

Ho Chi Minh City, August 25, 2025

No: 139...CV-TCT

*Re: Explanation of Qualified Audit Opinions and
Remedial Measures – Reviewed Interim
Separate and Consolidated Financial
Statements for the First Half of 2025.*

To: Hanoi Stock Exchange

Pursuant to Article 14 of Circular No. 96/2020/TT-BTC dated November 16, 2020 of the Ministry of Finance guiding disclosure of information on the securities market, effective from January 01, 2021 (replacing Circular No. 155/2015/TT-BTC dated October 06, 2015, effective from January 01, 2016);

Based on the reviewed separate and consolidated interim financial statements of Water Resources Construction Corporation No. 4 – JSC (the “Company”) for the accounting period from January 01, 2025 to June 30, 2025;

The Company hereby provides explanations on the qualified audit opinions in the reviewed interim separate and consolidated financial statements for the first half of 2025, together with the causes and proposed remedial measures, as follows:

1. Qualified audit opinions, causes, and remedial measures – Separate Financial Statements.

• **Qualified Audit Opinion:**

As of the date of this report, we have not obtained confirmation letters for receivables as of June 30, 2025, totaling approximately VND 118.80 billion (of which approximately VND 87.73 billion has been provided for as doubtful debts). In addition, among these unconfirmed receivables, there are approximately VND 25.63 billion due from individuals contracted for construction and installation works, as presented in Note V.6 of the accompanying interim combined financial statements (of which approximately VND 20.26 billion has been provided for as doubtful debts). These amounts are being handled by the Corporation in accordance with the Board of Director’s approval in Proposal No. 286/TT-TCT dated December 31, 2023, regarding the allocation of losses from completed projects with investors to the individuals under the terms of the contract. As of the date of this report, these individuals and the Corporation have not yet completed the settlement to determine the exact amounts. If these contract-related receivables are not recoverable, operating expenses will increase by approximately VND 5.37 billion, and profit will decrease by the corresponding amount.

• **Cause and remedial measure:**

Due to the long construction cycle and prolonged final acceptance of projects, receivables remain unsettled. The Company will continue to obtain confirmation letters and apply alternative procedures, negotiate with clients and debtors to recover receivables, and provision for doubtful debts where recovery is unlikely.

- **Qualified Audit Opinion:**

As of the date of this report, we have also not obtained confirmation letters for payables as of June 30, 2025, totaling approximately VND 93.58 billion. Through other procedures performed, we have been unable to gather sufficient information to assess the existence and completeness of these liabilities, as well as the potential impact of this matter, if any, on the related figures presented in the interim combined financial statements.

- **Cause and remedial measure:**

Due to extended construction cycles and prolonged settlements, payables to subcontractors and suppliers remain outstanding. The Company will continue to obtain confirmation letters and apply alternative procedures to verify payables.

- **Qualified Audit Opinion:**

As disclosed in Note V.5 of the interim combined financial statements, the Corporation has an investment in Ho Chi Minh City Food Joint Stock Company with a cost of VND 27,436,829,420 as of June 30, 2025, and a provision for impairment of VND 5,443,709,420, recognized as short-term trading securities. This recognition does not align with the Corporation's objective of long-term investment and its medium- to long-term capital orientation. If the Corporation were to classify this as another long-term investment, operating expenses (provision for losses on investment in other entities) would increase by VND 15,911,702,498, and profit would decrease by the corresponding amount. At the same time, current assets (Code 100) on the interim combined balance sheet would decrease by VND 21,993,120,000, non-current assets (Code 200) would increase by VND 6,081,417,502, and equity (Code 410) would decrease by VND 15,911,702,498.

- **Cause and remedial measure:**

Pursuant to Resolution No. 015/2025/NQ/TCT-BOD dated May 30, 2025, the Company invested in 2,715,200 shares of Ho Chi Minh City Food JSC (stock code: FCS). As of June 30, 2025, the investment was recorded as a short-term security. The Company provisioned for impairment. However, auditors considered this investment long-term. The Company will reassess the purpose and classification of this investment going forward.

- **Qualified Audit Opinion:**

As disclosed in Note V.14 of the interim combined financial statements, the balance of construction in progress as of June 30, 2025, for the residential project at No. 34 Thuy Loi Street, Phuoc Long Ward, Ho Chi Minh City amounts to approximately VND 21.78 billion (as at January 1, 2025, approximately VND 21.78 billion). We have not obtained sufficient appropriate audit evidence regarding the project's ability to generate future economic benefits. Therefore, we have not determined whether any adjustments to these amounts are necessary.

- **Cause and remedial measure:**

The above issues relate to expenditures incurred during the implementation of the Residential Project at 34 Thuy Loi Street, Phuoc Long Ward, Ho Chi Minh City. The Company is continuing to work with competent authorities to accelerate the project implementation.

