implementation guidance from the competent authority and will be considered for settlement according to the decision of the competent authority when approving the equitization settlement. Therefore, the auditors cannot assess the impact of the above transaction on this Consolidated Financial Statements.

* On the land transfer activity of An Binh Joint Stock Company:

In 2016, Binh Duong Producing and Trading Company Limited signed a contract to compensate for land investment expense and transfer land on August 15, 2016 with An Binh Joint Stock Company. On August 25, 2016, Binh Duong Provincial Party Committee promulgated Official Dispatch No. 457-CV/TU on approving the policy for the Corporation to transfer 15 hectares of land in Phu Loi Ward, Thu Dau Mot City, Binh Duong Province for An Binh Joint Stock Company to use for warehousing services for production and business.

On December 22, 2016, the People's Committee of Binh Duong Province promulgated Decision No. 3536/QD-UBND on the recovery of land managed by Binh Duong Producing and Trading Company Limited to assign it to An Binh Joint Stock Company for leasing the land with one-time payment for the entire rental period in Phu Loi Ward, Thu Dau Mot City. The Corporation has recorded the arising economic transactions related to this transaction in the period prior to equitization. As of January 1, 2019, the Corporation is recording a receivable from An Binh Joint Stock Company in the amount of VND 65 billion, the recovery period of this receivable depends on the progress of implementing the land transfer procedures by the competent authority.

However, on November 14, 2019, the People's Committee of Binh Duong Province promulgated Decision No. 3379/QD-UBND on revoking Decision No. 3536/QD-UBND dated December 22, 2016 of the People’s Committee mentioned above, however, by the time this Report was promulgated, the Departments had not yet had specific instructions to deal with this issue. Because of the above uncertain factors related to the recoverability of the receivables of An Binh Joint Stock Company (VND 60 billion), the Auditor could not assess the ability to recover this debt.

* On the adjustment to reduce the outstanding balance of profit payable to the State Budget in 2023 by VND 3.396 billion

Based on Decision No. 3832/QD-CTBDU dated September 20, 2023 of the Binh Duong Tax Department on enforcement of administrative decisions on tax management by deducting money from accounts/requesting to freeze accounts of the enforced entity at the State Treasury and credit institutions, the Corporation still owes taxes of VND 144,128,123,321, including VND 140,731,036,794 in late payment according to the recommendations of the State Audit of Region IV and VND 3,396,941,327 in late payment penalties for land use fees of the Twin Doves Golf & Resort project according to Conclusion No. 1249/KL-TTCP dated May 30, 2014 of the Government Inspectorate. The amount of VND 3,396,941,327 belonging to the period when Binh Duong Producing and Trading Corporation was a Limited Company, and the Corporation will settle it with the Provincial Party Committee Office. As of now, the Corporation has not been approved for equitization settlement by the competent authority. Therefore, the auditor cannot assess the impact of the above issue on our Consolidated Financial Statements.

1. The auditor cannot evaluate the appropriateness of the capital contribution transaction to Tan Thanh Investment & Development Joint Stock Company ("Tan Thanh"), the calculation of related capital prepayment interest and the recoverability of this receivable. Detailed information is presented in Note No. 41b of the Footnotes of the Consolidated Financial Statements. As of December 31, 2023, this receivable was overdue but the Corporation has not considered making a provision for it. Also related to Tan Thanh Investment & Development Joint Stock Company, Footnotes 07 and 08 present the overdue balances of loans and corresponding interest from Tan Thanh, with amounts as of December 31, 2023 of VND 148.55 billion and VND 57.03 billion respectively, and the corresponding provision made is VND 56.29 billion. In 2023, the Corporation did not record interest incurred corresponding to the principal debt lent to Tan Thanh.

Explanation:

The temporary calculated interest amount (VND 115 billion) according to the agreement between the Corporation and Tan Thanh Investment & Development Joint Stock Company based on the VND 144 billion loan incurred before the period of transformation into a joint stock company has been confirmed by the Binh Duong Provincial Party Committee to be deducted from payables but has not been settled for the Corporation's equitization. For the loan receivable with a principal balance of VND 148.55 billion and incurred interest of VND 57.03 billion, all of these amounts were due for collection as of December 31, 2022. According to the Financial Statements 2023 of Tan Thanh Company, the total payables is VND 648 billion. Tan Thanh Company is currently experiencing a serious financial imbalance. In addition, Tan Thanh Company is facing legal issues and shareholder structure problems related to Judgment No. 327/2022/HSST dated August 30, 2022 of the Hanoi People's Court and Appellate Judgment No. 912/2022/HS-PT dated December 28, 2022 of the High People's Court in Hanoi. This has led to Tan Thanh Company not being able to arrange funds to repay the debt to the Corporation. Therefore, the auditor cannot assess the appropriateness of the above overdue principal and interest.

