**TL4: Explanation on the Financial Statement**

On March 29, 2024, Hydraulics Construction Corporation No.4 announced Official Dispatch No. 45/CV-BTC-TCT on explaining the difference in profit after tax in the Audited Combined and Consolidated Financial Statements 2023 compared to the same period in last year. Profit after tax in the Audited Combined and Consolidated Financial Statements 2023 turns into loss. Explanation on the auditor’s qualified opinion and solutions for the Combined and Consolidated Financial Statement 2023.

Pursuant the regulations at Article 14 of Circular No. 96/2020/TT-BTC dated November 16, 2020 of the Ministry of Finance on guiding the information disclosure on the stock market which took effects from January 01, 2021, replacing Circular No. 155/2025/TT-BTC dated October 06, 2015 of the Ministry of Finance on guiding the information disclosure on the stock market which took effects from January 01, 2016;

Pursuant the Audited Combined and Consolidated Financial Statements 2023 of Hydraulics Construction Corporation No.4.

1. Hydraulics Construction Corporation No.4 explains the reasons for the decrease of over 10% in profit after tax in the Audited Combined and Consolidated Financial Statements 2023 year on year, the profit after tax in the Audited Combined and Consolidated Financial Statements 2023 turns into loss as follows:

Currently, the Company’s key construction are in the settlement stage, the time for acceptance and settlement is prolonged. In 2023, some basic constructions are accepted; however, due to the increase of material prices and bank loan interest, the expenses also increased. Some constructions have not been accepted for settlement, leading to the decrease in revenue in 2023 year on year. Profit after tax in the Combined and Consolidated Financial Statements 2023 decreased year on year and turned into loss due to the increase of material prices and loan interest. In 2023, the Company also had a provision for bad receivable debts which are recoverable, leading to the loss in profit after tax in the Combined and Consolidated Financial Statements 2023.

Those above factors have impacted the decrease in profit after tax in the Audited Combined and Consolidated Financial Statements 2023 year on year. The Audited Combined and Consolidated Financial Statements 2023 was a loss.

1. Explanation on the difference in profit after tax in the Combined and Consolidated Financial Statements 2023 before and after audit:

There is no difference in profit after tax in the Combined and Consolidated Financial Statements 2023 before and after audit.

1. Explanation on the auditor’s qualified opinion on the Financial Statement 2023 and solutions:
* The auditor’s opinion:

“As of the date of making this Financial Statement, we have not collected the confirmation letters of receivables with the value of VND 139,891,840,678 (in which the provision for bad receivable debts is VND 68,107,312,442). Moreover, among the unconfirmed receivables, there is also VND 30,832,107,293 receivables from individual construction contractors presented in Section V.05 of the Footnotes of the attached Financial Statements. This is the amount that the Company handled as per the approval of the Board of Directors at Proposal No. 286/TT-TCT dated December 31, 2023 on attributing losses of settled projects with the investors to individuals according to the contents of the contracts. As of the time of publishing this Report, these individuals and the Corporation have not implemented the settlement to determine the exact data. In our opinion, in case these receivables related to contract expense cannot be recovered, the business expenses will increase by VND 30,832,107,293 and the profits will decrease by a corresponding amount.

As of the date of making this Financial Statement, we have not collected the Confirmation Letters of the payables with a value of about VND 93,322,487,734. ”

* The solutions of the Corporation:

Regarding the opinion on not having collected the Confirmation Letters: By the end of the financial year, the General Manager had sent the Confirmation Letters to customers but by the time of signing the Financial Statements, the Corporation has still not received all of these. The Corporation will try to fix the situation by sending the Confirmation Letters in the upcoming time.

Regarding the unconfirmed receivable of VND 30,832,107,293 of individual construction contractors. In the upcoming time, the Corporation has a specific plan to work with each individual, thereby providing the directions for handling the recovery of debts as soon as possible.