2. Qualified Opinions and Remediation Plan on the Consolidated Financial Statements

- **Qualified Audit Opinion:**

As of the date of this report, we have not obtained confirmation letters for receivables as of June 30, 2025, totaling approximately VND 129.23 billion (of which approximately VND 87.73 billion has been provided for as doubtful debts). In addition, among these unconfirmed receivables, there are approximately VND 25.63 billion due from individuals contracted for construction and installation works, as presented in Note V.6 of the accompanying interim consolidated financial statements (of which approximately VND 20.26 billion has been provided for as doubtful debts). These amounts are being handled by the Corporation in accordance with the Board of Director's approval in Proposal No. 286/TT-TCT dated December 31, 2023, regarding the allocation of losses from completed projects with investors to the individuals under the terms of the contract. As of the date of this report, these individuals and the Corporation have not yet completed the settlement to determine the exact amounts. If these contract-related receivables are not recoverable, operating expenses will increase by approximately VND 5.37 billion, and profit will decrease by the corresponding amount.

- **Cause and remedial measure:**

The Company is engaged in construction projects with extended implementation timelines. The final settlements with project owners often span multiple years, leading to outstanding receivables. In the future, the Company will continue to obtain confirmation letters and apply alternative procedures to verify receivables. The Company will also continue negotiations with project owners, customers, and debtors to recover receivables and will provision for uncollectible receivables as necessary.

- **Qualified Audit Opinion:**

As of the date of this report, we have also not obtained confirmation letters for payables as of June 30, 2025, totaling approximately VND 109.35 billion. Through other procedures performed, we have been unable to gather sufficient information to assess the existence and completeness of these liabilities, as well as the potential impact of this matter, if any, on the related figures presented in the interim consolidated financial statements.

- **Cause and remedial measure:**

As a construction contractor with projects spanning multiple years, the Company also faces long outstanding payables to subcontractors and suppliers. In the coming period, the Company will continue to collect confirmation letters and apply alternative procedures to verify payables.

- **Qualified Audit Opinion:**

As disclosed in Note V.5 of the interim consolidated financial statements, the Corporation has an investment in Ho Chi Minh City Food Joint Stock Company with a cost of VND 27,436,829,420 as of June 30, 2025, and a provision for impairment of VND 5,443,709,420, recognized as short-term trading securities. This recognition does not align with the Corporation's objective of long-term investment and its medium- to long-term capital orientation. If the Corporation were to classify this as another long-term investment, operating expenses (provision for losses on investment in other entities) would increase by VND 15,911,702,498, and profit would decrease by the corresponding amount. At the same time, current assets (Code 100) on the interim consolidated balance sheet would decrease by VND 21,993,120,000, non-current assets (Code 200) would increase by VND 6,081,417,502, and equity (Code 410) would decrease by VND 15,911,702,498.

- **Cause and remedial measure:**

In accordance with Resolution No. 015/2025/NQ/TCT-HĐQT dated May 30, 2025, regarding securities investment, the Company purchased 2,715,200 shares (ticker FCS) of Ho Chi Minh City Food JSC on June 5, 2025. As of June 30, 2025, the investment was recorded as short-term trading securities and a provision was recognized. However, the auditors consider this investment to be long-term in nature, leading to inconsistent recognition of cost and provisioning. Going forward, the Company will reassess the investment purpose and reclassify as appropriate.

- **Qualified Audit Opinion:**

- As disclosed in Note V.8 to the interim consolidated financial statements, the balance of construction in progress costs at the subsidiary - Thuy Loi 4B Real Estate Investment Joint Stock Company for the residential project at 34 Thuy Loi Street, Phuoc Long Ward, Ho Chi Minh City, as at June 30, 2025, was approximately VND 9.24 billion (as at January 1, 2025: approximately VND 9.24 billion). We have not obtained sufficient appropriate audit evidence regarding the net realizable value of the construction in progress costs of this project. Accordingly, we are unable to determine whether any adjustments to these amounts are necessary.
- As disclosed in Note V.9 to the interim consolidated financial statements, the balance of other long-term prepaid expenses at the subsidiary - Thuy Loi 4B Real Estate Investment Joint Stock Company as at June 30, 2025, was approximately VND 5.36 billion (as at January 1, 2025: approximately VND 5.36 billion). We have not obtained sufficient appropriate audit evidence to assess the validity and accuracy of this balance of other long-term prepaid expenses. Accordingly, we are unable to determine whether any adjustments to these amounts are necessary.
- As disclosed in Note V.15 to the interim consolidated financial statements, the balance of construction in progress as at June 30, 2025, relating to the Residential Project at 34 Thuy Loi Street, Phuoc Long Ward, Ho Chi Minh City and the 414 Building Project, was approximately VND 22.25 billion (as at January 1, 2025: approximately VND 22.25 billion). We have not obtained sufficient appropriate audit evidence regarding the projects' ability to generate future economic benefits. Accordingly, we are unable to determine whether any adjustments to these amounts are necessary.

- **Cause and remedial measure:**

The above issues relate to expenditures incurred during the implementation of the Residential Project at 34 Thuy Loi Street, Phuoc Long Ward, Ho Chi Minh City and the 414 High-rise Project. The Company is continuing to work with competent authorities to accelerate the project implementation.

This explanation is respectfully submitted to the Hanoi Stock Exchange.

Recipients: As above

Archives: Administration Office, Finance Department

GENERAL DIRECTOR

TỔNG
CÔNG TY XÂY DỰNG
THỦY LỢI 4 -
CTCP

Nguyễn Xuân Hòa