1. According to the contents presented in Footnotes No. 08 and 41c of the footnotes to the Consolidated Financial Statements, the Corporation has to pay back taxes for land use due to incorrect application of unit prices and corresponding late payment penalties according to the judgment of the High People's Court in Hanoi, the notice of the Binh Duong Tax Department and the notice of the Hanoi Civil Judgment Enforcement Department with a total amount of VND 1,060.22 billion. The total amount the Corporation has paid and was deducted is VND 1,060.22 billion, of which VND 806.17 billion was paid in cash this year and VND 254 billion was deducted by the judgment enforcement agency, including: The amount of VND 128.36 billion paid by related individuals to remedy the consequences through the Corporation; the amount of VND 125.694 billion the Corporation temporarily paid in 2019, including the receivable balance from Tan Phu Investment - Construction Co., Ltd. for which we have expressed a qualified opinion in previous years (see more in Footnotes 08 and 41a). The total amount the Corporation has actually paid and was deducted as above (excluding the receivable from Tan Phu Investment - Construction Co., Ltd.) is recorded in the item "Other receivables - Receivables of temporary payments pending settlement of equitization" and a corresponding provision is made to general and administrative expenses this year of VND 70.68 billion (Footnotes No. 08 and 32) based on General Mandate No. 72/NQ-DHDCD dated June 30, 2023 of the Annual General Meeting of Shareholders in 2023. At the same time, the amount of VND 128.356 billion paid by individuals to remedy the consequences through the Corporation is recorded as a payable in the item "Other payables" (Footnote No. 22). Based on the audit procedures performed, we were unable to assess the appropriateness, accuracy and recoverability of the Other receivables - Receivables for temporary payments pending settlement of equitization and the corresponding provision balance, the receivable balance from Tan Phu Investment - Construction Co., Ltd. as well as the recognition of payables to individuals related to the court judgment. We have also not been able to determine whether it is necessary to additionally record land use fee obligations and late payment penalties (if any) related to the retroactive collection of land use fees for other land lots according to the conclusion of the State Audit of Region IV in 2017 and the impact of these issues on the accompanying Consolidated Financial Statements.

Explanation:

Regarding the land use fee payable according to the recommendation of the State Audit of Region IV in the auditor's report on the management and use of urban land in Binh Duong Province for the period of 2013 - 2016 dated August 15, 2017; Notice No. 16592/TB-CTBDU dated November 1, 2021 of Binh Duong Tax Department; First-instance criminal judgment No. 327/2022/HSST dated August 30, 2022 of the People's Court of Hanoi City and Appellate criminal judgment No. 912/2022/HS-PT dated December 28, 2022 of the Superior People's Court in Hanoi; Decision No. 681/QD-CTHADS on proactive judgment enforcement for the Corporation:

The total amount that the Corporation has to pay is VND 1,060.20 billion. As of the date of issuance of this report, the Corporation has paid and was deducted VND 1,060.22 billion. All obligations arising related to land use fees and late payment fees mentioned above are related to the period before equitization and 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 recognition, according to the Annual General Mandate 2023 No. 72/NQ-DHDCD dated June 30, 2023, the total payable amount of VND 1,060.22 billion must be paid. To ensure the principle of prudence, the General Meeting of Shareholders of the Corporation has resolved to approve the recognition of the receivable for the temporary payment amount mentioned above to wait for settlement when there are official equitization settlement results. At the same time, it was resolved that at the time of preparing the Financial Statements, the Corporation will make a provision for this receivable on the principle of evenly allocating the provision over 15 years, starting from 2023 to avoid fluctuations in the business results of the joint stock company, in case this receivable is not approved by the competent authority to be included in the State capital at the time of equitization. In case the equitization settlement results show that 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 reverse the corresponding provision made. Therefore, the auditors have not been able to assess the impact of the above issues on the Consolidated Financial Statements.

1. The Corporation is presenting the value of investment property held for the purpose of waiting for price appreciation as land use rights with a total value of VND 78 billion in Dong Tu Ward, Lai Thieu Town, Thuan An City, Binh Duong Province with an area of 10,547 m2 according to the content in Footnote No. 14 of the Footnotes to the Consolidated Financial Statements 2023. This investment property was purchased before the period when the Corporation officially transformed into a joint stock company and the procedures for transferring ownership to the Corporation have not been completed.

Explanation:

The Corporation has paid for the purchase of the real estate worth VND 78 billion but has not yet registered to transfer the name from the former owner. The entire value of the investment property of this land area was purchased before the time the Corporation officially switched to the joint stock company model. Up to now, the Corporation has not carried out the procedures to transfer the name to the Corporation because it is still waiting for guidance from the competent authorities regarding the legal issues of the land area.

1. The land lots in Vinh Phu Commune, Binh Duong Province that the Corporation purchased before officially becoming a joint stock company have been handed over by the Corporation to the Binh Duong Province Land Fund Development Center according to Decision No. 2569/QD-UBND dated October 2, 2023 of the People's Committee of Binh Duong Province. The investment costs of these land lots are being monitored in the item "Construction in progress" - Land use rights in Vinh Phu Commune, Binh Duong Province (detailed in Footnote 11 - note (2) of the Footnotes to the Consolidated Financial Statements), the handling of this cost is being considered for approval by the People's Committee of Binh Duong Province.

Explanation

The Corporation is waiting for guidance from the Departments and Agencies to implement the policy of returning this land plot to the Binh Duong Province Land Fund Development Center according to Decision No. 2569/QD-UBND dated October 2, 2023, in the direction that the land user voluntarily returns the land in accordance with the provisions of Point c, Clause 1, Article 65 of the Land Law in 2013, because this land area was acquired by the Corporation in the period before equitization. The financial issues related to the land will be assigned to the Department of Finance to determine and submit to the Provincial People's Committee for approval. Therefore, as of the date of issuance of this report, 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 cost of forming the land plot, the Corporation is still waiting for the competent authority to provide guidance for implementation. Immediately after receiving guidance and handling from relevant Departments and Agencies, the Corporation will record a decrease in the book value of the land in accordance with regulations.

1. As of the date of issuance of this report, the competent authority - People's Committee of Binh Duong Province, has not yet approved the equitization settlement. Therefore, some targets on the Consolidated Financial Statements 2023 of the Corporation may change after the equitization settlement on October 31, 2018 is approved. See details in Footnote No. 43.

Explanation:

The Corporation is still waiting for the approval on the equitization settlement of the competent authority.

The Corporation has been making efforts to ask for opinions from competent authorities for equitization and handing over of the Joint Stock Company to soon resolve the qualified opinions.