**VGV: Explanation on being put under warning**

On April 22, 2024, Viet Nam National Construction Consultants Corporation - JSC announced Official Dispatch No. 435/VNCC-TCKT on explaining VGV shares being put under warning as follows:

1. The qualified opinion on the Consolidated Financial Statements 2023.

The Corporation's subsidiary, Consultancy on Construction of Building Material Projects Joint Stock Company (CCBM), has not assessed the possibility of loss of short-term receivables as of December 31, 2023 with the amount of VND 39.75 billion (as of January 1, 2023, it is VND 42.47 billion).

The reasons for the qualified opinion are as follows:

The audit company cannot evaluate the recoverability of these receivables as well as the amount of additional provisions needed (if any).

1. Explanation on the cause.

Short-term receivables as of December 31, 2023 are VND 39.75 billion, of which short-term receivables from customers are VND 28.7 billion, short-term prepayments to sellers are VND 5.4 billion and Other short-term receivables are VND 5.6 billion.

Short-term customer receivables of VND 28.7 billion is mainly from consulting contracts for construction materials projects, cement projects, receivables from building rental services... and other commercial and service business activities.

In general, CCBM's debt collection and reconciliation work is still difficult, and the reconciliation rate is not high. Due to many objective reasons, the debt reconciliation minutes as of December 31, 2023 was sent, but the recovery rate did not meet the requirements.

The debt reconciliation rate of customers' receivables is 71%, of which receivables for construction materials consulting services reach 59.6%; reconciliation rate of receivables for building rental services reach 77.2%. In early January 2024, the amount of VND 1.17 billion for building rental services was recovered; Receivables from other business activities are VND 15.8 billion, mainly debts from ongoing CCBM contracts, and the comparison rate is 78.2%.

The short-term prepayments to sellers of VND 5.4 billion are mainly prepayments to Vietnam Minerals And Construction Investment Consultant Joint Stock Company, Công ty TNHH Nguyễn Minh Uyên (tentatively translated as Nguyen Minh Uyen Company Limited) and a number of other subjects. For short-term debt paid before the due date on December 31, 2023, CCBM sent debt reconciliation minutes and the reconciliation rate reached 61.7%.

For other short-term receivables of VND 5.6 billion, which are mainly prepayments according to the Company's production and business requirements, the comparison rate as of December 31, 2023 is 70.4%.

1. Remedy plan.

Regarding the qualified opinion on the fact that the Corporation's subsidiary - CCBM has not assessed the possibility of loss of short-term receivables, the Corporation has requested CCBM to overcome and continue to strengthen debt collection and fully compare short-term receivable debts at the time of preparing the Financial Statements of the upcoming reporting periods.